

No. 19 2012/2013 - Renewals 2013/2014

November 2012

Dear Sirs,

RENEWALS 2013/2014

The Executive Committee on behalf of the Board has considered the level at which calls and fixed premium rates should be set for 2013/2014 and has decided as follows:

1. CLASS 1 (P & I)

a) Advance Call Rates / Time-Charter Fixed Premium Adjustments 2013/2014

Although claims costs for the Club's Members for 2012 have so far been developing at a similar low value and frequency to Members claims for 2011, this trend is not expected to continue and Pool claims for other Clubs have reached record levels for the year to date. It is therefore anticipated that the overall cost of claims for 2013 will increase at a time when investment returns will remain modest, and premium levels are generally too low.

In order that premium levels reflect the forecast cost of claims and, in particular, Pool costs, the Committee has decided that Members' mutual premium will increase by 7.5%. However, recognising that Members continue to experience difficult trading conditions, this increase will be spread across both the advance call and the forecast additional call. Accordingly, the advance call, which is payable during 2013, will increase by 3.5% and the forecast additional call will increase from 30% to 35% of the advance call and is payable in August 2014. Together these adjustments result in a total general increase of 7.5%.

Additional adjustments as necessary may in addition be made to Members' advance calls to reflect their particular risk exposure and anticipated claims experience.

In accordance with the Club's usual practice, any increase will apply only to the mutual element of the call and not to the cost of Group excess of loss reinsurance, which will be payable at cost per g.t. in line with the Club's long-standing practice. Details of Group excess of loss reinsurance costs will be advised in a separate Notice to Members once confirmed.

The release will be 30% of the advance call.

Premiums for charterers' entries will also increase by 7.5% and will be adjusted to reflect individual Members' risk exposure and anticipated 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

Members' deductibles will increase by 7.5% or US\$1,000 whichever is the higher.

The Rules deductible will also increase from US\$ 6,000 to US\$ 7,000.

c) International Group Pooling Arrangements 2013/2014

There may be changes to 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 2012. Overspill protection is also likely to be provided on the same basis as for 2012. Costs and terms will be advised in a separate Notice to Members once they have been finalised.

d) Oil Pollution Surcharge 2013/2014

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 2013/2014

As usual, charterers' entries will be covered for P&I risks 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 2012. Details will be advised in a separate Notice to Members in due course.

f) War Risk P&I 2013/2014

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. It is expected that this cover will be renewed but on terms that have yet to be negotiated.

2. CLASS 2 (F D & D) 2013/2014

Advance call rates and time charter fixed premium rates will increase by 5%. 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 while trading conditions for owners and charterers remain adverse.

The forecast additional call will also increase from 30% to 35% of the advance call and will be payable in August 2014 which together with the advance call adjustment results in a total general increase of 9% for mutual entries. The release percentage will be 30% of the advance call.

The deductible for Class 2 will, unless otherwise agreed, remain unchanged.

3. PREMIUM PAYMENT (CLASS 1 and CLASS 2)

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

1st instalment: 20 March 2013

2nd instalment: 20 June 2013

3rd instalment: 20 September 2013

4th instalment: 20 December 2013

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.

It is a requirement of renewal and of provision of cover that any and all sums due to the Club are paid by the due dates.

The Managers will be writing to each Member setting out rates and terms for the forthcoming policy year 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