



**JANUARY 13, 2011**

**CIRCULAR NO. 02/11**

**TO MEMBERS OF THE ASSOCIATION**

**Dear Member:**

**REINSURANCE ARRANGEMENTS FOR 2011.  
 VOYAGE SURCHARGES FOR US TRADING TANKERS FOR 2011.**

The arrangements for the renewal of the International Group's general excess of loss reinsurance contract (GXL) and Hydra reinsurance program for the forthcoming policy year have now been finalized.

Your Managers are pleased to report that there will be rate reductions for all vessel categories, and a further reduction in the US oil pollution voyage surcharge. Moreover, the Group has decided to increase the access point on the GXL contract from \$50 million to \$60 million for 2011. The resulting \$10 million of additional retained risk within the Group Pool will be 100% reinsured by its captive, Hydra Insurance Company Ltd. This will increase the Hydra Pool reinsurance layer to \$30 million excess of its current \$30 million attachment point.

The increased Hydra participation in the Group reinsurance arrangements is consistent with the strategic objectives and the rationale underlying the development of Hydra which commenced operations in 2005 and which has since reinsured 100% of the \$30 million to \$50 million Group Pool layer (\$30 million to \$60 million for 2011) and 25% of the first layer of the GXL program covering \$500 million excess of \$50 million (excess of \$60 million for 2011).

In achieving the favorable renewal rates on the GXL program for 2011, it is pleasing to report that there has been significant improvement on prior year claims deterioration, and that the favorable claims outlook for the 2008 to 2010 policy years inclusive has also figured in the agreement reached with reinsuring underwriters in respect of the forthcoming year.

**Group GXL reinsurance rates for 2011**

<b>Tonnage Category</b>	<b>2011 rate per gt</b>	<b>(2010)</b>	<b>\$ Difference</b>	<b>% Difference</b>
Dirty Tankers	\$0.7038	(\$0.7554)	\$0.0516	- 6.83%
Clean Tankers	\$0.3055	(\$0.3335)	\$0.0280	- 8.40%
Dry Cargo Vessels	\$0.3709	(\$0.3867)	\$0.0158	- 4.09%
Passenger Vessels	\$1.4780	(\$1.5654)	\$0.0874	- 5.58%

The rates per GT also include \$0.0105 per GT (2010: \$0.0107) for excess P&I war risk cover based on a limit of \$500 million excess of amounts recoverable under the owner's war risks policies, subject to a minimum of vessel's proper hull value or \$100 million, whichever is the lower.



## Voyage surcharges for US trading tankers for 2011

The current system of charging voyage surcharges for tankers trading to the United States will continue for the next policy year. Happily, the rates are yet again lower (by about 12.5% on average) for the forthcoming period by comparison with the expiring figures.

As is the case at present, a differential will apply as between vessels which have segregated ballast tanks (SBT) and those which are not so equipped. In order to qualify for the lower rates applicable to the SBT category of tonnage, a vessel must be equipped with segregated ballast tanks as defined by Regulation 13 of Annex 1 to MARPOL 73/78.

The following sets out the 2011 policy year surcharges.

<b>VESSEL CATEGORY</b>	<b>Non-SBT</b>	<b>SBT</b>	<b>Basis</b>
(i) Tankers of 1,001 gt or more LOOP/lightening	\$0.068 \$0.034	\$0.0566 \$0.0283	per gt per voyage per gt per voyage
(ii) Tankers of 1,000 gt or less - either - or	\$68 \$1,360	\$57 \$1,140	per voyage per annum
(iii) Parcel tankers carrying 5,000 mt or less of persistent oil as cargo	\$204	\$170	per voyage
(iv) Parcel tankers carrying 5,001 – 10,000 mt of persistent oil as cargo	\$510	\$425	per voyage
(v) Parcel tankers carrying 10,001 mt or more of persistent oil as cargo	\$0.068	\$0.0566	per gt per voyage

The footnote overleaf contains the definitions which apply to the terms used above.

As to the making of declarations, Members are reminded that they are obligated to declare all US voyages by tankers each quarter in arrears. Forms for such declaration for the quarters ending May 20, 2011, August 20, 2011, November 20, 2011 and February 20, 2012 are attached hereto. Completed forms should be returned to the Club within two months of the end of each quarter. Members are urged to note that their cover may be prejudiced if declarations are not made in an accurate and timely manner.

Tankers (including OOs and OBOs) carrying persistent oil on any voyage will be regarded as carrying persistent oil for any such quarter.

