



Standard Bulletin

March 2008



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Renewal 20 February 2008

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We are pleased to report a successful renewal, having agreed satisfactory terms with existing members and having increased the Club's entered tonnage.

Overall tonnage in the Club rose to 70 m gt, a 10% increase year-on-year, and a record level for the Club. A number of shipowners joined for the first time, whilst some existing members moved additional ships to the Club.

The Club secured an overall premium increase close to its published general increase of 15%. There were, of course, variations between members depending on individual claims records and risk exposure considerations.

We have achieved our aims at this renewal whilst maintaining our underwriting discipline, so that the premiums and terms more closely reflect the risks we are accepting.

We are delighted at the support shown to the Club by its membership, and to welcome to the Club new members who will maintain and add to our quality-first approach. This is a challenging period for the P&I market, and we aim to offer a safe haven in stormy times.

Financial year end

The Club's financial year coincides with its policy year and the financial statements for the year ended 20 February 2008 are now being prepared. It is too early to publish our results at this stage. Although the last year has been challenging both from a claims and investment perspective, we do not envisage any material change in the Club's financial condition from that at the previous year-end, when we posted record-high free reserves at \$217 million.

Investments

This has been a difficult period, but the Club's investment portfolio has performed well in complex market conditions, and the diversification of the portfolio has stood it in good stead to weather the turbulence. We reported last year in a special edition of this Bulletin on the club's investment philosophy and methodology, and explained that the investments were spread across a number of different asset classes, with currencies in line with those of the club's liabilities. This approach has worked well and a new asset allocation study has reaffirmed its appropriateness for the Club's portfolio. We will report the results for the year in our next issue of the Bulletin.

New director

The board was pleased to welcome Mr N J Chang of SK Shipping, one of the Republic of Korea's leading companies, and Mr R Clarke of British Columbia Ferry Service Inc, a major ferry service provider along the coast of British Columbia, to the board.

Cover for the 2008/09 policy year

Cover for the new P&I year remains very much the same as before. Limits for charterers, including cover for consortium and slot charter liabilities, has increased to \$350 million. There are no other changes of substance to the cover.

Bunker Convention

Later this year it is expected that the Bunkers Convention will come into force, which will make owners of most seagoing ships liable for pollution from bunkers. The convention will also require certificates of insurance to be carried evidencing that the owner is covered for such risks. These certificates will be issued by the flag state of the ship, after the owner has produced a certificate of insurance.

It is likely that the Club will offer to provide these certificates, even though the Club does not cover all of the risks required to be insured under the convention. For example, although there is a defence of pollution caused by acts of war, there is no similar defence for terrorism. In the event that an owner were to become liable for bunker pollution caused by terrorism, the Club would respond under its certificate. However, the intention is that the Club would have a right of recourse in respect of claims which should be insured by war risks underwriters. Discussions on the details of this scheme are not yet finalised, and we will keep members informed of progress.



BY JOHN WHITE-THOMSON,
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Member Training Week

Following the success of last year's member training week, we have decided to hold an "advanced" training event this year. It will take place at the Watermen's Hall, London, between 23 and 26 June. Each day will be dedicated to the commercial, legal and practical aspects of one specific subject, with presentations in the morning and a workshop in the afternoon. As such, members will be able to choose whether to come for all four days, or just for one or two. The first day will cover personal injury, the second pollution, the third major casualty response and the fourth offshore. As well as the Managers, the speakers will be drawn from the shipping industry and lawyers from around the world.

