



THE STEAMSHIP MUTUAL
UNDERWRITING ASSOCIATION (BERMUDA) LIMITED

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To the Members

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Dear Sirs,

New U.S. Nontank Vessel Response Plan Requirements

New U.S. federal legislation requires self-propelled nontank vessels of 400 gross tons or greater that carry oil of any kind as fuel for main propulsion to maintain approved vessel response plans.

Pending final regulations, the U.S. Coast Guard has issued interim guidance that specifies that, with effect from 8th August 2005, owners and operators of such nontank vessels operating in the navigable waters of the United States will require:

- A vessel response plan approved by the U. S. Coast Guard;
- Contracts with organizations providing spill response, salvage, firefighting and lightering services with resources sufficient to deal with a worst case discharge (such organization(s) to be identified in the plan);
- A contract with an English-speaking Qualified Individual (QI) with full authority to implement the response and a Spill Management Team (to be identified in the plan).

This is similar to the Federal pollution response planning requirements already in place for tankers.

As the Coast Guard expects to receive a large number of response plans, it may be unable to review all of the plans in the detail required to approve them by 8th August 2005. In order to avoid disruption in vessel operations, the Coast Guard may issue an interim authorization letter until its detailed review is complete. However, it may still take up to one month to issue such an interim authorization letter. Plans should therefore be submitted as soon as possible but no later than by 8th July 2005.

Members will be able to comply with the new vessel response planning requirements in a number of ways, and there is presently a choice of QI's and spill managers available. However, in order to control the cost of pollution response, and to secure the availability of such services the Club has negotiated an arrangement with the following organizations which provide oil spill response services:

- Marine Spill Response Corporation (MSRC)
- National Response Corporation (NRC)

Both organizations provide services throughout the United States with the exception of Alaska. Those Members with nontank vessels trading in Alaska will already have in place contracts with response organizations covering Alaskan waters as required by current Alaskan State regulation. (Members were advised of these requirements in the Club's May 2003 Circular B.387.)

Under terms negotiated by the Club, Members will not be required to pay any subscription or retainer fee to either of these organizations. In this way Members will be able to identify the necessary response organizations in their vessel response plans at no cost. However, it should be noted that the arrangement requires Members to contract with these organizations and, in the event of a spill where their clean up services are employed, to pay the agreed rates for their services. Subject to deductible and any other relevant terms of entry, response costs incurred in this way will be covered under the terms of Club entry for pollution liabilities.