



# Circular

Ref: 2/13

FEBRUARY 2013

## OUTLINE

- Revised Pooling arrangements include an increase in Club retention from \$8 million to \$9 million.
- Group Reinsurance rates per gross ton will increase for all four ship categories.
- Additional premium rates for US tanker voyages have reduced by 15 per cent.

## TO THE MEMBERS

Dear Sirs

## 2013 POLICY YEAR

### Pooling arrangements for 2013

For the 2013 policy year the Club retention will be \$9 million. The Group Pooling retention will increase by \$10 million to \$70 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's coinsurance share of the first layer of the general excess of loss contract will increase from 25% to 30%.

### Reinsurance arrangements

The market rates for the International Group's excess of loss contract for the 2013 policy year have increased substantially.

The Group reinsurance rates (per gt) will be charged to Members for 2013 as follows:

Tonnage Category	2013 rate per gt	Change from 2012
DIRTY TANKERS	\$0.7565	+16.12%
CLEAN TANKERS	\$0.3245	+15.98%
DRY CARGO VESSELS	\$0.4942	+38.78%
PASSENGER VESSELS	\$3.1493	+125.08%

### Overspill Reinsurance

If a claim were to exceed US\$2,070 million i.e. the limit of the Group excess of loss contract, the excess or overspill will be pooled amongst the Group clubs. The overall Group Pool limit for such an overspill remains unchanged at 2.5 per cent of the property limitation funds under the 1976 Limitation Convention of all mutual ships entered in the International Group 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 2013 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 2013 the limit of the Association's aggregate liability for claims in respect of oil pollution shall be: 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), with effect from 12 noon GMT on 20th February 2013, 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 2013 policy year are set out in the Club's Circular Ref 3/13.

### **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, 2013, 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)”.

### **Oil pollution risks in the United States - tanker voyage additional premium**

For some time, the Group’s policy has been to continue to reduce the premium charged to tankers in the absence of significant US oil pollution claims from tankers. Most of the significant claims for oil pollution in the US have come from dry cargo ships in recent years. A combination of a reduction in the Hydra premium and an “as before” renewal of the main contract has enabled the Group to make a larger reduction to the surcharge while still being able to make a meaningful reductions to the reinsurance rates.

Details for the 2013 policy year are set out in the Club’s Circular Ref 1/13.

Yours faithfully

**THE MANAGERS**

### **CONTACT**

- Members requiring further information should contact their usual Club contact.