

## No. 19 - Renewals 2000/2001

February 2000

Dear Sirs

### RENEWALS 2000/2001

This Notice provides an update to the Club's Notice to Members No. 14 1999/2000 dated December 1999 which sets out the renewal policy for 2000/2001.

#### 1. INTERNATIONAL GROUP POOLING ARRANGEMENTS 2000/2001

For 2000/2001 the individual Club retention will remain at \$5 Million. The Pool retention will also remain at \$30 Million for 75% of the risk but for 15% of the risk, the Pool will extend to \$100 Million, and for the remaining 10% of the risk up to \$500 Million an exposure which itself will be protected by reinsurance on terms similar to 1999.

#### 2. INTERNATIONAL GROUP EXCESS OF LOSS REINSURANCE 2000/2001

The placing of the Group's excess of loss programme is nearly complete. Although cover for oil pollution losses has been increased to \$1 Billion per vessel per accident individual reinsurance costs per G.T. have again reduced or have remained unchanged as follows:-

	1999	2000	% Change
<b>Dirty Tankers</b>	\$0.4373 per G.T.	\$0.3953 per G.T.	(9.6%)
<b>Clean Tankers</b>	\$0.1970 per G.T.	\$0.1773 per G.T.	(10%)
<b>Dry Cargo</b>	\$0.1538 per G.T.	\$0.1453 per G.T.	(5.5%)
<b>Passenger Vessels</b>	\$0.2762 per G.T.	\$0.2762 per G.T.	0%

These revised rates per G.T. will be charged automatically as fixed costs together with the 2000 net advance call rates.

#### 3. OIL POLLUTION SURCHARGE 2000/2001

The terms and conditions which are to apply to tankers trading to the United States carrying persistent oil as cargo are to remain unchanged except that the minimum vessel size to which rates will apply has been reduced from 3,000 G.T. to 1,000 G.T. Rates for 2000/2001 will be as follows:-

	Non SBT	SBT	
<b>Tankers (+ 1,000 G.T.)</b>	\$0.085	\$0.075	Per G.T. per voyage
<b>Loop/Lightening</b>	\$0.0425	\$0.0375	Per G.T. per voyage
	<b>Either</b>	<b>Either</b>	
<b>Tankers (Less than 1,000 G.T.)</b>	\$85.00	\$75.00	Per G.T. per voyage
	<b>Or</b>	<b>Or</b>	

Special provisions will as usual apply to parcel tankers, details of which can be provided by the Managers on request.

#### 4. CHARTERER'S ENTRIES 2000/2001

Dependent on each Member's preference Charterer's entries will be covered for P and I risks either through the Group's Pooling and excess of loss reinsurance arrangements with limits of cover which applied for 1999 remaining unchanged or through the Charterer's Comprehensive Cover which was introduced in 1998 (which can also include damage to hull and other risks).

The terms and scope of cover offered for each alternative will, subject to agreement on rates with each Member, be the same as for 1999, except that for the Charterer's Comprehensive Cover Members will be able to buy cover for a further \$200 Million in addition to the current combined single limit of \$300 Million per accident per vessel.

#### 5. WAR RISK P&I COVER 2000/2001

The Club is to continue with its participation in the International Group's War risk P and I reinsurance cover for 2000 on the same terms as set out in the Club's renewal Notice to Members No. 17 1999/2000 dated February 1999, and our earlier Notice No. 1 dated February 1996.

#### 6. CERTIFICATES OF ENTRY 2000/2001

A number of standard terms shall continue to apply automatically in certificates of entry for owners and time charterer's entries for 2000 including:-

##### (a) P and I (Class I) - (Owners and Time Charterer's Entries)

This Certificate of Entry is evidence only of the contract of Indemnity Insurance between the above named Member(s) and the Association and shall not be construed as evidence of any undertaking, financial or otherwise, on the part of the Association to any other party.

If a Member tenders this Certificate as evidence of insurance under any applicable law relating to financial responsibility, or otherwise shows or offers it to any other party as evidence of insurance, such use of this Certificate by the Member is not to be taken as any indication that the Association thereby consents to act as guarantor or to be sued directly in any jurisdiction whatsoever. The Association does not so consent.

