

## No. 6 2006/2007 - Renewals 2007/2008

December 2006

Dear Sirs

### **RENEWALS 2007/2008**

#### **1. CLASS 1 (P & I)**

##### **a) Advance Call Rates / Time Charter Fixed Premium Adjustments 2007/2008**

At their meeting on 6 December the Board considered the basis on which advance call rates (and time charter fixed premium rates) shall be set for all Members for 2007.

The Board noted that claims costs and legal liabilities to which Shipowners are exposed generally continue to increase. Although incurred claims involving West of England Members for 2006 are to date no higher than for the previous three policy years, Pool claims notified by other Group Clubs are higher than for any previous policy year at the same stage of development.

The Board's objective is to ensure that the level of premium to be charged shall balance forecast claims costs and operating expenses. Investment income shall then generally remain available to further strengthen the Club's overall free reserve which (excluding releases) is forecast to increase to approximately \$200 million at February 2007 as a result of the call decisions implemented by the Board at their meeting in September.

In order to meet their objective the Board has decided that advance call rates (and time charter fixed premium rates) for all Members shall be increased by at least 5% in line with anticipated claims inflation; but, for Members whose records require it, adjustments will be set at progressively higher percentages by reference to their individual record and, where appropriate, their particular exposure to future claims.

As usual these adjustments will 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, but because negotiations with the Group's reinsurers have not been finalised details will be advised in a separate Notice to Members in due course.

For the 2007 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.

##### **b) International Group Pooling Arrangements 2007/2008**

For 2007 the individual Club retention is likely to increase from \$6 million per claim to \$7 million per claim; the level of the Pool retention is however likely to remain unchanged at \$50 million. The extent of any Group co-insurance within the first layer of the Group's excess of loss reinsurance programme is as yet undecided since reinsurance arrangements have yet to be finalised.

##### **c) Oil Pollution Surcharge 2007/2008**

The terms and conditions which are to apply to tankers trading to the United States carrying persistent oil as cargo will be advised in a separate Notice to Members once they have been finalised.

## **d) Charterers Entries 2007/2008**

As usual, Charterers entries will be covered for P&I risks for 2007 either through the Group's Pooling and excess of loss reinsurance arrangements on terms which have yet to be finalised, or through the Club's own Charterers Comprehensive Cover which can include Damage to Hull and other risks. Although the scope and terms of both covers have yet to be finalised they are likely to be similar to those which apply for 2006 and are as usual subject to agreement with individual Members on rates and specific terms. Details will be advised in a separate Notice to Members in due course.

## **e) War Risk P&I 2007/2008**

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 \$500 million in excess of a vessel's proper value. For 2007 it is hoped that this cover will be renewed but on terms that have yet to be negotiated.

## **2. CLASS 2 (F D & D) 2007/2008**

For 2007 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. PREMIUM PAYMENT (CLASS 1 and CLASS 2)**

In accordance with the Association's usual terms for Class 1 mutual entries, the advance call for the policy year 2007/2008 will be payable together with the cost of the Group's excess of loss premium in four equal instalments, on or before:

1st instalment:	20 March 2007
2nd instalment:	20 June 2007
3rd instalment:	20 September 2007
4th instalment:	20 December 2007

The 2007/2008 policy year additional call shall be payable on 20 August 2008.

For Class 2 mutual entries, payment of premiums will be on the basis of the same time-table as applies for Class 1 except that payment of any additional call for the 2007 policy year will not be due until 20 August 2009.

For charterers' entries payment terms shall, as usual, be set by agreement with individual Members as appropriate.

As always, it is a requirement of renewal and of provision of cover for 2007/2008 that any and all sums due to the Association are paid by the due dates.

Any questions in connection with this Notice should be addressed to the Underwriting department in the usual way.

Yours faithfully

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

**P E Spendlove**  
Managing Director