

UPDATE ON CONSUMER PRICE INDEX ADJUSTMENT AND ITS IMPACT ON COFR LIMITS

5th January 2023



To Brokers, Shipmanagers and Shipowners,

We have been advised by the National Pollution Funds Centre or NPFC, (the administrative office of the United States Coast Guard which handles the processing of all COFR applications) that an increase to liability limits under OPA90 will come into effect as of **March 23rd, 2023**.

A brief excerpt from the NPFC's notice is as follows:

"The Coast Guard is issuing this final rule to adjust the limits of liability for vessels, deepwater ports, and onshore facilities under the Oil Pollution Act of 1990 (OPA 90), as amended, to reflect the increase in the Consumer Price Index since they were last adjusted in 2019. These regulatory inflation increases to the limits of liability are required by OPA 90 and are necessary to preserve the deterrent effect and "polluter pays" principle embodied in the Act. This update promotes the Coast Guard's missions of maritime safety and stewardship."

The important points for SIGCo members to note are;

- The new limits are applicable to the operator immediately as from the implementation date of **March 23rd, 2023**.
- SIGCo will take all required steps to ensure that both the new and existing guaranties will comply with the new limit requirements. SIGCo members will not be required to do anything further in this regard with respect to their guaranty.
- The new table of limits is outlined below.

If a Vessel is a	Current Limit of Liability – The Greater of:	New CPI-adjusted Limit of Liability – The Greater of
A single-hull tank vessel greater than 3,000 gross tons	\$3,700 per GT or \$27,422,200	\$4,000 per GT or \$29,591,300
A tank vessel greater than 3,000 gross tons, other than a single-hull tank vessel.	\$2,300 per GT or \$19,943,400	\$2,500 per GT or \$21,521,000
A single-hull tank vessel less than or equal to 3,000 gross tons.	\$3,700 per GT or \$7,478,800	\$4,000 per GT or \$8,070,400
A tank vessel less than or equal to 3,000 gross tons, other than a single-hull tank vessel.	\$2,300 per GT or \$4,985,900	\$2,500 per GT or \$5,380,300
Any vessel other than a tank vessel described above.	\$1,200 per GT or \$997,100	\$1,300 per GT or \$1,076,000

The new limits approximate to an inflation increase of 8% since the last uplift in November 2019. We take this opportunity to assure members that SIGCo has reinsurance in place to allow us to continue to provide coverage for all qualifying vessels up to and including the largest ships in the world at the new COFR limits. Lastly, no change to the CERCLA liability limit has been announced at this time.

If anything remains unclear about the forthcoming COFR limit changes, please do not hesitate to contact us.

Kind Regards,

Victor Falcao
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SIGCo Group