The insurance provided by the Association for the vessel is governed by the Association's Rules, Bye-laws and Constitution except to the extent that they are modified by the special terms set out below. Each Member, Joint Member and Co-Assured is bound by and deemed to know the Rules, Bye-laws and Constitution. Members, Joint Members and Co-Assureds should ensure that they read the Rules, Bye-laws and Constitution which are distributed by the Association. Members, Joint Members and Co-Assureds not having copies of these documents should ask the Association's Managers to provide them.

All the terms of the Rules, Bye-laws and Constitution are important, but particular attention is drawn to:-

- **Rules 45, 47, 47(A) and 47(B)** which may require a Member or Joint Member to pay additional and supplementary and overspill calls and releases. There is no limit to the liability of the Member or Joint Member for these calls, save for the limit per vessel provided in **Rule 47(A)** in respect of overspill calls.

- **Rules 1 and 59** which establish that all disputes between a Member and the Association shall be governed by English law and must be arbitrated in London. However, any dispute over the interpretation, effect or application of Rule 59 relating to arbitration shall be decided by the High Court in London.

- **Rule 10** which provides that the insurance is that of indemnity only. The Member or Joint Member or Co-Assured has no right to recover funds from the Association for insured claims unless and until he has first paid the same.

- **Rule 18 (Double Insurance) and Rule 2 Section 11 proviso (b) (Pollution)** which contain restrictions on cover for liabilities, costs and expenses insured by or recoverable from other insurers.

- **Rules 36 and 60** which define Members, Joint Members and Co-Assureds.

There are two Bye-laws which are printed in the Rule Book which set out the **Oil Pollution Limitation of Cover Clause and the Charterer's Limitation of Cover Clause (otherwise than in respect of oil pollution)**. The effect of these Bye-laws is to limit the Association's cover afforded to all Members, Joint Members and Co-Assureds in respect of oil pollution claims and, in addition, to Members, Joint Members and Co-Assureds who are Charterers in respect of non oil pollution claims.

Certificates for charterer's entries accepted under the Comprehensive Charterer's Cover 2000 referred to in paragraph 4 of this Notice will be subject to appropriately modified versions of these endorsements.

#### **(b) F.D and D. (Class II) - (Owners and Time Charterers Entries)**

The insurance provided by the Association for the vessel is governed by the Association's Rules and Constitution except to the extent they are modified by the special terms set out below. Each Member, Joint Member and Co-Assured is bound by and deemed to know the Rules and Constitution. Members, Joint Members and Co-Assureds should ensure they read the Rules and Constitution which are distributed by the Association. Members and Co-Assureds not having copies of these documents should ask the Association's Managers to provide them.

All the terms of the Rules and Constitution are important, but particular attention is drawn to:-

- **Rules 39, 40 and 43** which may require a Member or Joint Member to pay additional and supplementary calls and releases. There is no limit to the liability of the Member or Joint Member for these calls.

- **Rules 1 and 54** which establish that all disputes between a Member as defined in Rule 53 and the Association shall be governed by English law and must be arbitrated in London. However, any dispute over the interpretation, effect or application of Rule 53 relating to arbitration shall be decided by the High Court in London.

## **7. WEST OF ENGLAND RETENTION REINSURANCE ARRANGEMENTS 2000/2001**

For a number of years the Club has arranged special reinsurances for claims falling within the Club's retention to ensure so far as possible that net claims do not exceed certain levels and, therefore, that the mutual premium (advance call plus the estimated additional call) charged for each policy year does not increase beyond the projections set at the outset. These policies will as usual be renewed for 2000 within the coming weeks.

Once terms have been finalised a further explanatory Notice will be sent to all Members outlining the nature and extent of these arrangements.

In the meantime, special reinsurance to protect the West of England's share of an overspill call of up to \$1 Billion have now been renewed on the same terms as applied for 1999 as set out in Notice to Members No. 1 dated April 1999.

Should any Member have any queries, require further detailed information or copies of previous Notices to Members, they should contact the Managers in the usual way.

Yours faithfully

**The West of England Ship Owners**

**Insurance Services Limited**  
(As Managers)

**P E Spendlove**  
Managing Director