

No. 22 2017/2018 - Renewals 2018/2019

February 2018

Dear Sirs,

RENEWALS 2018/2019

CLASS 1 (P&I)

We refer to the Club's News Item of 13 December 2017. This Notice provides an update.

1. INTERNATIONAL GROUP POOLING AND REINSURANCE 2018/2019

For 2018 the individual Club retention is to remain unchanged at \$10 million each vessel each incident however, following a detailed review of the current Pool structure during 2018, a number of changes will apply for the 2018/19 policy year.

At present, the lower Pool layer attaches from \$10 million to \$45 million, and the upper Pool layer attaches from \$45 million to \$80 million, but with effect from 20 February 2018, the lower Pool layer ceiling/upper Pool attachment point will be lifted from \$45 million to \$50 million and the layer from \$80 million to the GXL attachment (\$100 million) will be absorbed into the Pool and merged with the upper Pool layer which will attach from \$50 million to \$100 million with an individual Club retention of 7.5% across the layer.

With regards to Hydra, currently the layer from \$80 million to \$100 million is reinsured 100% by Hydra. From 20 February 2018, following the changes to the Pool structure outlined above, the Hydra reinsurance within this layer will be reduced to 92.5%, with the remaining 7.5% retained within the individual Club retention layer. Hydra will continue to reinsure 30% of the first layer of the GXL (\$100 million to \$600 million) for 2018/19. As usual, Hydra will protect its share of exposure with separate market reinsurance.

2. LIMITS ON CLUB COVER 2018/2019

For oil pollution claims the overall limit of Club cover for 2018 will continue to be \$1 billion (other than for Charterers' risks) as set out in the Rules and a Member's terms of entry.

The overall limit of Club cover for claims other than for oil pollution and for claims involving passengers and seamen (or as otherwise set out in the Rules and a Member's terms of entry) shall also remain unchanged at 2.5% of the 1976 Limitation Convention limit for property claims in excess of \$2.10 billion. A Group overspill protection will again be placed to protect the Club for its share of any overspill liabilities for claims of up to \$1 billion in excess of \$2.10 billion.

For Claims involving passenger and seamen's liabilities, a combined limit on Club cover for each incident for each entered vessel of \$3 billion shall continue to apply, together with a sub-limit of \$2 billion for passenger liabilities.

3. GROUP REINSURANCE RATES 2018/2019

For 2018 Group reinsurance rates per G.T., which are to be charged as separate fixed costs together with 2018 estimated mutual call rates, will be as follows:

DIRTY TANKERS	\$ 0.5845
CLEAN TANKERS	\$ 0.2626
DRY CARGO VESSELS	\$ 0.4038
PASSENGER VESSELS	\$ 3.2707

These rates include premium to fund upper Pool layers (\$70 million 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.

4. WAR RISK P&I 2018/2019

The terms and conditions of the excess war risk P&I cover for 2018 have been agreed with the commercial war risk market and will be on the same terms and conditions as for 2017.

The terms, which are set out in full in Rule 14 and a 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 any one incident 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 \$0.00523 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 \$0.001870 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.

5. CHARTERERS ENTRIES 2018/2019

For 2018, Charterers will be entered through the Club's Charterers' Comprehensive Cover (CCC) in accordance with Rule 3(B).

For 2018, the terms and conditions of the Charterers' Comprehensive Cover, which includes damage to Hull where required, remain unchanged with an aggregate limit of cover of \$500 million. Cover is however available for limits up to \$1 billion for those Members that require it on specific application to the Managers.

As usual precise terms of entry for all chartered entries shall anyway be subject to agreement with individual Members on a case by case basis.

6. CLASS 2 (FD&D) 2018/2019

Class 2 (FD&D) cover will be on the same terms and conditions as for 2017. The overall limit on Club cover shall be \$10 million for all vessels including vessels entered for new building risks. Additional cover for a further \$5 million can also be provided for those Members that require it on specific application to the Managers.

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)

T J Bowsher
Managing Director