

No. 13 - RENEWALS 2003/2004

February 2003

Dear Sirs

RENEWALS 2003/2004

We refer to our Notice to Members No. 7 dated December 2002. This Notice to Members provides an update.

1. INTERNATIONAL GROUP POOLING AND REINSURANCE 2003/2004 For 2003 the Club retention is to remain unchanged at \$5 Million per claim. The Pool retention is also to remain at \$30 Million for 75% of the risk, but for the remaining 25% up to \$500 Million in excess of \$30 Million the risk will be retained by the Pool as a 25% co-insurance. However this will be protected by reinsurance on similar terms as apply for 2002 with the result that unreinsured risk retained within the Pool for 2003 will only be marginally higher than for 2002. For claims in excess of the Pool retention, the Group's excess of loss reinsurance terms and conditions will remain broadly unchanged so that the limit of cover for oil pollution claims will continue to be \$1 Billion and the reinsured limit for non-oil pollution claims \$2 Billion. The overall limit on Club cover for non-oil pollution losses will also 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 programme has not been completed, the excess of loss reinsurance costs per G.T. which are to be charged as separate fixed costs together with 2003 advance call rates will be as follows:-

DIRTY TANKERS	\$ 0.6724 PER G.T.
CLEAN TANKERS	\$ 0.3268 PER G.T.
DRY CARGO VESSELS	\$ 0.2858 PER G.T.
PASSENGER VESSELS	\$ 0.6841 PER G.T.

These rates are approximately 37% higher overall than the rates for 2002 and reflect the substantial increase in premium which is being charged for the first and second layers of the programme. Furthermore, as advised in Notice No 12 2002/2003 (Excess War Risk P&I Cover 2003), they also include a cost per G.T. of \$0.0225 to cover excess war risk premium on the terms set out in that Notice.

2. OIL POLLUTION SURCHARGE 2003/2004 The terms and conditions which are to apply to tankers trading to the United States carrying persistent oil as cargo shall remain unchanged for 2003 except that rates will be as follows:-

	Non SBT	SBT	
Tankers (over 1,000 G.T.)	\$ 0.1428	\$ 0.126	Per G.T. per voyage
LOOP/ Lightning	\$ 0.0714	\$ 0.063	Per G.T. per voyage
Tankers (under 1,000 G.T.)	Either		
	\$ 143.00	\$ 126.00	Per voyage
	Or		
	\$ 2,856.00	\$ 2,520.00	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 2003/2004 Subject to agreement with individual Members on rates and special terms, Charterers entries will be covered for P&I risks for 2003 either through the Group's Pooling and excess of loss reinsurance arrangements on terms which remain similar to 2002, or through the Club's Comprehensive Charterers Cover. The precise terms of this cover are being finalised and will be the subject of a further Notice to Members as soon as possible. The limit of cover overall for the Comprehensive Charterers Cover shall however remain unchanged at \$400 Million per claim.
4. OVERSPILL COVER 2003/2004 The Board has yet to make a decision as to whether or not to renew the Club's existing protection for its share of a \$500 Million overspill claim since the premium for such risks has again increased.
5. WAR RISK P&I 2003/04 As already noted, the terms of the excess war risk P&I cover which is to be provided automatically for all Members for 2003 are set out in Notice No 12 2002/2003 (Excess War Risk P&I Cover 2003).

Should any Member have any queries, please do not hesitate to contact the Managers.

Yours faithfully

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

P E Spendlove
Managing Director