

# Hellas HiLights

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# The UK P&I Club announces the 2013 policy year general increase and a premium discount for 2011

*At the UK P&I Club's Directors' meeting in Paris on 29th October, 2012 it was agreed that the general increase for the 2013 renewal will be 7.5%.*

The premium rating increase is in addition to any increase in the cost of the International Group reinsurance premium for 2013 for the mutual Members which will be determined in the new year.

Recognising the challenges faced by its Members and the Club's strong capital position the Board has separately declared a Mutual Premium Discount of 2.5 % on the total mutual call for the 2011 policy year. The discount will amount to a 10 % deduction for all mutual Members from the final instalment of the 2011 call due in December this year.

The 7.5% general increase reflects the Board's determination to keep the Club's underwriting in balance. Given that shipowners are facing extremely challenging conditions, and the Club's strong capital position, it is reducing the premium on 2011 which was a good year for the Club. However, the Board feels it would be clearly against the interest of Members if a club does not increase premiums in an inflationary environment, potentially creating a problem for the future.

The Club's funds have continued to strengthen in the first half of 2012 with free reserves and capital increasing by \$8 million to \$494 million. With the Club's owned tonnage, at 20th August, 2012 standing at over 116 million gross tons, this represents free reserves and capital of \$4.23 per gross ton and a free reserve ratio of over 167 %.

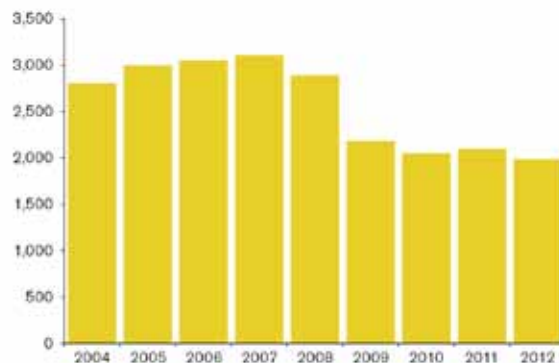
**>\$1.6bn**  
Total assets

**\$494m**  
Free reserves and capital

**\$4.23**  
Free reserves/gross ton

**167%**  
Free reserves ratio

Number of claims after 6 months



In the first half of this policy year to 20th August the Club enjoyed a positive investment return of \$10 million. The Club's investment policy remains cautious with a focus on preserving capital.

The Club has maintained its disciplined approach to underwriting and risk selection as evidenced by a further solid underwriting performance with the last four policy years now showing an average combined ratio below 100 %.

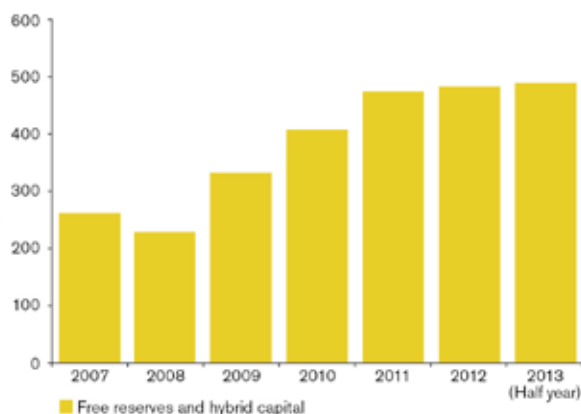
The expected trend of reducing claims frequency due to the shipping recession has continued into the 2012 policy year. However, unlike 2011, the Club has experienced a number of larger claims within its own retention in the range of \$500,000 to \$8 million. Coupled with this the Pool has been more active with seven claims notified at the half year stage with

an estimated cost to the Club of \$18 million. The Club's Pool contribution continues to decline due to its excellent record. At the six month stage the Club has not had a Pool claim in the 2012 policy year. It appears that 2012 will be a year of more costly claims for the Club with net notified claims totalling \$80 million (2011: \$49 million). This increase in claims now being experienced in 2012 must therefore be addressed for the Club to maintain its underwriting balance.

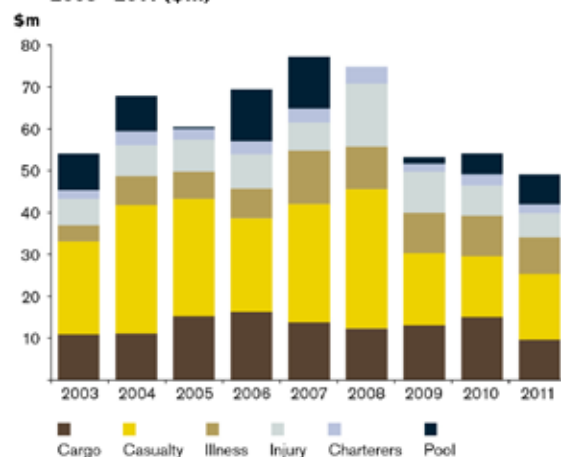
Further details on the Club's financial performance, underwriting results, investments and claims performance can be found in the UK P&I Club October Review 2012 at:

