

## No. 15 - Renewals 2005/2006 - Charterers Entries

February 2005

Dear Sirs

### **RENEWALS 2005/2006 - CHARTERERS ENTRIES**

We refer to our Notice to Members No.14 dated February 2005. This Notice to Members provides further information about cover for Charterers' entries

#### **Charterers entries reinsured through the Group's Pooling and excess of loss arrangements**

From 20 February 2005 there are changes to the limits of cover for these Charterers' entries. The main change is that such entries will be subject to a limit of \$350 million in the aggregate for all risks except in the case of oil pollution for a Charterer co-assured under an Owners' entry where the limit of cover will be \$300 million in the aggregate.

Full details of the changes are set out in the attached Bye law (Appendix 1) and will be included in all terms of entry except for entries under the Charterer's Comprehensive Cover. The new clause supersedes the current Oil Pollution Limit of Cover and the Charterer's Limitation of Cover (otherwise than in respect of Oil Pollution) clauses.

Subject to agreement with individual Members on rates and specific terms there are no other modifications to the terms and conditions which currently apply for 2004.

#### **Entries under the Charterer's Comprehensive Cover**

Although the placing of the reinsurances for the Club's Charterer's Comprehensive Cover is not yet complete there are unlikely to be any significant modifications to the terms and conditions of the Charterer's Comprehensive Cover under Rule 3A which applied for 2004 except for those already referred to in Notice to Members No.14. In particular, the limit of cover remains at \$400 million in the aggregate. All terms of entry will of course be subject to agreement with individual Members on rates and specific terms as appropriate.

Yours faithfully

**West of England Insurance Services (Luxembourg) S.A.**  
(As Managers)

**P E Spendlove**  
Managing Director

LIMITATION OF COVER CLAUSE FOR OIL POLLUTION AND OTHER RISKS IN RESPECT OF: (A) OWNERS' ENTRIES  
AND CHARTERERS CO-ASSURED UNDER AN OWNER'S ENTRY (B) CHARTERERS' ENTRIES

(Effective as regards claims arising out of events occurring after noon GMT, 20 February 2005)

#### **1. DEFINITIONS:**

In this clause:

Oil pollution means loss, damage or contamination caused by or incurred in consequence of the discharge or escape of oil (or the threat of such escape or discharge) from any vessel (including the insured vessel) or from any other property whatsoever or the cost of any measures taken at any time by any person for the purpose of preventing or reducing any such loss, damage or contamination and/or a fine or civil penalty imposed in connection with an actual or threatened escape or discharge of oil as aforesaid.

Oil Pollution Claims means claims for liabilities, costs and expenses (including fines) arising out of or in connection with oil pollution and includes liabilities, costs and expenses incurred for the purpose of avoiding or minimising such claims.

Non Oil Pollution Claims means claims for liabilities costs or expenses (including fines) not arising out of or in connection with oil pollution and includes liabilities, costs and expenses incurred for the purpose of avoiding or minimising such claims.

Incident means any one incident or occurrence, save in the case of cargo claims and claims in respect of cargo's proportion of general average or salvage when it shall mean any one cargo voyage.

Entry means the insurance in respect of any one insured vessel of all parties insured under any one contract of insurance (with one Certificate of Entry) between the Association and a Member (other than a Reinsured Club) or between a Reinsured Club and its Assured. If more than one person is named as an insured in the Certificate of Entry, the provisions of Rule 36(vi) and the proviso thereto shall apply.

Owner's Entry means an Entry which insures (inter alia) as a Member or a Co Assured, an owner, owner in partnership, owner holding separate shares in severalty, part owner, trustee or demise charterer of an insured vessel, any manager or operator having control of the operation and employment of an insured vessel (being such control as is customarily exercised by a ship owner) and any other person in possession and control of an insured vessel, provided that no charterer (other than a charterer co assured) is insured under the same Entry.

Charterer's Entry means an Entry which insures, inter alia, (as Members or Co Assureds) charterers (other than demise charterers) not being a charterer co assured under an Owner's Entry.

Charterer co assured under an Owner's Entry means a charterer which is affiliated to or associated with persons insured under an Owner's Entry and which is named in the terms of the Owner's Entry as a Co Assured and is only covered by the Entry for the risks, liabilities and expenses in respect of which the affiliated or associated persons insured under such Owner's Entry are covered.

