

No. 16 2009/2010 - Renewals 2010/2011

February 2010

Dear Sirs

RENEWALS 2010/2011

CLASS 1 (P & I)

We refer to Notice to Members No 11 dated November 2009. This Notice provides an update.

1. INTERNATIONAL GROUP POOLING AND REINSURANCE 2010/2011

For 2010 the individual Club retention is to increase from \$7 million to \$8 million each vessel each incident. The Pool retention will, however, 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 is the case for 2009 the layer will only be placed for 75% of the risk because the Group will continue to co-insure the remaining 25%. The retained share will again be reinsured by Hydra, the Group's captive, and will be protected by reinsurance if losses within the layer exceed \$250 million in the aggregate.

2. LIMITS ON CLUB COVER 2010/2011

For oil pollution claims the overall limit of Club cover will continue to be \$1 billion (other than for charterer's risks) as set out in the Rules and the Members' terms of entry.

As is the case for 2009, a combined limit on Club cover for passenger and seamen's liabilities of \$3 billion each incident for each entered vessel together with a sub-limit of \$2 billion for passenger liabilities shall also apply, and will be reflected in the terms of entry for all vessels entered on a mutual basis in the Club.

The overall limit of Club cover for claims, other than for oil pollution and for claims involving passengers and seamen or otherwise set out in the Rules and Members' terms of entry, shall remain unchanged at 2.5% of the 1976 Limitation Convention limit for property claims in excess of \$2.05 billion, but a Group overspill protection will again be in place for 2010 to protect the Club for its share of any overspill liabilities for claims of up to \$1 billion in excess of \$2.05 billion.

3. GROUP REINSURANCE RATES 2010/2011

For 2010 Group reinsurance rates per G.T., which are to be charged as separate fixed costs together with 2010 advance call rates will be as follows:

DIRTY TANKERS	\$0.7554
CLEAN TANKERS	\$0.3335
DRY CARGO VESSELS	\$0.3867
PASSENGER VESSELS	\$1.5654

These rates include the premium charged to fund the upper layer of the Pool (\$20 million in excess of \$30 million) which is paid to Hydra as reinsurer of the Pool's upper layer liabilities and the cost of the overspill protection referred to earlier.

4. OIL POLLUTION SURCHARGE 2010/2011

The terms and conditions which are to apply to tankers trading to the United States carrying persistent oil as cargo shall remain unchanged for 2010 except that the rates are reduced by approximately 10% as follows:-

	Non SBT	SBT	
Tankers (over 1,000 GT)	\$0.078	\$0.0647	Per GT per voyage
LOOP / Lightening	\$0.0386	\$0.0323	Per GT per voyage
Tankers (under 1,000 GT)	\$78.00	\$65.00	Per voyage
	or	or	
	\$1,560.00	\$1,300.00	Per annum

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

5. WAR RISK P&I 2010/2011

The terms and conditions of the excess war risk P&I cover for 2010 have been agreed with the commercial war risk market and will be on the same terms and conditions as for 2009.

The terms, which are set out in full in Rule 14 and Members' terms of entry, will apply automatically for all Members for the new policy year. The principal features are:-

1. The cover is to pay claims only in excess of amounts recoverable under a Members' underlying war risks P&I policy. The cover is also excess of war risk cover provided to Charterers under Rule 3. 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.
 4. The limit of cover is \$500 million each vessel any one accident, but shall not exceed in aggregate \$500 million in respect of all Members' entries whether Owners' or Charterers' 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 \$0.0107 per gross ton entered for Owners' 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 Section 3 of this Notice. The rate for Charterers' entries is \$0.0038 per GT.
- The estimated cost within these rates for the provision of cover in accordance with TRIA is \$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.

6. CHEMICAL, BIOLOGICAL, BIO-CHEMICAL EXCLUSION 2010/2011

For 2010 the Club will not provide special cover for a number of risks which are otherwise excluded by the Chemical, Biological, Bio-Chemical, Electromagnetic Weapons and Computer Virus exclusion under Rule 14.

However, limited cover for some of these excluded risks will in any case continue to be available under Rule 14(3).

7. CHARTERERS ENTRIES 2010/2011

For 2010 Charterers entered through the Group's Pooling and excess of loss arrangements are to be renewed on expiring terms and conditions. The cover is for a combined single limit of \$350 million in the aggregate for both oil pollution and non-oil pollution claims for each entered vessel each accident or occurrence. Details will be as set out in the Rules and in Members' terms of entry. In practice very few Members are entered for Charterers' risks through the Group's Pooling and excess of loss reinsurance arrangements. Most are now entered through the Club's **CHARTERERS' COMPREHENSIVE COVER** in accordance with Rule 3.

For 2010 the terms, conditions and limits of the Charterers' Comprehensive cover, which includes damage to Hull, remain largely unchanged with the aggregate limit of cover remaining at \$500 million. As advised in **Notice to Members No. 9 2005/2006** dated January 2006, the cover continues to include loss of use resulting from damage to an entered vessel for which the Charterer is responsible and that such loss of use includes not only freight, damages or demurrage, but also hire which the Member is obliged to pay while the vessel is out of service.

As usual precise terms of entry for all chartered entries shall be subject to agreement with individual Members.

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

Yours faithfully

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

P E Spendlove
Managing Director