

11th August, 2014

Hamilton, Bermuda



Update on reporting of US voyages

Most, if not all, SIGCo members will be aware that the P&I Clubs no longer require their members to pay additional premiums for coverage of Oil Pollution Liability Insurance on tanker vessels trading to and from the USA. As a result of this their members are also no longer required to provide declarations of voyages to the Clubs. Irrespective of this P&I Club development, given the direct connection between SIGCo's US exposure and tanker cargoes, SIGCo will continue to charge tankers for US voyages as previously. There will, however, be some changes to the process for doing this. Using the P&I Club change as an opportunity to re-evaluate the declaration process, we have spoken to some members to solicit feedback of how the process can be made less onerous. Although this has meant a pause in communication on this issue, for which I apologize, the result is a different approach, which I hope will be well received by our members.

Voyage Definition:

As from the 20th February this year (2014), the definition of voyages used by SIGCo to invoice tanker voyages will be as follows:

SIGCo defines a Voyage as the entry into the US EEZ for a period of up to 30 days. The voyage will terminate on the earlier of expiry of the 30 day period or departure from the US EEZ. On expiry of the 30 day period, in the event that the vessel is still in the US EEZ, a new voyage will be deemed to commence. The number of ports visited within the 30 day period is not pertinent for the purposes of this definition.

Invoicing:

SIGCo has access to records showing our members' vessel movements into and out of the USA. We will be using this database to formulate voyages for all of our insured tankers and we will then raise invoices for the voyages performed by each vessel. The invoices will be issued quarterly. We will continue to make available on request a "Voyage Premium Statement" providing a detailed record of the voyages, in case our members need this to present to their charterers. This process will be undertaken based on our voyage tracking database as well as the information and history that we have relating to each vessel. A combination of this data will allow us to predict the cargo type (persistent or non-persistent) in each case. In the event that the cargo type billed is incorrect, please notify us and we will amend the invoice(s) accordingly. Our current billing process and documents will change to reflect these developments in the near future.

Web site declaration process:

Any of our members that would prefer to continue providing us with voyage details will be able to do so using the relevant section of our web site, which we hope to have in place very soon. I will provide a further update once this web development is complete. We will take this information provided through the web site and produce invoices as we have done in the past.

As always we at SIGCo will continue to look for opportunities to add value to our members, either by reducing time and costs of administration, or by offering additional products and services in an efficient, low cost manner that are not satisfied by traditional insurance providers.

Best regards

Neil Clemens

President,

SIGCo