<http://www.ukpandi.com/knowledge-developments/article/october-review-2012-5621/>

**Capital & reserves for financial years 2007 - 2013**



**Net notified claims at 6 months for policy years 2003 - 2011 (\$m)**



# 2012 Annual Finance Seminar and Principals' Dinner

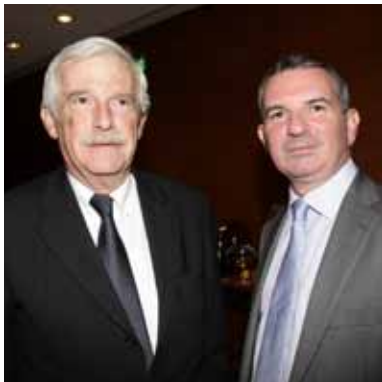
*On Thursday 15th November, 2012  
Thomas Miller (Hellas) Ltd. hosted two  
popular events in the UK P&I and UK  
Defence Clubs' Greek calendar.*



A UK P&I Club financial seminar was held at lunchtime at the Athens Hilton Hotel. About 60 delegates, including staff from several key Members and brokers, heard Thomas Miller P&I Ltd's Chairman and CEO, Hugo Wynn-Williams, report on the UK P&I Club's continually improving financial situation. You can read more about this in the finance article earlier in this edition.

The evening function, a Principals' Dinner, for owners and senior insurance staff, was again held in the Galaxy Room at the Athens Hilton Hotel overlooking Kolonaki and Lycabettus Hill. With the assistance of some patio heaters, because it was a little chilly, the outside terrace was used for a drinks reception followed by dinner inside. Again Hugo took the opportunity to say a few words about the decisions made at the recent UK P&I Club Directors' meeting. The event was our most popular yet with about 120 guests and Thomas Miller staff attending.





# UK Defence Club Seminar 2012

*The annual UK Defence Club seminar in Piraeus took place at the Galaxy Room at the Athens Hilton Hotel on Wednesday 10th October, 2012. The event was well attended, with more than 130 Members, brokers and prospective Members attending.*

The seminar dealt with the subject of counterparty risk, which is probably the single biggest issue facing the shipping industry at present.

The seminar took the form of a role play and concentrated on the scenario of a defaulting charterer, exploring some of the consequences of a charterer defaulting on its obligations.

#### **Amongst the issues covered were:**

- security arrests on both ships and bunkers owned and/or controlled by defaulting charterers;
- the exercise of liens on cargo and sub freights; and
- ways in which owners can protect themselves from third party claims such as claims from bunker suppliers left unpaid by a defaulting time charterer.

The owner was played by Philip Bush of P.A. Bush Law Offices, who was advised by Peter Steele from the Managers' London office and leading Counsel, Mr James Drake Q.C. of 7 King's Bench Walk, who travelled over from London for the occasion

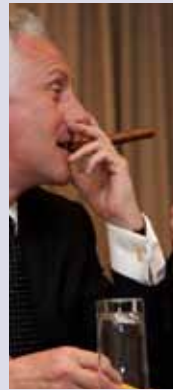
The narrator, who kept the participants on the straight and narrow, was Nick Milner.

The charterer was played by Mark Mathews, who was advised by his lawyer, played by Marc Jackson.

Having set the scene, highlighting the charterer's conduct and modus operandi, the second half of the seminar played out an application for a Worldwide Freezing Order in the High Court, presided over by Alexandra Couvadelli, resplendent in the traditional judge's wig. The application went through the requirements for obtaining a WFO and culminated with live legal argument from the charterer's lawyer and Mr Drake Q.C. for the owner.

There then followed a lively question and answer session followed by a drinks reception.

Two informative booklets, "Minimising Counterparty Risk" and "Counterparty Risk - Claims for Damages", were produced for the event. If you would like to receive copies please get in touch with your usual Club contact.



## Events



## In pole position!

*You can have a romantic kiss and you can have a Glasgow kiss but our own Cedric Chatteley has developed a new manoeuvre, the "Vari Road kiss". Moving alongside one's opponent's kart and giving them a gentle nudge as they approach a corner. Had there been any injuries then Cedric knows the name of a good chiropractor.*

On a hot evening, and after some practice sessions, the racing proper started with some time trials.

The driving was quick but of the usual low standard. Short cuts, grass cutting sorties, getting stuck on the kerb and an unusual manoeuvre by Dimitris Efthymiou which led him to going into the tyre wall backwards at full speed.

