



Circular

Ref: 4/10

FEBRUARY 2010

OUTLINE

- Collective overspill reinsurance protection on behalf of each club in the Group purchased once again for the 2010 policy year.
- Club retention increased to US\$8 million for 2010.
- Pooling arrangements unchanged for 2010.
- Oil pollution claims remain subject to a special limit under Rule 5B(ii) of US\$1,000 million for owned ships.
- War risks P&I and US voyage surcharge premiums reported separately in Club circulars 2/10 and 3/10.

TO THE MEMBERS

Dear Sirs

2010 POLICY YEAR

Reinsurance arrangements

The International Group's general excess of loss contract has been renewed on the same terms and structure as for the 2009 policy year.

A rise of 5 per cent has been paid on the first layer of the contract, but the remaining layers have been renewed on an 'as before' basis. As usual, the Group managers have assessed the contributions payable by different ship types to the overall cost of the Group's programme and, in adjusting the reinsurance rates for the different ship types, the Group managers have given consideration in particular to the claims record of those ships on the reinsurance programme over the years. The reinsurance rates are charged to the different ship categories on the same basis by all clubs in the Group.

The Group reinsurance rates (per GT) to be charged to Members for 2010 have now been confirmed as follows:

Tonnage Category	2010 rate per gt	Per cent change from 2009
DIRTY TANKERS	\$0.7554	- 6.50
CLEAN TANKERS	\$0.3335	- 9.04
DRY CARGO VESSELS	\$0.3867	4.66
PASSENGER VESSELS	\$1.5654	- 2.32

Pooling arrangements for 2010

For the 2010 policy year, the Club retention will increase from its current level of US\$7 million to US\$8 million. The Group Pooling arrangements otherwise remain unchanged from 2009. The old upper Pool layer (US\$20 million excess of US\$30 million) 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.

Overspill Reinsurance

If a claim were to exceed US\$2,050 million ie 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 2010 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 2010 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 2010, 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 bare boat charterer.

War risks P&I

Details of the Club's special war risks P&I excess cover for the 2010 policy year are set out in the Club's Circular Ref 3/10.

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

Details of the additional premiums for 2010 are set out in the Club's Circular Ref 2/10.

Yours faithfully

THOMAS MILLER (BERMUDA) LTD.

CONTACT

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