

# CIRCULAR

By your side

## TO ALL OWNERS AND MEMBERS

9 February 2023

### RENEWAL 2023/24 POLICY YEAR

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

#### 1. Release calls

The board set the P&I release call percentage for the 2023/24 policy year at 12.5% at its recent meeting. For all open policy years release call percentages will remain at the levels set by the board earlier this policy year and set out in our circular dated [22 November 2022](#).

#### 2. Adoption of the class rules

The class rules for P&I, Offshore, Defence, War Risks, Coastal & Inland class, and Strike & Delay class (including the changes set out in our circular dated 13 January 2023) were adopted at the meetings of owners/members held on 31 January 2023.

#### 3. Limits of cover for the 2023/24 policy year

The proposed cover limits for owners' and charterers' entries 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.
- Cover for affiliated charterers named as joint entrants and co- assureds, and cover for owners'/members' liabilities arising under consortium arrangements, has been increased from \$350m and is now subject to a limit of \$500m for P&I risks.
- All other claims will be limited as defined in the overspill claim rules.

##### Charterers' entries

Cover in respect of charterers' entries is subject to a limit of \$350m, 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, 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.

## **4. War risks**

### **Mutual owners' entries**

Cover for excess war and terrorism risks in respect of standard P&I cover shall be limited for all vessels transiting and/or calling within all Russian waters, including their coastal waters up to 12 nautical miles offshore, and certain European waters as defined below. Such cover is limited to \$80m any one event, each vessel. The limitation in respect to certain European waters is as follows:

1. Sea of Azov and Black Sea waters plus inland waters enclosed by the following boundaries
  - a) on the west, around Romanian waters, from the Ukraine-Romania border at 45° 10.858'N, 29° 45.929'E to high seas point 45° 11.235'N, 29° 51.140'E
  - b) thence to high seas point 45° 11.474'N, 29° 59.563'E and on to high seas point 45° 5.354'N, 30° 2.408'E
  - c) thence to high seas point 44° 46.625'N, 30° 58.722'E and on to high seas point 44° 44.244'N, 31° 10.497'E
  - d) thence to high seas point 44° 2.877'N, 31° 24.602'E and on to high seas point 43° 27.091'N, 31° 19.954'E
  - e) and then east to the Russia-Georgia border at 43° 23.126'N, 40° 0.599'E
2. All inland waters of Ukraine
3. Inland waters of Russia within the following areas:
  - a) Crimean Peninsula
  - b) River Don, from Sea of Azov to vertical line at 41° E
  - c) River Donets, from River Don to Ukraine border
4. All inland waters of Belarus south of horizontal line at 52° 30' N

Cover for excess war and terrorism risks in respect of standard P&I cover continues with a limit of \$500m for all vessels whilst trading in waters other than those defined.

### **Charterers', fixed premium P&I and additional covers**

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.

Following the club circular dated 23 December 2022, war risks cover for some owners/members (not including mutual entries for P&I and Defence covers) was cancelled and reinstated with



exclusions relating to Russia, Ukraine and Belarus. The notice period for future cancellation was also amended to 72 hours.

## **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 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.

## **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/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 2023. 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

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