

**Club:** UK P&I  
**Circular Date:** 23/02/2006  
**Circular Title:** Overspill Reinsurance Arrangements 2006 (Ref 9/06)

**Author:** Angela George/Thomas Miller **Date:** 23/02/2006 11:45

---

## APPROVED BY BERMUDA



9-06 Overspill Reinsurance Arrangements 2006.pdf

Ref: 9/06

February 2006

### OUTLINE

- The Club's overspill reinsurance arrangements protect its share of the Pooled claims exposure in excess of the US\$2.05 billion upper limit of the Group excess loss reinsurance
- For 2006, the Club has bought additional reinsurance to cover its share of a US\$1 billion overspill claim

TO THE MEMBERS

Dear Sirs

### OVERSPILL REINSURANCE ARRANGEMENTS 2006

If a claim were to exceed US\$2.05 billion i.e. the limit of the Group Pool's excess of loss contract, the excess or overspill will be pooled amongst the Group Clubs. The overall Group Pool limit for such an overspill claim remains unchanged at 2.5 per cent of the property limitation funds under the 1976 Limitation Convention of all the ships entered in the International Group Pool Clubs. 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.

Although the chance of an overspill claim is remote, in recent years the Association has bought special reinsurance to cover its estimated share of an overspill claim of US\$1 billion. Last year, the Association increased the limit of this reinsurance to US\$200 million which was sufficient to cover a claim in excess of US\$1 billion depending on the Association's share of the Group's overspill Pool.

For 2006, the Association has again purchased the overspill reinsurance protection, but in view of the hardening reinsurance market the limit has been slightly reduced to maintain the premium at the same level as in 2005. The reinsurance cover limit for 2006 is still sufficient to protect the Association's anticipated share of a US\$1 billion overspill claim, but the exact share can only be determined at the time of the incident giving rise to an overspill claim.

Yours faithfully

**THOMAS MILLER (BERMUDA) LTD.**