

No. 18 2016/2017 - Renewals 2017/2018

October 2016

Dear Sirs,

RENEWALS 2017/2018

The Board has considered the level at which calls and fixed premium rates should be set for Policy Year 2017.

1. CLASS 1 (P & I)

a) Advance Call Rates / Time-Charter and Owners' Fixed Premium Adjustments 2017/2018

The Board has again decided that no standard surcharge shall be applied to net advance call rates for mutual entries for Policy Year 2017. As usual, adjustments as necessary may be made to individual advance call rates to reflect particular claims experience and risk exposure.

The Board has also decided that the forecast additional call to be set at inception shall be unchanged from previous recent Policy Years. The forecast additional call for Policy Year 2017 shall therefore be 35% of the net advance call, equivalent to approximately 26% of the estimated total call ("ETC"). The Board determined that the release for Policy Year 2017 shall be set at 20% of the net advance call (equivalent to 14.8% of the ETC) in addition to the forecast additional call set for the year.

Members are reminded that any adjustments to rates and release percentages are only calculated on the net amount of call excluding costs to be charged for the Group's excess of loss reinsurance programme. The Board continues to believe that this practice is fairer and more transparent than including the cost within total premium and that these costs should continue to be charged to Members separately, at cost per GT, even though this means that the Club's call and release rates cannot be directly compared with those set by other Group clubs.

Premiums for charterers' and owners' fixed premium entries for Policy Year 2017 will also be adjusted only to reflect individual Member's risk exposure and claims experience, where applicable. In addition, adjustments may also be applied to reflect the Club's reinsurance arrangements, which have yet to be finalised.

As usual Members are encouraged, in advance of renewal, to make use of WestNet which provides real time access for them and their brokers to their claims data, vessel details, loss ratios and statements, all of which can be viewed on-line and downloaded in .pdf and Excel formats.

b) Class 1 Deductibles 2017/2018

The Rules deductible will remain at \$11,000.

Where Members' individual deductibles are below the Rules deductible an increase of 10% or \$1,000, whichever is higher, shall be applied. Further adjustments may be made to reflect individual risks or exposure.

c) International Group Pooling Arrangements 2017/2018

Details of the IG Pooling arrangements, Group excess of loss reinsurance programme and related costs and terms will be advised in a separate Notice to Members once they have been finalised.

Limits of cover for oil pollution and non-oil pollution claims are likely to remain unchanged. Overspill protection is also likely to be provided on the same basis as for 2016.

d) Charterers' Entries 2017/2018

As usual, charterers' entries will be covered for P&I risks either through the Club's own Charterers Comprehensive Cover, which can include Damage to Hull and other risks, or through the Group's Pooling and excess of loss reinsurance arrangements. Although the scope and terms of both covers have yet to be finalised they are likely to be similar to those which apply for 2016. Details will be advised in a separate Notice to Members in due course.

e) War Risk P&I 2017/2018

For several years the Club has automatically provided excess war risk P&I cover for both owners' and charterers' entries 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) 2017/2018

The Board has decided that no general increase will be applied for Policy Year 2017 for Class 2. Mutual advance call rates and time charter / owners' fixed premium rates will not therefore increase except where adjustments are required to reflect individual Members' particular records and exposure.

The forecast additional call for mutual entries will remain at 35% of the advance call, equivalent to approximately 26% of the estimated total call ("ETC"). The release percentage will be 20% of the advance call (equivalent to 14.8% of the ETC) in addition to the forecast additional 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 both Class 1 and Class 2 mutual entries, the advance call shall be payable (together with the cost of the Group's excess of loss premium for Class 1) in four equal instalments :

1st instalment: 20 March 2017

2nd instalment: 20 June 2017

3rd instalment: 20 September 2017

4th instalment: 20 December 2017

The additional call for both Classes shall be due on or before 20 August 2018.

For charterers' and owners' fixed premium 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 Club's Underwriting department in the usual way.

Yours faithfully

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

P E Spendlove
Managing Director