



CIRCULAR

TO ALL OWNERS AND MEMBERS

16 February 2024

POLICY YEAR 2024 - RENEWAL

We hereby provide owners and members with an update on a number of issues applying to renewal and the new policy year.

International Group Reinsurance

The International Group's ("the Group") General Excess of Loss Reinsurance ("GXL") Contract has been renewed and the details of this renewal was notified to owners/members in the club's circular ref: 2023/023 dated 21 December 2023.

Owner's Entries

Owner's P&I cover will, as set out in the rules, continue to be subject to the following particular limits:

- Oil pollution claims will continue to be limited to US\$1 billion any one event, subject to the usual International Group non-aggregation wording.
- Crew and passenger claims will be limited to US\$3 billion in the aggregate any one event, with passenger claims being sub-limited to US\$2 billion, 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, are subject to a limit of US\$500 million for P&I risks in accordance with rule 6.9.
- All other claims will be limited as defined in the overspill claim rules.

Charterer's Entries

Unless a lower limit is specified in the certificate of entry, the Group's P&I limit for a charterer's entry, including in respect of affiliated charterers and co-assureds named under an owner's entry, will be US\$500 million, which is a combined single limit for all pollution and non-pollution claims. P&I limits for non-poolable chartered entries will be as agreed with the owner/member and set out in the certificate of entry.

Excess P&I War Risks for Owners' Entries

As part of the renewal of the Group's GXL Contract for the 2024 Policy Year, the excess war risks P&I cover has also been renewed for a period of 12 months, with the costs included in the total rates charged to owners/members.

The terms on which the excess war risks P&I cover will be provided for the 2024 Policy Year are the same as for the 2023 Policy Year, including the limit of cover of US\$500 million each



event. The minimum excess of the policy remains the proper value of the entered ship or US\$500 million whichever is the lesser. Owners and members are accordingly reminded of the need to ensure that they have arranged adequate underlying war risks insurance with cover for P&I risks, including crew, for the risks excluded by the club's rule 4.3, up to the proper value of the entered ship or US\$500 million, whichever is the lesser. Owners/members are therefore deemed to have underlying cover with such conditions equal to at least the proper value of the entered ship. Furthermore, the Group's cover is excess of any cover which the owner/member has actually taken out which covers the risk, unless the cover is a corporate general liability umbrella cover.

Owners and members are also reminded that where payment by the club under a guarantee or a certificate is in respect of war risks, owners/members shall indemnify the club to the extent such payment is recovered or would have been recoverable under a standard P&I war risk policy.

The limits of cover in respect of P&I war risks for charterer's and fixed entries will be as set out in each owner's/member's individual terms of entry, and the cover will operate in excess of the owner's/member's appropriate deductible with the club.

Territorial Exclusions

As mentioned in previous circulars, and as a consequence of a contraction of the cover available from reinsurers, cover for vessels operating within all Russian waters including their coastal waters up to 12 nautical miles offshore, and certain Belarusian, Ukrainian and European waters, is subject to territorial exclusions.

As outlined in circular 2023/023, limited cover has again been provided for vessels transiting and/or calling within these areas, up to US\$80 million any one event, each vessel. This sub-limit remains excess of the amounts recoverable under the owners' war risk policies, subject to a minimum of the proper hull value or US\$500 million, whichever is the lesser.

The excess war P&I cover is maintained with a limit of US\$500 million for all vessels whilst trading in all other waters.

In addition, it should be noted that this limited "buy-back" applies only to mutual cover for shipowners under the club's P&I war risks clause 2024, and not to cover provided under the same rule for charterers and other non-poolable risks.

Bio-chem Risks

In view of the exclusion of bio-chemical risks from the excess P&I war risks cover and in recognition of the absence of suitable underlying facilities in the insurance market, as first advised by circular in March 2004, the club will, at no additional premium, continue to provide cover which is pooled with the other International Group clubs on the same basis as in the



current policy year in accordance with the club's bio-chemical risks inclusion clause 2024 namely for:-

- i) damages, compensation or expenses in consequence of the personal injury to or illness or death of any seaman (including diversion expenses, repatriation and substitution expense and shipwreck unemployment indemnity); and
- ii) legal costs and expenses incurred solely for the purpose of avoiding or minimising claims from bio-chem risks.

Cover is provided in excess of the owner's/member's usual deductible up to a limit of US\$30 million any one accident or occurrence or series of accidents or occurrences arising from one event each ship. This limit will apply to all interests (for example, owners, charterers and sub-charterers) in each ship in the aggregate regardless of whether or not they are entered in different International Group clubs.

Cover is subject to a cancellation provision of 24-hours' notice and areas of particular risk may be excluded from cover by decision of the Directors. There are no current excluded areas.

United States Terrorism Risk Insurance Act (TRIA)

At their meeting in February 2024, the Directors resolved that cover for acts of terrorism as defined in TRIA (which has been further extended by the Terrorism Risk Insurance Programme Reauthorisation Act of 2019, up to 31 December 2027) will continue to be made available. The Act applies only to certain 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. A separate, more detailed notice has been given to eligible owners/members.

