

Club: UK P&I
Circular Date: 01/03/2004
Circular Title: Overspill Reinsurance Arrangements (Ref 7/04)

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7-04 Overspill Reinsurance Arrangements.doc

Overspill Reinsurance Arrangements

Outline

- This Circular informs Members that the Club has renewed its overspill reinsurance.
- Detailed explanation of the 2004 reinsurance arrangements generally can be found in Circular 2/04 – “2004 Policy Year” and the forthcoming issue of UK Club News.

March, 2004

Ref: 7/04

TO THE MEMBERS

Dear Sirs

Overspill Reinsurance Arrangements

We refer to Circular 2/04 dated February, 2004 in which the Members were informed of the reinsurance arrangements for the 2004 policy year.

We can now confirm that overspill reinsurance has been bought for the 2004 policy year. The Association has been able to take advantage of a slight softening in the rates for this reinsurance cover to buy 100 per cent of the Association's estimated share of a US\$1 billion overspill claim in excess of the Group reinsurance programme. In addition to this specific reinsurance, the Association also retains the ability to call on its own Catastrophe Reserve and to make recovery under the long-term reinsurance arrangements with the Swiss Re. The Swiss Re reinsurance is designed to maintain the Association's free reserves, within its target band and, in addition, to provide specific protection against an overspill claim at a high level. The extent to which these protections are used to minimise or avoid the need for an overspill call on the membership would be a decision for the Directors to take in the light of all the circumstances of a potential claim.

Yours faithfully

Thomas Miller (Bermuda) Ltd.

Contact

- Members are recommended to contact their usual underwriter if they require information on the Club's reinsurance via the Group and its independent arrangements.