Evie Masmata of Kassian Maritime retained the ladies' trophy. Evie was able to hold her own even in the mens' race. We have promised to name the ladies' trophy after Evie if she wins it for three years in succession. Are there any ladies out there who can give Evie some competition next year?

The plate competition was won by Yannis Botonakis of Chartworld. Second and third positions were a family affair. Second place going to Nick Giannos of Maryville and third place to his son Nick - one to watch out for in the future.

With Isidore Caroussis unable to attend and defend his championship there was to be a new champion for 2012. Third place went to our own Nick Milner, second place to Takis Vellis of Pleiades but first place went to Alexander G. Tsavlis with an average lap time of 35.863 seconds. Takis Vellis actually had the fastest lap of 34.243 seconds.

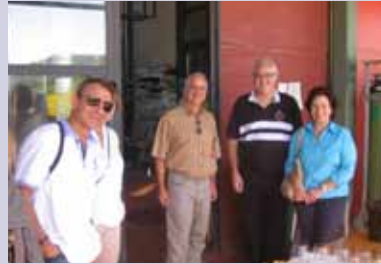
At the prize giving after the racing and on the podium Alexander copied the Formula One winners and sprayed the bottle of champagne over himself, Takis Vellis and Nick Milner. Fortunately Alexander was well prepared and had a spare shirt in his car. Not so Takis and Nick!

We rounded the evening off with a meal at Lambros Restaurant in Vouliagmeni.

Do come and see if you can get your name on one of the trophies in 2013. No date is fixed but it is likely to be a little earlier next year. Perhaps early to the middle of June.

# Wine tasting September 2012

*Is there a better way to spend a day? You get together with some like minded people on a sunny day with temperatures in the high 20's, travel in a modern coach for a day trip to a beautiful destination, do a tour of a vineyard, sample some nice wine, take advantage of the opportunity to purchase your own wines at a discount, and then follow up with a taverna meal on the way home.*



On Friday 21st September, 2012 Thomas Miller (Hellas) Limited organised a day trip for Members of the UK P&I and UK Defence Clubs to the Gaia Vineyard at Nemea in the Peloponnese. The vineyard is on the steep south western slope of Koutsis at an altitude of 650 meters overlooking the town of Nemea with its breathtaking scenery.

Our host at the vineyard was the amazing Yiannis Paraskevopoulos an agronomist from the University of Thessaloniki with a PhD in Oenology from the University of Bordeaux.

On arrival we began with a tour. Production of this year's wine has already begun and the large fermenting vats were in use. Subsequently we went down into the cellar to view the 225 litre French Oak Casks where the wine is left to mature.

There wasn't just a thirst for knowledge and so after the tour we moved on to the patio area to sample the wine. Gaia own two wineries, one in Nemea and a second located on the island of Santorini. We tasted wine from both Gaia's vineyards.





There were four whites and four reds. After tasting the entry level wine we moved on to some of Gaia's more complex wines culminating in the Gaia Estate Red which won the gold medal at the first International Wine Competition in Thessaloniki.

A word must be said about Ritinitis. In Ritinitis, Gaia have tried to reposition Retsina in a new quality context. By combining the Roditis, a low-yield grape, with state of the art wine making technology and a carefully calculated quantity of resin from the Pinus Halepensis variety of pine tree, Gaia have succeeded in producing a drinkable

Retsina. It still has a strong flavour and for non-Greeks would only be suitable for consumption with stronger tasting food - a curry perhaps!

The coach boot was pretty full for the return journey and careful stowage was required to ensure that there were no breakages.

We stopped off at a local village taverna to soak up some of the wine and then, fortified by the alcohol, there was some good banter on the coach going home.



The CSC Annual General Meeting in April, 2012



Captain Eugene Adami

## Cyprus 2012

*So what has H1 been up to in Cyprus in 2012?*

*In contrast to our presence in Greece the UK P&I and Defence Clubs have a smaller presence in Cyprus. But that has not put us off. In fact, we're looking to expand in Cyprus and bring the high level of experienced assistance enjoyed by the Greek Members serviced by our office in Piraeus to Cyprus.*

Links between the two areas are not hard to spot. Religion, common language (well...) and partly-interwoven histories are easily noticeable. But, like the states themselves, the two communities are most certainly distinct. Nevertheless, there is a genuine interest in each others fortunes, not least in the literal sense because of expansive activity in recent years by each country's construction companies, banks and airlines. And, of course, there's plenty of exchange in the shipping sector too.

Known more for its burgeoning ship registry and for fostering a world class environment for ship management more than the dynastic ship owning more commonly found in Greece, Cyprus has forged ahead with notable success in recent years.