Members are also asked to inform the Club immediately if a vessel, declared to the Club as not carrying persistent oil as cargo, is indeed carrying a cargo of persistent oil. Members with OOs and OBOs declared as dry cargo vessels are advised to inform the Club immediately if any such vessels are carrying oil as cargo whether persistent or non-persistent.



The Managers will be pleased to respond to any questions Members may have in regard to the above, or generally.

Yours faithfully,

  
Joseph E. M. Hughes, Chairman & CEO  
Shipowners Claims Bureau, Inc., Managers for  
THE AMERICAN CLUB

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**Footnote:** The following definitions apply to the terms used above.

**Parcel Tanker:** A ship constructed or adapted primarily to carry cargoes of noxious liquid substances in bulk, and capable of carrying at least ten grades simultaneously, having been issued with an international certificate of fitness for the carriage of dangerous chemicals in bulk.

**Segregated ballast tanks:** A ship will be deemed to have segregated ballast tanks if it is equipped in accordance with the requirements of regulation 13 of Annex 1 to MARPOL 73/79

**U.S. Voyage:** Any cargo voyage involving loading or discharging cargo at any port of place in the U.S.A. or within the EEZ as defined in OPA 1990. U.S.A. includes District of Columbia, Puerto Rico, Guam, American Samoa, U.S. Virgin Islands and Northern Marianas.

**Persistent Oils:** All hydro-carbon mineral oils other than those falling within the definition of non-persistent oils described below.

**Non-Persistent Oils:** Oils which consist of hydro-carbon fractions:

- a) at least 50% of which, by volume, distils at a temperature of 340 degrees C, and
- b) at least 95% of which distils at a temperature of 370 degrees C

when tested by the ASTM Method D 86/78 or any subsequent revision thereof.

For Members' guidance, the following oils are **non-persistent**:

- LNG
- LPG
- Gasolines (AVGAS/MOGAS)
- White spirit
- Kerosenes (domestic, tractor, aviation, No. 1 fuel)
- Gasoline blending components (naphthas)



**VOYAGE SURCHARGES FOR US TRADING TANKERS**

**FIRST QUARTER 2011 POLICY YEAR**

**US Voyage Quarterly Declaration Form**

**Oil Cargo/Persistent/Non-Persistent Quarterly Declaration Form**

**Period: February 20, 2011 to May 20, 2011. To be returned to the Club by July 20, 2011**

**Member:** \_\_\_\_\_ **Name of Vessel:** \_\_\_\_\_

**Type of Vessel:** Non-SBT Tanker       SBT Tanker       OBO/OO       (Please check)

**We hereby certify that the vessel during the period as set out about did:** (Please check)

<b>A. OBO's and OO's only</b>	not carry any cargo of oil: (please sign and return this form) <input type="checkbox"/>	carry oil as cargo: (proceed to B) <input type="checkbox"/>
<b>B. All Tankers</b>	not carry persistent oil as cargo: (proceed to C) <input type="checkbox"/>	carry persistent oil as cargo: (proceed to C) <input type="checkbox"/>
<b>C. All Tankers</b>	not make any voyages to and/or from the USA or US EEZ: <input type="checkbox"/> (please sign and return this form)	make voyages to the USA and/or US EEZ: <input type="checkbox"/> (specify in the table below)

Voyage to US and/or US EEZ	Date loading commenced	Port of loading Name of Port, LOOP or offshore	Date discharge completed	Port of discharge Name of Port LOOP or offshore	Type of cargo Please state: "Persistent", "Non-Persistent", "Chemical" or "Other". If "Non-Persistent" please specify cargo
1.					
2.					
3.					
4.					
5.					
6.					
7.					

**Signed by authorized signatory of Member:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**All tanker Members have to complete this form. "SBT", "Persistent" and "Non-Persistent" are defined in Circular 02/10 of January 13, 2011.**



**VOYAGE SURCHARGES FOR US TRADING TANKERS**

**SECOND QUARTER 2011 POLICY YEAR**

**US Voyage Quarterly Declaration Form**

**Oil Cargo/Persistent/Non-Persistent Quarterly Declaration Form**

**Period: May 20, 2011 to August 20, 2011. To be returned to the Club by October 20, 2011.**

**Member:** \_\_\_\_\_ **Name of Vessel:** \_\_\_\_\_

**Type of Vessel:** Non-SBT Tanker  SBT Tanker  OBO/OO  (Please check)

**We hereby certify that the vessel during the period as set out about did:** (Please check)

<b>A. OBO's and OO's only</b>	not carry any cargo of oil: (please sign and return this form) <input type="checkbox"/>	carry oil as cargo: (proceed to B) <input type="checkbox"/>
<b>B. All Tankers</b>	not carry persistent oil as cargo: (proceed to C) <input type="checkbox"/>	carry persistent oil as cargo: (proceed to C) <input type="checkbox"/>
<b>C. All Tankers</b>	not make any voyages to and/or from the USA or US EEZ: <input type="checkbox"/> (please sign and return this form)	make voyages to the USA and/or US EEZ: <input type="checkbox"/> (specify in the table below)

