

August 1991

TO ALL MEMBERS OWNING TANKERS

The Britannia Steam Ship
Insurance Association Limited

California Oil Spill Prevention & Response Act 1990

Further to our circular of June 1991 representatives of the International Group of P&I Clubs have met with officials from the office of the California Administrator for Oil Spill Response in order to clarify the workings of this Act and the final regulations promulgated under it which will take effect from 1st January 1992. The position is as follows:

Proof of Financial Responsibility

With effect from 1st January 1992 California intends to issue its own certificates of Financial Responsibility. These may be obtained by the following methods:

1. Production of an insurance certificate.
2. Production of a surety bond.
3. Guarantee.
4. Self insurance.
5. Letter of Credit.
6. Other evidence of financial responsibility.

The office of the Administrator have confirmed that "other evidence of financial responsibility" (paragraph 6 above) will include proof of entry in one of the Associations making up the International Group of P&I Clubs with oil pollution cover of not less than US\$500 million.

The proof of entry will not be an "insurance certificate" under paragraph 1 above and will not constitute a guarantee or submission by the Association to the jurisdiction of the Californian courts.

In order to obtain a Californian Certificate by 1st January 1992 it is necessary for applications to be made before 15th September 1991.

Application forms for the Californian Certificate can be obtained from:

Department of Fish and Game,
Office of Oil Spill Prevention and Response,
PO Box 944209,
Sacramento, CA 94244-2090.

Attn: Financial Responsibility Unit

p.t.o.

Contingency Plans

The legislation requires the preparation of regulations for the permanent vessel contingency plans to be completed by 31st December 1991. It is likely that permanent plans will need to be submitted in mid 1992. Until these plans are submitted interim contingency plans are required.

Interim plans must be submitted three days before a ship enters California waters. These plans must contain two elements; first a plan for dealing with an oil spill emergency on board the ship including a system for notifying the appropriate shore based authorities and clean-up contractor; secondly a demonstration of adequate shore based contractual arrangements to deal with a reasonable worst case oil spill.

This latter shore based requirement may be met either by each owner making his own pre-arrangements with contractors or alternatively by contracting with the relevant terminal or lightering tankers for them to provide clean-up services. Since every terminal or lightering operation must have its own plan and contractual arrangements for clean-up services, we would recommend that this is the most practical route for owners to adopt.

Accordingly Members are recommended to contact charterers and terminals in order to ensure that the necessary contracts are in place.

Members are advised that contracts with terminals or lightering operations should not contain any provisions for indemnity, hold harmless, or waiver of rights and should only obligate the Member to reimburse the reasonable costs of clean-up incurred on his instructions. Members are recommended to consult the Managers in the event of any doubt as to the acceptability of such contracts.