Group Principal

Owners and members are reminded of the requirement to name a group principal in respect of all group (fleet) entries. As set out in the rules, any communication from or on behalf of the club to the group principal is deemed to be within the knowledge of all insured parties in the group and any communication from and action taken by the group principal is deemed conclusively to be made with the full approval of any and all insured parties within that group. In addition, all persons entering ships under a group rating agreement and the group principal remain jointly and severally liable to pay all amounts due to the club in respect of any and all ships in the same group.

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.

Circulars

Owners/members are reminded of the provisions of the club's circulars rule 23.6 and that they should use their best endeavours to comply with any recommendation made by circular. Copies of all circulars may be viewed at or downloaded from the "circulars" section of the club's website at <https://www.standard-club.com/knowledge-news/circulars/>

Additional and Ancillary Insurance Covers

The club's website, www.north-standard.com and the rules contain details of the extended and ancillary covers available to owners/members for the 2024 policy year. Limits for these additional covers are as specifically agreed and are dependent on cover under the non-poolable reinsurance programme or other specific reinsurances. These are specific to the owner/member concerned and set out in each certificate of entry.

Fixed Premium Covers - Malicious Cyber and Communicable Disease Exclusions

As was the case for the 2023 policy year, the club's reinsurance arrangements for covers falling outside of International Group poolable cover, will remain subject to exclusions for claims arising from malicious cyber and communicable diseases.

Furthermore, for this policy year, any such covers that, whether by way of the relevant rules, terms and conditions or the certificate of entry, incorporate the JL2021-14 clause (Endorsement Excluding a Communicable Disease Following a Public Health Emergency of International Concern) or equivalent shall also be subject to and shall incorporate the LMA5395 clause (Coronavirus Exclusion). This will apply to all risks attaching in respect of such covers from noon GMT on 20 February 2024 to noon GMT on 20 February 2025.

The Directors have agreed that the club should continue to provide limited cover for owners/members and policyholders for communicable diseases in line with the cover currently provided. Consequently, the exclusion with regard to communicable disease exposures under the JL2021-014 clause (or equivalent) and/or the LMA5395 clause, will not apply until the total of liabilities, losses, costs and expenses which would otherwise be excluded by virtue of the JL 2021 – 014 clause (or equivalent) and/or the LMA5395 clause, exceed a maximum of US\$5 million in the aggregate per annum across all ships entered under the same group rating agreement or all ships otherwise insured as a fleet, unless otherwise agreed in writing by the managers.



The malicious cyber exclusion remains in the same form as for 2023 and no changes will be made to the owners'/members' terms of entry. It will remain the case that no cover will be provided by the club for malicious cyber exposures in relation to fixed premium entries or covers.

War Risks – Red Sea exclusion for non-poolable covers

Owners and members have been informed via Circular 2024/003 dated 15 February 2024 of a Red Sea exclusion in respect of War Risks for certain covers. The managers have made arrangements for owners/members to buy-back cover otherwise excluded by virtue of the exclusion, and owners/members should speak to their underwriter or usual Club contact for further information.

Summary of Cover

In addition to the certificates of entry for the 2024 policy year, ships which are entered by owners will receive a summary of cover. This document is intended to be kept onboard ships and shown to port state authorities as evidence of the existence of P&I cover in relation to wreck removal and oil pollution. However, it should be noted that this document does not constitute any part of the contract of insurance and should not be construed as evidence of any undertaking, financial or otherwise, on the part of the club to any other party. Presentation by the owner/member of this summary of cover as evidence of insurance under any applicable law relating to financial responsibility or otherwise, is not to be taken as any indication that the club consents to act as guarantor or to be sued directly in any jurisdiction. The club does not so consent.

Completed Renewal Documentation

All renewal documentation including certificates of entry and debit notes, will be forwarded in electronic format only.

Laid up Returns

Owners and members are reminded of the club's requirements in respect of any entitlement to laid up returns (pursuant to rule 18.8) and, in particular, that ships should be laid up in a safe port approved by the managers. In addition, the managers must be advised in advance of any ship preparing to leave a period of lay-up as the ship may be required to undergo a ship risk review in accordance with the club's survey requirements.

Premiums and Releases

Circular 2023/018 dated 20 November 2023 provided an update on the financial position of the club, which retains an "A (stable)" rating from Standard & Poor's. The release call position for open policy years remains unchanged since the aforementioned circular, with the exception of the closure of the 2020/21 policy year for the North Group as decided by the Directors at their meeting in February 2024.



Outstanding Premiums

Final confirmation of renewal will be subject to there being no sums due or owed to the club. Renewal documentation will not be made available to owners/members until any outstanding sums are paid or appropriately secured.

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 may be 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.

The club's underwriters will be happy to deal with any questions arising on any of the above matters.

Yours faithfully

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