



TO ALL MEMBERS

18 July 2008

Dear Sirs

Entry into force of the Bunkers Convention Update on State Certification requirements and issuance of Blue Cards

We refer to our circular dated 25 April 2008 regarding the entry into force of the International Convention on Civil Liability for Bunker Oil Pollution 2001 (the "Bunkers Convention") in State Parties (states which are party to the Convention - updated list below) on 21 November 2008. As we have previously informed you, clubs in the International Group have agreed to issue the required Bunkers Convention "Blue Cards" to enable State Parties to issue certificates.

State certification

(i) Ships registered in State Parties

Ships registered in a State Party need only obtain a State certificate from that State. This will be treated as evidence of insurance when calling at any port or terminal in any State Party. The State certificate will be issued against the provision of a Blue Card issued by the Club in the required form (see below). Members with ships registered in a State Party are recommended to contact the authorities in that State in order to confirm the application procedures for Bunkers Convention certificates.

(ii) Ships registered in non-State Parties

Ships registered in a State which is not party to the Convention must obtain a State-issued certificate from a State Party to the Convention. The Secretariat of the International Group and the International Chamber of Shipping have been in contact with the administrations in a number of State Parties to identify those States willing to issue certificates for ships which are not registered under their flag.

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The International Group has also submitted papers to the March and June sessions of the IOPC Funds to raise awareness of the need for State Parties to agree to issue the certificates to ships registered in non-State Parties. States are, to date, reluctant to agree to issue certificates for ships registered in non-State Parties unless calling at their ports because of the administrative burden involved in issuing the necessary, and large, number of certificates involved.

The International Group and the International Chamber of Shipping are continuing discussions with a number of State Parties to seek agreement that they will issue the certificates to all ships having a gross tonnage greater than 1,000 gt as soon as possible irrespective of whether they are calling at their ports after the entry into force of the Convention. Until these discussions are concluded and a satisfactory outcome is reached, it will not be possible for the Club to issue Blue Cards to ships registered in a non-State Party since the Blue Card is required to be addressed to a State Party that is willing to issue the certificates for such ships. Members will be kept informed of progress in these discussions.

Issue of Blue Cards

To comply with the Bunkers Convention requirements, the Blue Card will need to state the name of the ship, the ship's distinctive number or letters (or call sign), the port of registry, the IMO number and the name and full address of the principal place of business of the registered owner. Following legal advice received as to the relevant address for insertion in Blue Cards, clubs will insert the address of the owner's registered office unless advised of an alternative address by the member.

In view of the early entry into force of the Convention, it is recommended that members start the application process as soon as possible.

Data collection for preparation of Blue Cards

A separate questionnaire will shortly be e-mailed to each member, via his broker where appropriate, to collect information necessary for the preparation of Blue Cards. Members requiring Blue Cards (both owners of ships flying flags of State Parties and those not flying flags of State Parties) should complete and return the questionnaire as soon as possible.

Upon receipt of the completed questionnaire Blue Cards will be sent to those members whose ships fly the flags of State Parties.

For ships not flying flags of State Parties, Blue Cards will be issued once it is known to which State Party they should be addressed. When it is known which State Parties have agreed to issue certificates to ships not flying their flags we will advise the members and Blue Cards will be issued after receiving members' instructions on their choice of such State.



Certification and pooling of liability under certificates

Members have also previously been informed that the Club will issue Blue Cards on condition that the member agrees that where any payment by the Club under the certificate is in respect of war risks, the member shall indemnify the Club to the extent that such payment is recoverable under the member's P&I war risks policy or would have been recoverable if the member had maintained and complied with the terms and conditions of a standard P&I war risks insurance policy, and that there shall be assigned to the Club all the rights of the member under such insurance and against any third party. By requesting a Blue Card the member will be deemed to have agreed these conditions.¹

It is therefore necessary that all members requesting Blue Cards ensure that they have in place P&I war risks cover on standard terms with a separate limit for P&I liabilities. Members should also contact their primary war risks underwriters to notify them of the assignment of rights/recovery under the policy.²

States Party to the Convention (as at July 2008)

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.

All clubs in the International Group of P&I Clubs have issued similar circulars.

Yours faithfully

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¹ The Club does not require members to confirm that war risks policies are actually in place, but if the member does not have such insurance the Club will require the member to indemnify the Club for any payment under the Blue Card which would have been recoverable under a standard P&I war risks insurance policy with a separate limit for P&I liabilities if the member had maintained and complied with the terms and conditions of such a policy.

² The policy may already be assigned to mortgagees or other parties, in which case the Club will expect the member to assign the rights/recovery under the policy to the Club only insofar as he is able, taking into account any prior assignments.