

TO ALL OWNERS AND MEMBERS

31 January 2020

Dear Sirs

RENEWAL 2020/21 POLICY YEAR

Please find below an update to owners and members on various renewal matters:

1. Adoption of the class rules

The class rules for P&I, Offshore, Defence, War Risks and London class (including the changes set out in our circular dated 6 January 2020) were adopted at the meetings of members held on 21 January 2020.

The rules for the new Strike and Delay class were approved at the board meeting of the club on 21 January 2020.

2. Limits of cover for the 2020/21 policy year

The proposed cover limits are the same as the current policy year, and are set out below:

Owners' entries

- Oil pollution claims will continue to be limited to \$1bn any one event, subject to the usual International Group non-aggregation wording.
- Crew and passenger claims will be limited to \$3bn in the aggregate any one event, with passenger claims being sub-limited to \$2bn, subject to the full limitation wording.
- All other claims will be limited as defined in the overspill claim rules.

It is anticipated that oil pollution cover excess of \$1bn will be available to poolable owners and members to purchase for 2020/21 and they should contact their broker or usual club contact if interested. If arranged by the club, it will certify the cover only as agents on behalf of underwriters.



Charterers' entries

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.

Charterers' P&I cover is provided pursuant to reinsurance placed separately from the International Group Pool. This reinsurance can accept risks with a combined single limit (P&I and Damage to Hull) of up to \$1bn subject to agreement.

The cover for charterers can include, if agreed by the managers and against an additional premium, cover for liabilities of the charterer in his capacity as owner of the cargo.

Additional covers

For additional covers, such as fixed premium P&I, P&I war risks, offshore and specialist risks, contractual covers, K&R, professional liability, traders etc., limits are as specifically agreed and are dependent on cover under the non-poolable reinsurance programme (currently not exceeding \$1bn) or other specific reinsurances. These are specific to the owner/member concerned and set out in each certificate of entry.

3. War risks

Cover for excess war and terrorism risks in respect of standard P&I cover continues, as before, with a limit of \$500m. However, for the 2020/21 policy year, the minimum excess of the policy has increased to the proper value of the entered ship (as agreed by the club) or \$500m, whichever is the less.

The full wording now reads as follows:

'This policy to pay claims excess of amounts recoverable under vessels' war or crew war risks Protection and Indemnity policies subject to a minimum excess of the proper value of the entered ship (as agreed by the relevant Association) or USD 500,000,000 whichever is the less (applicable to owners' entries and not to Charterers' entries), and further subject to a minimum excess of USD 50,000 any one event.'

The managers have the ability to offer primary war cover up to a limit of \$500m through one of the club's war facilities.

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.



4. 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 TRIRA resolution). 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, ie 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 \$180m). 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 exceed \$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.

5. Ship Owners' Liability to cargo (SOL cover)

Owners and members are reminded that the club can provide extended cover for those risks arising in respect of cargo liabilities otherwise excluded from the rules.

6. Blue cards

The club will provide blue cards in respect of CLC, Bunkers and Wreck Removal Conventions 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 owner/member gives a written undertaking to the club that they will renew with the club or another International Group P&I club.

7. MLC Certification

The club can provide MLC certificates of financial security in respect of outstanding wages and repatriation of seafarers together with incidental costs and expenses in accordance with MLC Regulation 2.5, Standard A2.5.2 and Guideline B2.5, and compensation for death or long-term disability in accordance with Regulation 4.2, Standard A4.2.1 and Guideline B4.2. Upon completion of the relevant application form, the club is able to provide MLC certificates of financial security on the basis set out in the MLC extension clause. This provides that the club will pay claims advanced by seafarers which fall within the scope of the regulations and standards specified in the MLC Certificates of financial security. The clause also provides that where such payments fall outside the scope of standard cover, owners and members will be obliged to reimburse the club. In such circumstances, all owners/members and joint entrants are reminded that they are jointly and severally liable to reimburse the club for any MLC liabilities falling outside standard P&I cover.



Where the P&I policy excludes crew risks, the insurers who provide owners with P&I cover for crew risks should provide the MLC certificates of financial security. However, in certain circumstances, the club may still issue the certificates upon receipt of a club approved indemnity.

8. Outstanding premiums

Owners and members are reminded that all renewals are subject to there being no outstanding sums owing to the club at 20 February 2020. In the event that any sums are outstanding, cover will be suspended from 20 February, without further notice, until such sums are paid.

Owners and members are also reminded that when they appoint a broker, the broker is the owner/member's agent. Accordingly, payment of premium to the broker does not constitute payment to the club and it remains the owner/member's responsibility to ensure that premium is paid to the club.

All insured parties are deemed to have confirmed that they accept to be bound by all of the club rules including, but not limited to, the rules relating to supplementary calls, release calls, overspill calls, law and jurisdiction, and accept the liability to pay supplementary, release and overspill calls as levied by the board under rules 18, 19 and 21 respectively. The reference to these specific obligations and rule provisions does not in any way derogate from all insured parties' agreement to be bound by all of the club rules.

9. Acquisition of Charles Taylor

In his letter of 19 September 2019, the club's chairman notified owners and members that funds advised by Lovell Minnick Partners, a US investment manager, had made a takeover bid for Charles Taylor plc. The sale completed on 21 January 2020 following the necessary regulatory approvals.

If you have any questions regarding any of the above, please do not hesitate to contact your usual club representative.

Yours faithfully

Jeremy Grose
Chairman
Charles Taylor Mutual Management (Asia) Pte Limited

Direct Line: +44 20 3320 8835
Email: jeremy.grose@ctplc.com