

No. 15 - Renewals 2002/2003

February 2002

Dear Sirs

RENEWALS 2002/2003

We refer to our Notice to Members No. 10 dated December 2001. This Notice to Members provides an update.

1. INTERNATIONAL GROUP POOLING AND REINSURANCE ARRANGEMENTS 2002/2003

As already advised, for 2002/03 the individual Club retention is to remain at \$5 Million per claim. The Pool retention is also to remain at \$30 Million for 75% of the risk and at \$100 Million for 15% of the risk. The remaining 10% exposure up to \$500 Million will also continue to be retained by the Pool but protected by reinsurance on similar terms as applied for 2001.

For claims in excess of the Pool retention, the Group's excess of loss reinsurance terms and conditions are to remain unchanged for 2002 with a reinsured limit of cover for oil pollution claims remaining at \$1 Billion and for non oil pollution claims at \$2 Billion. The overall limit on Club cover for non oil pollution losses will therefore remain unchanged at 2.5% of the 1976 Limitation Convention limit for property claims in excess of \$2.03 Billion.

Although the placing of the Group's excess of loss programme has not been completed the Group's brokers have indicated that it will be within the next few days. The excess of loss reinsurance costs per G.T., which are to be charged as separate fixed costs together with 2002 advance call rates, will be as follows:-

DIRTY TANKERS	\$0.4859	PER G.T.
CLEAN TANKERS	\$0.2364	PER G.T.
DRY CARGO VESSELS	\$0.1984	PER G.T.
PASSENGER VESSELS	\$0.3782	PER G.T.

2. OIL POLLUTION SURCHARGE 2002/03

The terms and conditions which are to apply to tankers trading to the United States carrying persistent oil as cargo shall remain unchanged for 2002 except that rates will be as follows:-

	Non SBT	SBT	
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Tankers (over 1,000 G.T.)	\$0.102	\$0.090	Per G.T. per voyage
LOOP/ Lightning	\$0.051	\$0.045	Per G.T. per voyage
Tankers (under 1,000 G.T.)	Either	Either	
	\$102.00	\$90.00	Per voyage
	Or	Or	
	\$2,040.00	\$1,800.00	Per annum

Special provisions will as usual apply to parcel tankers, details of which can be provided by the Managers on request.

3. CHARTERERS ENTRIES 2002/03

Subject to agreement on special rates and terms, Charterers entries will be covered for P&I risks for 2002 either through the Group's Pooling and excess of loss reinsurance arrangements on terms which remain unchanged for 2002 or through the Club's Charterers Comprehensive cover. The terms of this cover also remain unchanged for 2002 except that the overall limit of cover shall reduce from \$500 Million to \$400 Million each vessel each claim.

4. OVERSPILL COVER 2002/03

The Board has yet to make a decision as to whether or not to renew the Club's existing protection for its share of the first \$1 Billion of an overspill claim since reinsurance premium for such risks has risen dramatically. Proposals will be considered in the next week or two and any decision will be advised thereafter.

5. WAR RISK P&I 2002/03

For 2002 Club cover for Class 1 risks had been amended so that "acts of terrorism" are expressly excluded under **Rule 14**. However, the terms of the separate market war risk P&I cover arranged through the Club have been amended so that such risks are now included. The terms of that cover remain unchanged for 2002 except that the limit of cover has been increased from \$100 Million to \$200 Million.

For further details Members should refer to Notices to Members Numbers 06 2001/02 and 08 2001/02 dated September and October 2001 and to Notice to Members Number 01 dated February 1996.

Members are reminded that should they wish to participate in the cover they should specifically apply to the Managers unless they already participate in which case cover for 2002 will be renewed automatically.

Yours faithfully

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

P E Spendlove
Managing Director