

No. 15 - Renewals 2004/2005

February 2004

Dear Sirs

RENEWALS 2004/2005

We refer to our Notice to Members No. 9 dated December 2003. This Notice to Members provides an update.

1. INTERNATIONAL GROUP POOLING AND REINSURANCE 2004/2005

For 2004 the Club retention is to remain unchanged at \$5 Million per claim each vessel each accident. The Pool retention is however to increase from \$30 million to \$50 million so that the first layer of the Group's excess of loss reinsurance programme for \$500 million will take effect at this higher figure.

As was the case for the 2003 policy year, the first \$500 million layer of the Group's reinsurance programme will only be placed for 75% of the risk because the Group will continue to co-insure the remaining 25%. The 25% co-insurance share will however be protected by separate reinsurance if losses within the first layer exceed \$200 million in aggregate.

The other three layers of the Group's reinsurance programme, each for \$500 million, will be placed on an expiring basis so that the overall limit of Group reinsurance protection for non-oil pollution claims will be \$2.05 billion.

For oil pollution claims the overall limit on Club cover will remain unchanged at \$1 billion, and for non-oil pollution claims it will also remain at 2.5% of the 1976 Limitation Convention limit for property claims but in excess of \$2.05 billion.

For 2004 Group reinsurance rates per G.T., which are to be charged as separate fixed costs together with 2004 advance call rates will be as follows:-

| | | |
|-------------------|-----------|----------|
| DIRTY TANKERS | \$ 0.6399 | PER G.T. |
| CLEAN TANKERS | \$ 0.3128 | PER G.T. |
| DRY CARGO VESSELS | \$ 0.2752 | PER G.T. |
| PASSENGER VESSELS | \$ 0.7329 | PER G.T. |

2. OIL POLLUTION SURCHARGE 2004/2005

The terms and conditions which are to apply to tankers trading to the United States carrying persistent oil as cargo shall remain unchanged for 2004 except that the rates will be slightly lower as follows:-

| Non SBT | SBT |
|---------|-----|
|---------|-----|

| | | | |
|---------------------------------------|---------------|---------------|---------------------|
| Tankers (over 1,000 G.T.) | \$ 0.136 | \$ 0.119 | Per G.T. per voyage |
| LOOP/ Lightening | \$ 0.067 | \$ 0.059 | Per G.T. per voyage |
| | Either | Either | Per voyage |
| Tankers (under 1,000 G.T.) | \$ 136.00 | \$ 120.00 | |
| | Or | Or | Per annum |
| | \$ 2,719.00 | \$ 2,399.00 | |

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

3. CHARTERERS ENTRIES 2004/2005

Subject to agreement with individual Members on rates and special terms, Charterers' entries will be covered for 2004 either through the Group's Pooling and excess of loss reinsurance arrangements on similar terms as apply to 2003, or through the Club's Comprehensive Charterers Cover. The precise terms are being finalised, but the limit of cover overall for the Comprehensive Charterers Cover, which includes cover for damage to hull, shall remain unchanged at \$400 million.

4. WAR RISK P&I 2004/2005

The terms and conditions of the excess war risk P&I cover for 2004 have now been agreed with the commercial war risk market and, with a modest reduction in the premiums, will be on the same terms and conditions as for 2003, as set out in the Notice to Members No. 12 dated February 2003. They will apply automatically for all Members for the new policy year and the principal features are:-

1. The cover is to pay claims only in excess of amounts recoverable under a Member's underlying war risks P&I policy including but not limited to Hull and Machinery and Crew, Marine or War Risks and any Protection and Indemnity Clauses attached thereto. The cover is also excess of war risk cover provided to charterers under Rule 3A. It is not intended as a substitute for traditional market war risks cover. Members are therefore expected to maintain their existing war risks cover including cover for P&I risks to the maximum extent available (up to a maximum of \$100 Million).
2. The cover is for P&I risks in accordance with the Club's Rules which are otherwise excluded by Rule 14.
3. The cover is subject to notice of cancellation and automatic termination provisions and excludes nuclear risks.
4. The cover is subject to the Chemical, Bio-Chemical, Electromagnetic Weapons and Computer Virus exclusion as applied for 2003.
5. The limit of cover is \$400 million each vessel any one accident, but shall not exceed in the aggregate \$400 million in respect of all Members' entries whether Owner's or Charterer's and irrespective of whether or not such entries are entered with the West of England or any other International Group Club.
6. The premium payable for the cover shall be US\$0.0173 per gross ton entered for Owner's entries. It will be payable with, and is included in, the rates per gross ton charged for the Group's excess of loss reinsurance premium as a fixed cost per gross ton as set out in Part 1 of this Notice. The rate for Charterers' entries is \$0.0057 per G.T.

The estimated cost within these rates for the provision of cover in accordance with TRIA is US\$0.0025 per gross ton entered. Members who may qualify for TRIA protection will be advised individually.

7. The cover permits worldwide trading but excludes risks in respect of vessels trading in breach of any Exclusion Notice issued by the Club or reinsuring underwriters.

Although the details have yet to be finalised, a special limit of cover and special terms may also apply to vessels which are to be employed for accommodation purposes in connection with the Olympic Games in Greece during August 2004. Details will be provided in due course in a separate Notice to Members. The Club intends to provide special cover in respect of Chemical and Bio-Chemical Electromagnetic Weapons and Computer Virus risks referred to in paragraph 4.4 on a similar basis to that set out in the Notices to Members Nos. 4 and 6 of April and May 2003. However, the precise basis on which the cover will be made available will depend on the extent to which International Group Clubs may agree for 2004 to Pool these risks by way of supplementary Pool cover up to an amount not exceeding \$20 million per vessel per incident. Further details will be provided in a separate Notice to Members which will be circulated as soon as possible.

Should Members have any queries, please do not hesitate to contact the Managers.

Yours faithfully

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

P E Spendlove
Managing Director