

No. 14 - Renewals 2000/2001

December 1999

Dear Sirs

RENEWALS 2000/2001

1. CLASS I (P&I)

a. General Surcharge

The Board of Directors has reviewed the Managers' latest forecasts for the 2000/2001 policy year. Claims levels for the 1999/2000 policy year have been developing in accordance with predictions and remain at similar levels to claims incurred for the two previous policy years. However, premium levels for both the Club and for the industry as a whole have continued to fall. The Board has therefore decided:-

- i. that the general surcharge to be applied to current advance call rates (and time charter fixed premium rates) will be 5% before adjustments to reflect individual record;
- ii. that the 5% general surcharge shall be applied only to the mutual proportion of the advance call rate. Group excess of loss reinsurance premium will continue to be charged as a fixed cost together with mutual advance call rates following the practice adopted since 1992;

and

- iii. that the forecast additional call for the 2000/2001 policy year will be 50% and will be payable by August 2001 with a further release of 25%.

b. International Group Pooling Arrangements 2000/2001

For 2000/2001 the individual Club retention is to remain at \$5 Million per claim.

The Pool retention may also remain unchanged although no final decision will be made until Group excess of loss reinsurance terms have been concluded.

c. International Group Excess of Loss Reinsurance 2000/2001

At the time of writing the Group's brokers have not finalised renewal terms for the Group's excess of loss reinsurance programme for 2000/2001. Terms and conditions are likely to remain unchanged except that for 2000/2001 the oil pollution limit of cover will be increased from \$500 Million to \$1 Billion each accident each vessel. Group reinsurance for oil pollution risks will therefore be placed to this level for the new policy year. Group Clubs will also continue to co-insure a proportion of the programme which will be separately protected by reinsurance on similar terms as apply for 1999.

d. Oil Pollution Surcharge 2000/2001

The terms and conditions which currently apply to the oil pollution surcharge for tankers trading to the United States carrying persistent oil as cargo will continue to apply for 2000/2001, but at rates which will not be known until Group excess of loss reinsurance terms have been finalised.

e. Limit on Club Cover 2000/2001

As indicated the oil pollution limit is to be increased from \$500 Million to \$1 Billion for 2000/2001. The limit for claims other than oil pollution will remain unchanged at 2.5% of 1976 Limitation Convention limits for property claims. Special reinsurance for part of the West of England's share of an overspill call will also continue to be placed for any loss which exceeds \$2 Billion.

2. CLASS II (FD&D)

For 2000/2001 the Board has decided that a 5% general surcharge should be applied to Class II advance call rates (and to time charter fixed premium rates) before adjustments to reflect individual record are made.

The forecast additional call will remain 50% to be payable by August 2002 with a further release of 25%.

3. CLASS III AND IV (CREW AND PORT RISK STRIKES)

For 2000/2001 the Board has decided that no general surcharge shall be applied to current advance call rates for Class III and IV risks and that a nil additional call forecast with a nil release should be set at the outset.

A further Notice to Members will be issued once Group reinsurance terms have been concluded which will update Members on all further developments prior to 20 February 2000.

Yours faithfully

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

P E Spendlove
Managing Director