

Notices to Members

No. 6 2013/2014 - Carriage of Persistent and Non-Persistent Oil Cargoes

April 2013

Dear Sirs,

Carriage of Persistent and Non-Persistent Oil Cargoes

From 20 February 2013 new arrangements apply for charging the cost of International Group Reinsurance in respect of tankers which may carry clean (meaning non-persistent) and dirty (meaning persistent) oil cargoes at different times during a policy year and in respect of OBO vessels which may carry wet and dry cargoes at different times during a policy year.

As was the case under previous arrangements, in this context persistent oil means all persistent hydro-carbon mineral oils other than those falling within the definition of non-persistent oil. Non-persistent oil is oil which consists of hydro-carbon fractions at least 50% of which, by volume, distils at a temperature of 340 degrees C, and 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.

At the start of each policy year these vessels will be charged the cost of such reinsurance at the rate applicable to the type of cargo they are then carrying or last carried.

Where a vessel is a tanker and has been charged the cost of such reinsurance on the basis that at the start of the policy year it was then carrying or its last previous cargo included dirty oil or its residues (where those residues are not slops), a return of premium daily pro rata will be allowed for every continuous period greater than 30 days during which it did not carry any such cargo. In calculating such period no account shall be taken of any period in which the vessel was in ballast or waiting for orders having previously carried such cargo and where the next cargo it carried included such cargo.

Requests for such return of premium must be made within 3 months of the end of the policy year for which a return of premium is sought.

Where a vessel is a tanker and has been charged the cost of such reinsurance on the basis that at the start of the policy year it was then not carrying, or its last previous cargo did not include, dirty oil cargo or its residues (where those residues are not slops), but carries or intends to carry such cargo the Member should immediately notify the Association. In such cases the Member must pay the additional cost of reinsurance for the whole of the relevant policy year at the rate applicable to a tanker carrying such cargo, but not for any continuous period greater than 30 days, calculated daily pro rata, during which it did or does not carry such cargo. In calculating such period no account shall be taken of any period in which the vessel was in ballast or waiting for orders having previously carried such cargo and where the next cargo it carried included such cargo.

Similar arrangements will apply to OBO vessels.

Members or their brokers who have any questions should please refer them to the Underwriting Department.

Yours faithfully

For: **West of England Insurance Services (Luxembourg) S.A.**
(As Managers)

S G Parrott
Director