

No. 25 2011/2012 - Renewals 2012/2013

November 2011

Translations: Chinese  Vietnamese 

Dear Sirs,

RENEWALS 2012/2013

1. CLASS 1 (P & I)

a) Advance Call Rates / Time-Charter Fixed Premium Adjustments 2012/2013

The Executive Committee on behalf of the Board has considered the likely level of claims for the forthcoming policy year and the basis on which both mutual premium rates and time-charter fixed premium rates should be set for all Members for 2012.

It is anticipated that the cost of claims for 2012 will continue to increase as compared with the current year and that investment returns during the next financial will remain modest. The Committee therefore decided that, in order that future premium levels reflect the forecast cost of claims, all Members' advance calls shall increase by 5% for 2012. In addition adjustments to Members' advance calls will be made to reflect their particular risk exposure and anticipated claims experience. For Members with adverse claims records advance call rates will be increased by more than 5% as appropriate.

In accordance with the Club's normal practice, any increase shall apply only to the mutual element of the advance call and not to the cost of Group excess of loss reinsurance, which will be payable at cost as charged in the usual way.

The forecast additional call for the year, which will be payable in August 2013, is 30%. A further release percentage of 30% shall also apply from the outset.

Premiums for charterers' entries shall also be increased by 5% which likewise will be adjusted to reflect individual Members' risk exposure and claims experience. In addition, rates will be adjusted to reflect reinsurance terms, which have yet to be finalised.

As usual Members can, in advance of renewal, make use of [WestNet](#) which provides real time access for them and their brokers to data such as claims listings and triangulations, vessel details, loss ratios and statements. Data can be viewed on-line and downloaded in .pdf and Excel formats. Members are encouraged to use this facility to review their claims estimates in preparation for renewal discussions.

b) Class 1 Deductibles

All deductibles of less than \$20,000 including the deductibles in the Club's Rules (Rule 6), which are currently \$5,000, will be increased by \$1,000. Higher deductibles that have been agreed with Members will also be increased as may be specifically agreed by the Managers.

c) International Group Pooling Arrangements 2012/2013

For 2012, no decisions have yet been made about the levels of the Club and Pool retentions which are currently \$8 million and \$60 million respectively. However, limits of cover for oil pollution and non-oil pollution claims are likely to remain the same as for 2011. Overspill protection is also likely to be provided on the same basis as for 2011. Costs and terms will be advised in a separate Notice to Members once they have been finalised.

d) Oil Pollution Surcharge 2012/2013

The terms and conditions which are to apply to tankers trading to the United States carrying persistent oil as cargo will be advised in a separate Notice to Members once they have been finalised.

e) Charterers Entries 2012/2013

As usual, charterers' entries will be covered for P&I risks for 2012 either through the Group's Pooling and excess of loss reinsurance arrangements on terms which have yet to be finalised, or through the Club's own Charterers Comprehensive Cover which can include Damage to Hull and other risks. Although the scope and terms of both covers have yet to be finalised they are likely to be similar to those which apply for 2011. Details will be advised in a separate Notice to Members in due course.

f) War Risk P&I 2012/2013

For several years the Club has automatically provided excess war risk P&I cover on terms that are fully reinsured with the commercial market for a limit of cover which is currently \$500 million in excess of a vessel's proper value. For 2012 it is expected that this cover will be renewed but on terms that have yet to be negotiated.

2. CLASS 2 (F D & D) 2012/2013

For 2012 the Board has decided that an increase of 10% shall apply to all advance call rates and to time charter fixed premium rates. This reflects the fact that Class 2 disputes have increased in frequency and cost in recent years and are likely to continue to do so in 2012 while trading conditions for owners and charterers remain adverse.

The forecast additional call is 30% of the advance call and will be payable in August 2013. A further release percentage of 30% shall also apply from the outset.

The deductible for Class 2 will be modified so that members shall bear the first \$5000 of any claim. Thereafter 25% of the recoverable costs and expenses for each claim shall be borne by the Member up to a maximum of \$50,000.

3. PREMIUM PAYMENT (CLASS 1 and CLASS 2)

In accordance with the Club's usual terms for Class 1 mutual entries, the advance call for the policy year 2012/2013 shall be payable together with the cost of the Group's excess of loss premium in four equal instalments, on or before:

1st instalment: 20 March 2012

2nd instalment: 20 June 2012

3rd instalment: 20 September 2012

4th instalment: 20 December 2012

For Class 2 mutual entries, payment of advance calls shall be on the basis of the same time-table as applies for Class 1.

For charterers' entries payment terms shall, as usual, be set by agreement with individual Members as appropriate.

As always, it is a requirement of renewal and of provision of cover for 2012/2013 that any and all sums due to the Club are

paid by the due dates.

The Managers will as usual be writing in due course to each Member to set out proposals for renewal for the forthcoming policy year with details of their proposed rates and terms but, in the meantime, in order to ensure compliance with the technical requirements of the Rules this Notice constitutes notice by the Managers to each Member in accordance with Rule 34 of Class 1 and Rule 27 of Class 2.

Any questions should be addressed to the Underwriting department in the usual way.

Yours faithfully

For: **West of England Insurance Services (Luxembourg) S.A.**
(As Managers)

P E Spendlove
Managing Director