

TO ALL MEMBERS

3 February 2014

Dear Sirs

RENEWAL 2014/15 POLICY YEAR

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

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

The changes set out in our circulars dated 13 November 2013 and *Standard Bulletin* of December 2013 were approved at the meetings of members held on 21 January 2014.

2 Limits of cover for the 2014/15 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.

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, any one ship. Members are referred to the rules for the precise wording of these limits.

Cover for additional non-standard risks 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 members' liabilities arising under consortium arrangements, is subject, for P&I and damage to hull risks, to a combined single limit of \$350m 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
- **London class:** €1,400, all claims, any one event

4 US voyage surcharges for tankers carrying persistent oil to the USA

There will be no US voyage surcharges payable for the 2014/15 policy year.

5 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.

6 US terrorism risks

The board has resolved that cover for acts of terrorism as defined in the *US Terrorism Risk Insurance Program Reauthorization Act 2007* will be made available on the same terms with the same limit as currently apply. 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.

7 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.

8 Calls and releases

The board reviewed the club's financial position at its meeting on 21 January 2014. No supplementary calls are expected to be necessary for any open policy year for any of the P&I, Defence or London classes.

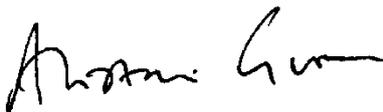
For the P&I and Defence classes, release call margins were confirmed unchanged at 3.5% for the 2011/12 policy year, 4.5% for the 2012/13 policy year and 14% for the 2013/14 policy year. The release call margin for members renewing into the 2014/15 policy year will be 14% of ETP.

The London class release call margins were confirmed at 3.5% of ETP for the 2011/12 policy year, 4.5% for the 2012/13 policy years and 10% for the 2013/14 policy year. The release call margin for members renewing into the 2014/15 policy year will be 0% of ETP.

9 Outstanding premiums

Members are reminded that all renewals are subject to there being no outstanding sums owing to the club at 20 February 2014. In the event that any sums are outstanding, cover will be suspended from 20 February 2014 without further notice, until such sums are paid. 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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