If you would be interested in attending, or would like any further information, please contact John.White-Thomson@ctcplc.com, or Suzie.Mate@ctcplc.com

The P&I and Defence Class Rules

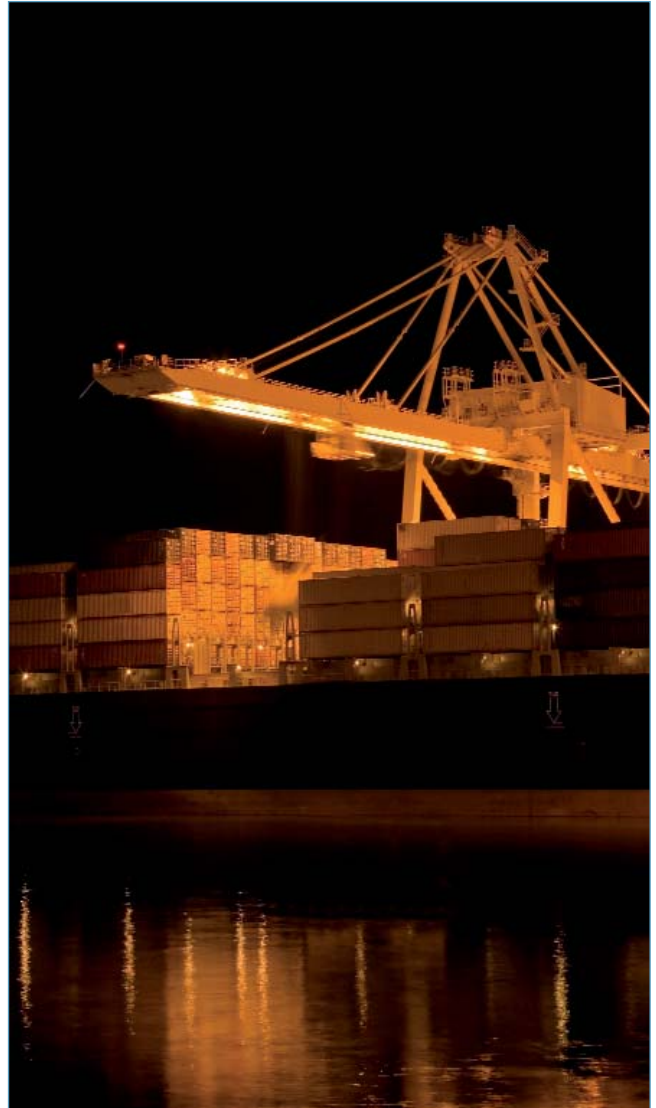
The Club has come to the view, shared by a number of members, that the wording of our P&I and Defence Class Rules has become excessively long and complicated. Indeed, in some instances it is somewhat obscure, old-fashioned and verbose. This has arisen through many changes and additions over the years. We have therefore conducted a major overhaul of the Rules with the intention of making them clearer and shorter. The result is that, although the extent of cover given has not been altered, there have been substantial changes to the way the cover is expressed. The new Rules will come into effect on 20 February 2009.

To enable members to have sufficient time to review the proposed amendments, the full text of the new Rules will shortly be available on the Club's website. The structure of the new Rules and the main changes which have been made are as follows:

- the wording has been updated, simplified and considerably shortened.
- the order of the P&I Rules has been changed. The risks covered now appear, as Rule 3, at the beginning of the Rules rather than in the middle
- the numbering of the Rules has been streamlined and simplified for all Rules, apart from the risks covered
- the P&I and Defence Rules are now the same in terms of structure, this means that there is no longer the need to repeat identical Rules in both the P&I and Defence sections of the Rule book. The Defence Rules simply incorporate the relevant P&I Rules by reference, so that the main body of the Defence Rules will therefore only be the risks covered
- the "notes" to the existing Rules have either been incorporated as Rules, or deleted (but will appear in the new Guide to P&I Cover which will be published later this year)

As a result of these changes, the P&I Rules have been substantially reduced from approximately 32,000 words to 18,500, and the Defence Rules from 13,500 to 800.

If you have any comments on the new Rules, please feel free to contact John.White-Thomson@ctcplc.com



Staff News

P&I Finance

Nick Jelley has joined the P&I Finance Department as P&I Finance Director.

Standard Asia Telephone Numbers

The telephone number for our Singapore Office has recently been changed, and the updated contact details are now:

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