

## No. 12 2015/2016 - Renewals 2016/2017

November 2015

Dear Sirs,

### **RENEWALS 2016/2017**

The Executive Committee on behalf of the Board has considered the level at which calls and fixed premium rates should be set for 2016/2017.

#### **1. CLASS 1 (P & I)**

##### **a) Advance Call Rates / Time-Charter and Owners' Fixed Premium Adjustments 2016/2017**

The Board has decided that no standard surcharge shall be applied to net advance call rates for mutual entries for Policy Year 2016. 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 2016 forecast additional call set at inception shall be unchanged from previous recent Policy Years. The forecast additional call shall therefore be 35% of the net advance call, equivalent to approximately 26% of the estimated total call ("ETC"). This forecast call will be payable on or before 20 August 2017 following the practice established by the Board three years ago that, to recognise the continuing difficult economic and trading conditions facing the Club's Members, payment of approximately a quarter of the ETC may be deferred to the following year.

The Board determined that the release for 2016/17 shall be set at 14.8% of the ETC (equivalent to 20% of the net advance call) in addition to the forecast additional call set for the year.

Members are reminded that, as usual, increases 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 has reaffirmed its belief that this practice is a fairer and more transparent treatment than including the cost within its total premium and that these costs should continue to be charged to Members separately, payable 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.

For Policy Year 2016, premiums for charterers' and owners' fixed premium entries 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.

In setting these renewal requirements, the Board has noted that the Club has continued to experience low levels of claims from its Members. There remains nevertheless an expectation that claims levels will rise at some point, particularly from the International Group's Pool which retains increasing levels of risk. The probability of low and volatile investment returns for the foreseeable future has also been taken into account.

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 2016/2017**

Members' deductibles will increase by 10% or US\$1,000 whichever is the higher, subject to a maximum increase of US\$2,500. Further adjustments may be made to reflect individual risks or exposure.

The Rules deductible will increase by \$1,000 to \$11,000.

## **c) International Group Pooling Arrangements 2016/2017**

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 2015.

## **d) Charterers' Entries 2016/2017**

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 2015. Details will be advised in a separate Notice to Members in due course.

## **e) War Risk P&I 2016/2017**

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 for 2016/17 but on terms that have yet to be negotiated.

## **2. CLASS 2 (F D & D) 2016/2017**

The Board has decided that no general increase will be applied for Policy Year 2016/17 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. The release percentage will be 14.8% of the ETC (equivalent to 20% of the advance call) 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) 2016/2017**

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 2016

2nd instalment: 20 June 2016

3rd instalment: 20 September 2016

4th instalment: 20 December 2016

The forecast additional call shall be due on or before 20 August 2017.

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