

CIRCULAR

By your side

TO ALL OWNERS AND MEMBERS

2 February 2022

RENEWAL 2022/23 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, London class, and Strike and Delay class (including the changes set out in our circular dated 13 January 2022) were adopted at the meetings of owners and members held on 25 January 2022.

2. Limits of cover for the 2022/23 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.

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 their 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, cargo deviation, K&R, and traders, 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.

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 2019 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 \$200m). 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. 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.

6. 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.

7. Releases

The release calls for the P&I and Defence classes will be maintained at 0% for the 2019/20 policy year, 6% for 2020/21 and 12.5% for 2021/22, and set at 12.5% for the 2022/23 policy year.

The release calls for the Coastal & Inland and War Risks classes will be maintained at 0% for all open policy years, and set at 0% for the 2022/23 policy year.

Strike & Delay class release calls will be maintained at 20% for the 2020/21 and 2021/22 policy years, and set at 20% for the 2022/23 policy year.

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 2022. In the event that any sums are outstanding, cover will be suspended from 20 February, without further notice, until such sums are paid.

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.

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

Yours faithfully

David Roberts
Managing Director
The Standard Club Asia Ltd

Email: david.roberts@standardclub.com