

No. 1 - Overspill Call Protection (1999)

April 1999

Dear Sirs

Overspill Call Protection (1999)

As Members are aware, International Group Clubs have agreed that for 1999 an overall limit on Club cover for non-oil pollution claims shall be approximately \$4.25Billion as calculated in accordance with RULE 47A. Since the Group's excess of loss reinsurance programme covers individual claims up to \$2.03Billion per vessel per incident, there is a potential overspill exposure of about \$2.22Billion for losses in excess of Group reinsurance. The West of England's Mutual Members are liable to contribute approximately \$167Million (7.5%) of this amount per claim by way of an overspill call(s).

Although the risk of a catastrophic loss of this scale may be remote, the Board has decided to buy a reinsurance protection for the Club's share of the first \$1Billion of such an overspill exposure for the 1999 policy year. In effect this will protect all Members of the Club against an overspill call (or calls) of up to about \$75Million in aggregate.

The cover will be applied automatically without additional premium to all Mutual Members, and no endorsements will be issued. However, members should feel free to contact the Managers in the usual way for further details.

Yours faithfully

**The West of England Ship Owners
Insurance Services Limited**
(As Managers)

P E Spendlove
Managing Director