

Club: UK P&I
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TO THE MEMBERS

Dear Sirs

PASSENGER COVER

At their meeting in Paris on 10th July 2003, the Directors considered whether a limit should be imposed on Club cover for passenger ships. They had available to them a paper prepared by the International Group Managers setting out the main arguments for and against a limit on passenger ships as well as some technical considerations. This Managers' paper did not make any recommendation to the Board on the central question. A copy of the same paper will go before the Boards of all Clubs in the International Group.

The UK Club Board was generally of the view that the Group should not try to single out any individual risk for a separate limit whether for passenger ships or any other type of ship. The value of the International Group system was to provide as much cover as possible for the needs of all types of owner and ship, and attempts to reduce the exposure in respect of individual risks would ultimately be detrimental to the system.

However, they are concerned about the potential exposure of the Group to the risk of a catastrophic incident whether in relation to a passenger ship or any other occurrence. They have therefore instructed the Managers to work in conjunction with the other Group Clubs to explore further ways of reducing this extreme exposure, especially at overspill level. To the extent that this includes reinsurance arrangements, the Board has encouraged the Managers to ensure that the costs of that protection are equitably spread/shared within the system.

Members who have views on passenger ship cover or limits on cover generally are welcome to make them known to the Managers through your usual contact who will be happy to send a copy of the paper considered by the Board and to discuss the question further.

Yours faithfully

THOMAS MILLER (BERMUDA) LTD.