

No. 9 - Renewals 2004/2005

December 2003

Dear Sirs

RENEWALS 2004/2005

1. CLASS 1 (P&I)

a. General Surcharge 2004/2005

At their meeting on 3 December the Board of Directors decided that the general surcharge to be applied to all current advance call rates (and time charter fixed premium rates) will be 15%. Members with adverse individual records will however be subject to further adjustment as appropriate.

As usual the 15% general surcharge shall be applied to the mutual proportion of the advance call rate. Group excess of loss reinsurance costs will continue to be charged separately as a fixed cost. However, for the moment these have still to be negotiated with reinsuring underwriters. Details will be advised in a separate Notice to Members as soon as possible.

For the 2004 policy year the forecast additional call will be 20% of the advance call and a further release call of 15% of advance call shall also apply.

The timetable for the payment of advance calls has been changed for 2004/05. For details please refer to paragraph 4 of this circular.

b. International Group Pooling Arrangements 2004/2005

For 2004 the individual Club retention will remain at \$5 million per claim but the level of the Pool retention and the extent of any Group co-insurance is as yet undecided.

c. Oil Pollution Surcharge 2004/2005

The terms and conditions which are to apply to tankers trading to the United States carrying persistent oil as cargo have not yet been finalised; details will be advised in a separate Notice to Members as soon as possible.

d. Charterers Entries 2004/2005

Subject to agreement with individual Members on rates and specific terms, Charterers entries will be covered for P&I risks for 2004 either through the Group's Pooling and excess of loss reinsurance arrangements on terms which have yet to be finalised, or through the Charterers Comprehensive Cover which can include Damage to Hull and other risks. Although the scope and terms of this alternative cover are likely to be similar to those which apply at present, negotiations with reinsurers have not been concluded. Details will be advised in a separate Notice to Members as soon as possible.

e. Limit on Club Cover 2004/2005

For 2004 the oil pollution limit of cover is to remain unchanged at \$1 billion. The limit for claims other than for oil pollution will also remain unchanged at 2.5% of the 1976 Limitation Convention limit for property claims which is in excess of the limit on the Group's reinsurance programme (currently \$2 billion).

f. **War Risk P&I 2004/2005**

For several years the Club has provided excess war risk P&I cover on terms that are fully reinsured with the commercial market for a limit of cover which is currently \$400 million in excess of a vessel's proper value. For 2004 it is hoped that this cover will be extended but on terms that have yet to be negotiated. Details will be advised as soon as possible.

2. CLASS 2 (FD&D)

For 2004 the Board has decided that a general surcharge of 5% shall apply to all advance call rates and to time-charter fixed premium rates for Class 2 entries. Further adjustments may also be made to reflect individual record. The forecast additional call will be 20% of the advance call. A further release call of 15% will also apply.

3. CLASSES 3 AND 4 (PORT AND CREW STRIKES)

For 2004 the Board has again decided that Members rates will be increased on an individual basis to ensure that mutual premium makes full allowance for each Member's contributions to reinsurance and administrative costs. A nil additional call and nil release percentage will apply from the outset.

4. PAYMENT OF PREMIUMS

The Board has decided that the long-standing practice of charging the advance call and the cost of the Group's excess of loss reinsurance premium in two instalments of two thirds and one third in April and August each policy year shall be modified for all Classes for 2004.

With effect from 20 February 2004 the advance call for all Classes shall be payable together with the cost of the Group's excess of loss reinsurance premium in four equal instalments, the first on or before 20 March 2004 with further instalments due by 20 June 2004, 20 September 2004 and 20 December 2004.

All additional calls due for any of the Classes shall however continue to be payable on 20 August so that for Class 1 the forecast additional call (20%) shall be payable by 20 August 2005 and for Class 2 (20%) by 20 August 2006.

These arrangements will apply to all Members and any special terms which may have been agreed in the past will no longer apply.

Yours faithfully

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

P E Spendlove
Managing Director