Reinsured Club means a Member which is an insurer of protection and indemnity risks which has directly reinsured such risks with the Association.

## **2. a. OIL POLLUTION - OWNERS' ENTRIES AND CHARTERERS CO-ASSURED UNDER AN OWNER'S ENTRY**

The Associations' liability to all Members and/or a Co-Assured insured under an Owner's Entry including charterers co-assured under such Owner's Entry, whose cover with the Association is not otherwise limited to a lesser sum, which arise out of an incident under such entry shall in respect of oil pollution claims not exceed in the aggregate US\$1,000,000,000

### ***PROVIDED THAT:***

- i. The Association's liability for all such claims arising from such incident incurred by a Charterer co-assured under such an Owner's entry shall not in any event exceed in the aggregate the amount to which, had he been liable for such pollution claims and had not been denied the right to limit, the registered owner could have limited his liability, or US\$ 1,000,000,000 whichever is the lower
- ii. All claims incurred by Charterers co-assured under an Owner's entry arising from such incident shall be after the

application of sub paragraph (i) of this paragraph be aggregated with all claims incurred in respect of such incident by Charterers co-assured under an Owner's entry who are insured by the Association in respect of oil pollution or covered for oil pollution with any other Association which participates in the Pooling Agreement (as defined in Rule 60) and/or in the International Group Excess Loss Reinsurance Contracts. In these circumstances, the limit of liability of the Association shall be such proportion of the aggregate limit of US\$1,000,000,000 first referred to in this paragraph 2(a) as the claims under that Owner's entry, including Charterers co-assured under such Owner's Entry, bear to the aggregate of all such claims under all Owners' Entries, including Charterers co-assured under such Owners entry, of all vessels insured with any of the Associations.

**b. OIL POLLUTION - SALVAGE - OWNERS' ENTRIES AND CHARTERERS CO-ASSURED UNDER AN OWNER'S ENTRY**

Without prejudice to the provisions of Rule 4, where the insured vessel provides or attempts to provide or engages or attempts to engage in salvage operations (as defined in Rule 60) to or in respect of another vessel following a casualty, oil pollution claims arising under an Owner's Entry, including Charterers co-assured under an Owners entry, in the Association arising out of such provision or attempted provision of or the engagement or attempted engagement in such salvage operations shall be aggregated with all oil pollution claims by any other vessels similarly engaged in connection with the same casualty when such vessels are either (i) insured by the Association in respect of oil pollution or (ii) covered for oil pollution with any other Association which participates in the Pooling Agreement (as defined in Rule 60) and/or in the International Group Excess Loss

Reinsurance Contracts. In these circumstances, the limit of liability of the Association shall be such proportion of the aggregate limit of US\$1,000,000,000 referred to in paragraph 1(b) above as the claims under an Owners' entry, including Charterers co-assured under such Owners Entry, bear to the aggregate of all such claims under all Owners Entries, including Charterers co-assured under such Owners entry, of all vessels insured with any of the Associations.

**c. NON OIL POLLUTION CHARTERERS CO-ASSURED UNDER AN OWNER'S ENTRY**

The Associations' liability for all claims arising from one incident incurred by all Charterers co-assured under an Owners entry shall in respect of non oil pollution claims not exceed in the aggregate the amount to which, had he been liable for such non oil pollution claims and had not been denied the right to limit, the registered owner could have limited his liability, or US\$300,000,000 whichever is the lower.

**d. OIL POLLUTION AND NON OIL POLLUTION - CHARTERERS' ENTRIES, INCLUDING SALVAGE**

The Associations' liability to all Members and/or a Co-Assured insured under a Charterer's Entry, other than a Charterer's Entry under Rule 3A, whose cover with the Association is not otherwise limited to a lesser sum, shall in respect of all claims which arise out of an incident covered under such entry not exceed in the aggregate US\$350,000,000

Without prejudice to the provisions of Rule 4, where the Member and/or Co-Assured under a Charterer's Entry in the Association provides or attempts to provide or engages or attempts to engage in salvage operations (as defined in Rule 60) to or in respect of another vessel following a casualty, the liability of the Association in respect of all claims arising under such Charterer's Entry in connection with such provision or attempted provision of or the engagement or attempted engagement in such salvage operations shall not exceed the said aggregate limit of US\$350,000,000 irrespective of the number of vessels entered under that Charterer's entry.