

No. 20 2015/2016 - Renewals 2016/2017

February 2016

Dear Sirs

RENEWALS 2016/2017

CLASS 1 (P & I)

We refer to Notice to Members No. 12 2015/2016 dated November 2015. This Notice provides an update.

1. INTERNATIONAL GROUP POOLING AND REINSURANCE 2016/2017

For 2016 the individual Club retention is to increase to \$10 million each vessel each incident. The Pool retention will, however, remain at \$80 million (with 15% increasing to \$100 million, up from 10% for 2015). The first layer of the Group's excess of loss reinsurance programme for \$500 million will take effect at \$80 million, but the Pool will continue to co-insure 30% of risks within the layer to \$580 million. The Group will also continue to co-insure a further 30% of claims from \$80 million to \$120 million within the layer. These retained 30% shares will both be reinsured by Hydra, the Group's captive, which itself will protect its exposure with market reinsurance.

2. LIMITS ON CLUB COVER 2016/2017

For oil pollution claims the overall limit of Club cover will continue to be \$1 billion (other than for charterer's risks) as set out in the Rules and the Members' terms of entry.

As is the case for 2015, a combined limit on Club cover for passenger and seamen's liabilities of \$3 billion each incident for each entered vessel together with a sub-limit of \$2 billion for passenger liabilities shall also apply.

The overall limit of Club cover for claims, other than for oil pollution and for claims involving passengers and seamen or as otherwise set out in the Rules and Members' terms of entry, shall remain unchanged at 2.5% of the 1976 Limitation Convention limit for property claims in excess of \$2.08 billion, but a Group overspill protection will again be in place for 2016 to protect the Club for its share of any overspill liabilities for claims of up to \$1 billion in excess of \$2.08 billion.

3. GROUP REINSURANCE RATES 2016/2017

For 2016 Group reinsurance rates per GT, which are to be charged as separate fixed costs together with 2016 advance call rates, will be as follows:

DIRTY TANKERS	\$ 0.6567
CLEAN TANKERS	\$ 0.2816
DRY CARGO VESSELS	\$ 0.4537
PASSENGER VESSELS	\$ 3.5073

These rates include the premium charged to fund the upper Pool layers (\$50 million in excess of \$30 million) which is paid

to Hydra as reinsurer of the Pool's upper layer liabilities and the cost of the overspill protection referred to earlier.

4. WAR RISK P&I 2016/2017

The terms and conditions of the excess war risk P&I cover for 2016 have been agreed with the commercial war risk market and will be on the same terms and conditions as for 2015.

The terms, which are set out in full in Rule 14 and Members' terms of entry, will apply automatically for all Members for the new policy year. The principal features are:-

1. The cover is to pay claims only in excess of amounts recoverable under a Members' underlying war risks P&I policy. The cover is also excess of war risk cover provided to Charterers under Rule 3. 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 subject to notice of cancellation and automatic termination provisions and excludes nuclear risks.
3. The cover is subject to a Chemical, Biological, Bio-Chemical, Electromagnetic Weapons and Computer Virus exclusion.
4. The limit of cover is \$500 million each vessel any one accident, but shall not exceed in aggregate \$500 million in respect of all Members' entries whether Owners' or Charterers' and irrespective of whether or not such entries are entered with the West of England or any other International Group Club.
5. The premium payable for the cover shall be \$0.006344 per gross ton entered for Owners' 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 Section 3 of this Notice. The rate for Charterers' entries is \$0.002257 per GT.

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

6. 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.

5. CHARTERERS ENTRIES 2016/2017

For 2016 Charterers will be entered through the Club's Charterers' Comprehensive Cover (CCC) in accordance with Rule 3(B).

For 2016 the terms and conditions of the Charterers' Comprehensive cover, which includes damage to Hull where required, remain unchanged with an aggregate limit of cover of \$500 million. Cover is however available for \$750 million for those Members that require it on specific application to the Managers.

As usual precise terms of entry for all chartered entries shall anyway be subject to agreement with individual Members on a case by case basis.

6. CLASS 2 (FD&D) 2016/2017

As advised in Notice to Members No. 12 2015/2016 for 2016, Class 2 (FD&D) cover will be on the same terms and conditions as for 2015. The overall limit on Club cover shall be \$10 million for all vessels including vessels entered for new building risks. Additional cover for a further \$5 million can also be provided for those Members that require it on specific

application to the Managers.

Should Members have queries about any of the matters raised in this Notice please do not hesitate to contact the Managers in the usual way.

Yours faithfully

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

P E Spendlove
Managing Director