Voyage to US and/or US EEZ	Date loading commenced	Port of loading Name of Port, LOOP or offshore	Date discharge completed	Port of discharge Name of Port LOOP or offshore	Type of cargo Please state: "Persistent", "Non-Persistent", "Chemical" or "Other". If "Non-Persistent" please specify cargo
1.					
2.					
3.					
4.					
5.					
6.					
7.					

**Signed by authorized signatory of Member:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**All tanker Members have to complete this form. "SBT", "Persistent" and "Non-Persistent" are defined in Circular 02/10 of January 13, 2011.**



**VOYAGE SURCHARGES FOR US TRADING TANKERS**

**THIRD QUARTER 2011 POLICY YEAR**

**US Voyage Quarterly Declaration Form**

**Oil Cargo/Persistent/Non-Persistent Quarterly Declaration Form**

**Period: August 20, 2011 to November 20, 2011. To be returned to the Club by January 20, 2012.**

**Member:** \_\_\_\_\_ **Name of Vessel:** \_\_\_\_\_

**Type of Vessel:** Non-SBT Tanker  SBT Tanker  OBO/OO  (Please check)

**We hereby certify that the vessel during the period as set out about did:** (Please check)

<b>A. OBO's and OO's only</b>	not carry any cargo of oil: (please sign and return this form) <input type="checkbox"/>	carry oil as cargo: (proceed to B) <input type="checkbox"/>
<b>B. All Tankers</b>	not carry persistent oil as cargo: (proceed to C) <input type="checkbox"/>	carry persistent oil as cargo: (proceed to C) <input type="checkbox"/>
<b>C. All Tankers</b>	not make any voyages to and/or from the USA or US EEZ: <input type="checkbox"/> (please sign and return this form)	make voyages to the USA and/or US EEZ: <input type="checkbox"/> (specify in the table below)

<b>Voyage to US and/or US EEZ</b>	<b>Date loading commenced</b>	<b>Port of loading Name of Port, LOOP or offshore</b>	<b>Date discharge completed</b>	<b>Port of discharge Name of Port LOOP or offshore</b>	<b>Type of cargo Please state: "Persistent", "Non-Persistent", "Chemical" or "Other". If "Non-Persistent" please specify cargo</b>
1.					
2.					
3.					
4.					
5.					
6.					
7.					

**Signed by authorized signatory of Member:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**All tanker Members have to complete this form. "SBT", "Persistent" and "Non-Persistent" are defined in Circular 02/10 of January 13, 2011.**



**VOYAGE SURCHARGES FOR US TRADING TANKERS**

**FOURTH QUARTER 2011 POLICY YEAR**

**US Voyage Quarterly Declaration Form**

**Oil Cargo/Persistent/Non-Persistent Quarterly Declaration Form**

**Period: November 20, 2011 to February 20, 2012. To be returned to the Club by April 20, 2012.**

**Member:** \_\_\_\_\_ **Name of Vessel:** \_\_\_\_\_

**Type of Vessel:** Non-SBT Tanker       SBT Tanker       OBO/OO       (Please check)

**We hereby certify that the vessel during the period as set out about did:** (Please check)

<b>A. OBO's and OO's only</b>	not carry any cargo of oil: (please sign and return this form) <input type="checkbox"/>	carry oil as cargo: (proceed to B) <input type="checkbox"/>
<b>B. All Tankers</b>	not carry persistent oil as cargo: (proceed to C) <input type="checkbox"/>	carry persistent oil as cargo: (proceed to C) <input type="checkbox"/>
<b>C. All Tankers</b>	not make any voyages to and/or from the USA or US EEZ: <input type="checkbox"/> (please sign and return this form)	make voyages to the USA and/or US EEZ: <input type="checkbox"/> (specify in the table below)

Voyage to US and/or US EEZ	Date loading commenced	Port of loading Name of Port, LOOP or offshore	Date discharge completed	Port of discharge Name of Port LOOP or offshore	Type of cargo Please state: "Persistent", "Non-Persistent", "Chemical" or "Other". If "Non-Persistent" please specify cargo
1.					
2.					
3.					
4.					
5.					
6.					
7.					

**Signed by authorized signatory of Member:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**All tanker Members have to complete this form. "SBT", "Persistent" and "Non-Persistent" are defined in Circular 02/10 of January 13, 2011.**