

No. 14 - Renewals 2005/2006

February 2005

Dear Sirs

RENEWALS 2005/2006

We refer to our Notice to Members No. 10 dated December 2004. This Notice to Members provides an update.

1. INTERNATIONAL GROUP POOLING AND REINSURANCE 2005/2006

For 2005 the Club retention is set to increase to \$6 Million but the overall Pool retention will remain unchanged at \$50 Million. The first layer of the Group's excess of loss reinsurance programme for \$500 Million will take effect at this figure, but, as was the case for 2004, the layer will only be placed for 75% of the risk because the Group will continue to co-insure the remaining 25%. The 25% co-insurance share will be protected by separate reinsurance if losses within the first layer exceed \$200 million in aggregate.

The remaining three layers of the Group's reinsurance programme, each for \$500 Million, will be placed on an expiring basis so that the overall limit of Group reinsurance protection for non-oil pollution claims will be \$2.05 Billion.

For oil pollution claims the overall limit of Club cover will remain unchanged at \$1 Billion, in line with the oil pollution limit of cover under the Group's excess of loss reinsurance programme. The overall limit of cover for non-oil pollution claims will also remain unchanged at 2.5% of the 1976 Limitation Convention limit for property claims in excess of \$2.05 billion.

For 2005 Group reinsurance rates per G.T. which are to be charged as separate fixed costs together with 2005 advance call rates will be as follows:-

DIRTY TANKERS	\$	0.6385	PER G.T.
CLEAN TANKERS	\$	0.3041	PER G.T.
DRY CARGO VESSELS	\$	0.2677	PER G.T.
PASSENGER VESSELS	\$	0.7476	PER G.T.

2. The terms and conditions which are to apply to tankers trading to the United States carrying persistent oil as cargo shall remain unchanged for 2005 except that the rates will be reduced by 7.5% as follows:-

	Non SBT	SBT	Pollution Surcharge
Tankers (over 1,000 G.T.)	\$ 0.126	\$ 0.110	Per G.T. per voyage
LOOP/ Lightening	\$ 0.063	\$ 0.055	Per G.T. per voyage

Tankers (under 1,000 G.T.)	Either \$ 126.00	Either \$ 111.00	Per voyage
	Or	Or	
	\$ 2,515.00	\$ 2,219.00	Per annum

Special provisions shall apply as usual to parcel tankers, details of which are as usual available from the Managers.

3. WAR RISK P&I 2005/2006

The terms and conditions of the excess war risk P&I cover for 2005 have now been agreed with the commercial war risk market and, with a modest reduction in the premiums, will be on broadly the same terms and conditions as for 2004, as set out in Notice to Members No. 15 2003/2004 dated February 2004.

They will apply automatically for all Members for the new policy year and the principal features are:-

1. The cover is to pay claims only in excess of amounts recoverable under a Member's underlying war risks P&I policy including but not limited to Hull and Machinery and Crew, Marine or War Risks and any Protection and Indemnity Clauses attached thereto. The cover is also excess of war risk cover provided to charterers under Rule 3A. It is not intended as a substitute for traditional market war risks cover. Members are therefore expected to maintain their existing war risks cover including cover for P&I risks to the maximum extent available (up to a maximum of \$100 Million).
2. The cover is subject to notice of cancellation and automatic termination provisions and excludes nuclear risks.
3. The cover is subject to a Chemical, Biological, Bio-Chemical, Electromagnetic Weapons and Computer Virus exclusion which for 2005 will read as follows:

CHEMICAL, BIOLOGICAL, BIO-CHEMICAL, ELECTROMAGNETIC WEAPONS AND COMPUTER VIRUS EXCLUSION CLAUSE

This clause shall be paramount and shall override anything contained in this insurance inconsistent therewith

1. In no case shall this insurance cover loss damage liability or expense directly or indirectly caused by or contributed to by or arising from
 - 1.1 any chemical, biological, bio-chemical or electromagnetic weapon
 - 1.2 the use or operation, as a means for inflicting harm, of any computer virus.

Except as provided in this Clause for 2005 as required by market underwriters, the full terms of the cover are now set out in Rule 14 of the Club's Rules.

4. The limit of cover is \$500 million each vessel any one accident, but shall not exceed in the aggregate \$500 million in respect of all Members' entries whether Owner's or Charterer's and irrespective of whether or not such entries are entered with the West of England or any other International Group Club.

5. The premium payable for the cover shall be US\$0.0159 per gross ton entered for Owner's entries. It will be payable with, and is included in, the rates per gross ton charged for the Group's excess of loss reinsurance premium as a fixed cost per gross ton as set out in Part 1 of this Notice. The rate for Charterers' entries is \$0.0064 per G.T.

The estimated cost within these rates for the provision of cover in accordance with TRIA is US\$0.0025 per gross ton

entered. Members who may qualify for TRIA protection will be advised individually.

6. The cover permits worldwide trading but excludes risks in respect of vessels trading in breach of any Exclusion Notice issued by the Club or reinsuring underwriters.

The Club again intends to provide special cover for 2005 in respect of risks which are otherwise excluded by the Chemical, Biological, Bio-Chemical, Electromagnetic Weapons and Computer Virus exclusion but on terms and conditions which will be advised in a separate Notice to Members once renewal terms and conditions have been negotiated with the Club's insurers.

The limited cover for some of these excluded risks will in any case continue to be available through the Group's Supplemental Pooling Agreement on the same terms and conditions as were set out in Notice to Members No. 1 2004/2005 dated March 2004, except that cover will be based on the exclusion set out in paragraph 3.3 and the limit of cover will increase from \$20 million to \$30 million for all claims arising out of each incident for each vessel.

4. CHARTERERS' ENTRIES 2005/2006

As usual Charterers' entries will be covered for P&I risks for 2005 either through the Group's Pooling and excess of loss reinsurance arrangements or through the Club's own Charterers' Comprehensive Cover which can include Damage to Hull and other risks. Since the precise terms and conditions of both covers are still being finalised, details of both will be set out in a separate Notice to Members in the next few days.

Should Members have queries on any of the matters raised in this Notice, please do not hesitate to contact the Managers in the usual way.

Yours faithfully

West of England Insurance Services (Luxembourg) S.A.

(As Managers)

P E Spendlove

Managing Director