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InterCoastal Newsletter July 2008

International Convention on Civil Liability for Bunker Oil Pollution Damage, 2001

This circular is to inform you in respect of the International Convention on Civil Liability for Bunker Oil Pollution Damage, 2001

With effect from the 21st of November 2008 the International Convention on Civil Liability for Bunker Oil Pollution Damage, 2001 will come into force. This convention requires registered owners of vessels over 1,000 GRT registered in a state which is party to the Convention to maintain insurance (or alternative security such as the guarantee of a bank or similar financial institution) to cover pollution damage up the limit of liability of the relevant limitation regime (but no more than the limit applicable under the current version of the 1976 Convention of Limitation of Liability for Maritime Claims as amended).

Ships registered in a State party or entering or leaving a port in the territory of a State party are to carry on board a CLC Certificate issued by the flag state attesting that the registered owner maintains insurance in accordance with the requirements as set out in the International Convention on Civil Liability for Bunker Oil Pollution Damage, 2001.

As of April 2008, 22 countries are parties to the Bunker Convention. They are: Bahamas, Bulgaria, Croatia, Cyprus, Estonia, Germany, Greece, Jamaica, Latvia, Lithuania, Hungary, Luxembourg, Marshall Islands, Norway, Poland, Samoa, Sierra Leone, Singapore, Slovenia, Spain, Tonga and the United Kingdom.

To obtain a CLC Certificate from the relevant flag state authorities the owners of vessels insured with InterCoastal will need to obtain a Bunker Convention Blue Card from InterCoastal.

This Bunker Convention Blue Card confirms that the insurance maintained for the insured vessel meets the requirements of the Bunker Convention.

Given the nature of confirmation provided by the Bunker Convention Blue Card it is imperative that the P&I insurance is not subject to any provisions which may prejudice cover in the event of an incident, such as a defects warranty clause or reservations mentioned in InterCoastal's Risk Assessment. It is therefore strictly necessary that an insured vessel has undergone a satisfactory condition survey in accordance with our survey guidelines, by an approved surveyor.

Following the condition survey our Loss Prevention Department will prepare a risk assessment that indicates which deficiencies are to be rectified in order to have a P&I cover free of reservations. This document, under the heading "Blue Card Deficiencies", will also provide an overview of the deficiencies that at least have to be rectified in order for InterCoastal to release a Bunker Convention Blue Card.

Attached you will find an overview which deficiencies will be regarded as Blue Card deficiencies by InterCoastal.

Please check carefully whether any of these deficiencies are outstanding on your vessel(s). If so, please proceed with rectifying these deficiencies without delay.

Bunker Convention Blue Cards will not be issued for vessels when Blue Card deficiencies have not been rectified.

Considering that the above also applies for vessels that are already under our insurance care, and for which the P&I insurance needs to be renewed, we kindly request our clients and brokers to expedite that vessels with a Bunker Convention Blue Card are made available for survey at least two months prior to the renewal date. It is also important to check whether the limit of liability is in line with the requirements of the Bunker Convention.

Please note that at this moment we are obtaining legal advice on the Bunker Convention to review the juridical implications. We will of course inform you should this legal advice lead to changes in the abovementioned.

Finally, the Bunker Convention requires owners to take out a War Risk P&I Insurance. InterCoastal is setting up a facility to accommodate this, which is in its final stages. We will inform you as soon as this has been finalized.

Information in respect of the required limit of liability and in respect of the War Risk P&I Insurance can be obtained from your regular underwriting contact.

For questions in respect of the Blue Card Deficiencies the names of the contact persons of the Loss Prevention Department are mentioned in the attachment.

Yours faithfully,

InterCoastal Shipowners' P. & I. B.V.
July 2008