

# CIRCULAR

REF: 1/15

## OUTLINE

- Individual Club retention to remain at \$9 million
- The Group Pool retention to remain at \$80 million
- Hydra will increase its co-reinsurance share in the first layer of the Group general excess loss programme to include additional 30 per cent share of the layer \$80 million – \$120 million
- The renewal includes an additional 5 per cent 36-month private placement of US \$1 billion xs US \$100 million, which will incept on 20 February 2015

TO THE MEMBERS

Dear Sirs,

## 2015 POLICY YEAR

### Pooling arrangements for 2015

For the 2015 policy year the Club retention will remain at \$9 million. The Group Pooling retention will remain unchanged at \$80 million and continues to be insured by the Group captive, Hydra, and pre-funded by a premium contribution from each club. This premium is included in the reinsurance rates. Hydra will increase its 2014/15 30% co-reinsurance share in the first layer of the Group general excess loss programme (\$500 million excess \$80 million) to include an additional 30% share of the layer \$80 million – \$120 million and a 10% share of the layer \$80 million – \$100 million. The remaining layer of the contract remains unchanged.

### Reinsurance arrangements

The result of the renewal negotiations and programme restructuring is a reduction in reinsurance cost of 8.11% for clean and dirty tankers, 6.05 % for dry cargo vessels, and no increase for passenger vessels.

The Group reinsurance rates (per gt) will be charged to Members for 2015 as follows:

Tonnage Category	2015 rate per gt	% change from 2014
DIRTY TANKERS	\$0.7317	% - 8.11
CLEAN TANKERS	\$0.3138	% - 8.11
DRY CARGO VESSELS	\$0.4888	% - 6.05
PASSENGER VESSELS	\$3.7791	% 0.00

### Overspill Reinsurance

If a claim were to exceed \$2,080 million, i.e. the limit of the Group's excess of loss contract, the excess or overspill is pooled amongst the International Group Clubs. The overall Group Pool limit for such an overspill

claim remains unchanged at 2.5% of the 2.5% Property Limitation funds under the 1976 Limitation Convention of all ships entered in the International Group Pool Clubs. Mutual Members remain ultimately liable to pay an overspill call up to a maximum of this limit for each entered ship, in accordance with Rule 22 of the Rules of the Association. For the 2015 policy year, the Group has once again purchased reinsurance protection on behalf of each club for an overspill claim of up to US\$1,000 million. This reinsurance will be available to all Group clubs to reduce the need to make an overspill call on their members.

### **Oil pollution limit**

The Board has determined in accordance with Rule 5B(ii) that with effect from 12 noon GMT on 20th February 2015 the limit of the Association's aggregate liability for claims in respect of oil pollution shall remain US\$1,000 million each event in respect of each ship entered by or on behalf of an owner not being a charterer other than a demise or bareboat charterer.

### **Passenger/Crew limits**

In accordance with Rule 5B(iii), the Association's aggregate liability for any and all claims is limited to US\$2,000 million each event in respect of liability to Passengers and to US\$3,000 million each event in respect of liability to Passengers and Seamen, in respect of each ship entered by or on behalf of an Owner not being a charterer other than a demise or bareboat charterer.

### **War risks P&I**

Details of the Club's special war risks P&I excess cover for the 2015 policy year are set out in the Club's Circular Ref 2/15.

### **Charterers' P&I limit**

“Pursuant to proviso (ii) of the Introduction to Rule 2 of the Association's Rules, the Directors

RESOLVED that:

With effect from 12 noon GMT on 20th February, 2015, where the entry of a ship in the Association is in the name of or on behalf of a charterer, other than a demise or bareboat charterer, and the Association's liability in respect of the insurance provided to such charterer for the risks set out in Rule 2 is limited to a sum exceeding US\$100 million, the Member shall not be entitled to recover from the Association any amount exceeding US\$100 million in respect of those risks arising out of any one event unless and to the extent such amount is recovered by the Association from reinsurer(s)”

### **USA Oil voyage surcharge**

For 2015 the surcharge rates continue to be reduced to nil and there will therefore be no requirement to make any declarations under this scheme.

Yours faithfully

**THE MANAGERS**

### **For more information**

Members requiring further information should contact their usual Club contact.