

TO ALL OWNERS AND MEMBERS

13 February 2015

Dear Sirs

RENEWAL 2015/16 POLICY YEAR

We are now able to update owners and members on various renewal matters:

1 Changes to the P&I, Offshore and Defence class rules

The changes set out in our circular dated 3 December 2014 were approved at the meetings of owners/members held on 27 January 2015.

2 Limits of cover for the 2015/16 policy year

For owners' entries, cover remains as before with all risks, other than pollution, passengers and crew, limited in accordance with the overspill claims rules. Owners/members are referred to the rules for the precise wording.

Cover for oil pollution risks is limited to \$1bn any one event. Cover for passenger and crew claims is limited to \$3bn, in the aggregate any one event, and there is a sub-limit of \$2bn for passenger claims, any one event. Owners/members are referred to the rules for the precise wording of these limits.

For additional non-standard risks, cover remains limited to the amounts agreed by the managers and set out in the certificate of entry.

Cover in respect of charterers' entries, cover for charterers named as joint entrants and co-assureds, and cover for owners/members' liabilities arising under consortium arrangements, is subject to a limit of \$350m for P&I risks unless otherwise stated in the certificate of entry.

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3 Deductibles

The board has approved standard deductibles which apply in the absence of any other agreement:

- **P&I class:** \$12,000, all claims, any one event
- **Defence class:** 25% of each claim, with a minimum deductible of \$10,000

4 War risks

Cover for excess war and terrorism risks in respect of standard cover continues, as before, with a limit of \$500m. Cover for war and terrorism risks in respect of additional covers continues to be limited to the amounts specifically agreed by the club and set out in the certificate of entry, or \$100m, whichever is the lesser. Cover for bio-chem risks for owners continues to be limited to \$30m.

5 US terrorism risks

The board has resolved that cover for acts of terrorism as defined in the *US Terrorism Risk Insurance Program Reauthorization Act 2015* will be made available for the forthcoming policy year. The Act applies to very few ships entered in the club but, for those that are eligible, a premium of US cents 0.25 per gt will be deemed attributable to these risks and will be included within the overall premium. Under the terms of the Act, the US Government pays a proportion of covered terrorism losses exceeding the statutory established deductible paid by the insurance company providing the cover.

The Act, as amended, also imposes a program trigger on the government's compensation, i.e. insurers cannot have the benefit of the government's compensation, unless the aggregate industry insured losses from a certified act of terrorism exceed a certain insured loss or 'trigger' amount (currently \$100m). In addition, if the aggregate insured losses exceed \$100bn during any program year, the government shall not make any payment for any portion of the amount of such losses that exceeds \$100bn and no insurer that has met its insurer deductible shall be liable for the payment of any portion of that amount that exceeds \$100bn.

6 Blue cards

The club will provide blue cards in respect of the CLC and Bunkers Convention and the EU Passenger Liability Regulation for ships entered in the club for the forthcoming policy year. Blue cards will also be issued prior to agreement of renewal terms provided the member gives a written undertaking to the club to renew with the club or another International Group P&I club.

The club will also issue Wreck Removal Convention blue cards to enable owners/members to obtain certificates from state parties. The certificates will be issued effective 14 April 2015 when the Convention enters into force.

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7 Calls and releases

The board reviewed the club's financial position at its meeting on 27 January 2015. No supplementary calls are expected to be necessary for any open policy year for any of the P&I or Defence.

For the P&I and Defence classes, release call margins were confirmed at 3% for the 2012/13 policy year, 4% for the 2013/14 policy year and 8% for the 2014/15 policy year.

8 Outstanding premiums

Owners/members are reminded that all renewals are subject to there being no outstanding sums owing to the club at 20 February 2015. In the event that any sums are outstanding, cover will be suspended from 20 February 2015 without further notice, until such sums are paid. Owners/members are also reminded that when they appoint a broker, the broker is the member's agent. Accordingly payment of premium to the broker does not constitute payment to the club and it remains the member's responsibility to ensure that premium is paid to the club.

Yours faithfully,



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