## Amver Awards

The UK P&I Club took a table at The International Propeller Club of the United States, International Port of Piraeus, AMVER Awards diner at the Athenaeum Intercontinental Hotel on 23rd October, 2012.





The 2012 CSC Charity Beach Volleyball competition which Thomas Miller sponsored



Joint CSC/CSU Dinner on eve of ECSA AGM July 2012

Today it is estimated that operationally in excess of 42m tonnes of the world's merchant fleet is based on the island.

In April this year, so as to improve our appreciation of what shipping means to the community in Cyprus, Thomas Miller become an International Member of the Cyprus Shipping Chamber.

Since then, Mark Mathews and Nick Milner have attended the AGM, a number of monthly meetings and other functions and Thomas Miller has sponsored the CSC's Beach Volleyball Marathon in October.

We are now beginning to make some progress and have expanded our entry with a recent new Member.

The fit is a natural one and we are committed to growth. We intend to maintain our efforts and will keep you posted about how we get on.

Building on a successful introductory seminar last December in Limassol, our next visit to the island will be to host a seminar on Counterparty Risk and cocktail reception at the Londa Hotel on Tuesday 11th December, 2012.

Invitations will follow nearer the time and we look forward to seeing as many of the Clubs' supporters there as possible.



# UKDC Renewal 2013/14

**As the UK Defence Club approaches its 125th anniversary it continues to be in a strong financial position notwithstanding the high level of claims experienced the last four years.**

## Claims development

In the 2012 policy year to date the number of claims reported to the Association has reduced from the levels experienced in recent years however the average value of those claims remains at a level higher than has historically been the case.

The average claim cost is now in excess of £12,000 compared to £8,000 in the late 1990's and early 2000's and shows no sign of decreasing. There are a number of factors influencing this, in particular market conditions, counterparty defaults and the desire of Members to take protective steps at an early stage in the development of a dispute. Newbuilding disputes are also a feature with a significant number of disputes arising from the non performance of newbuilding contracts.

The cost of litigation continues to increase in a number of jurisdictions, in particular in London and Singapore arbitration. In 2013 and beyond the Board of the Association and the Managers will be looking for ways to improve the cost efficiency of the litigation process.

## Financial position and General Increase for 2013/14

In the years preceding 2008, the Board of the Association was very much focused on building its Free Reserves in order to strengthen the Association's capital position. These Reserves,

currently in excess of £20 million, have enabled the Association to tolerate historic levels of claims whilst not imposing significant increases in premium or changes in terms of entry. As far as investments are concerned the return for the year, whilst remaining positive, is unlikely to be as strong as last year's exceptional result.

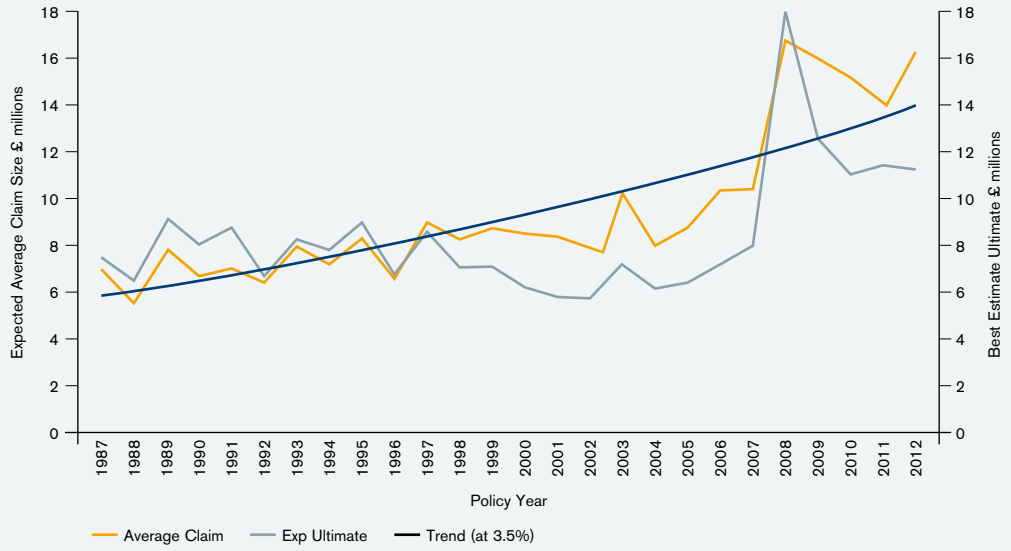
In setting a General Increase of 7.5% for the 2013/14 policy year the Board was mindful of the difficult trading conditions being experienced by the Members however it considered that in circumstances where claims levels show no signs of abating it was appropriate to take a prudent approach towards the setting of the General Increase for the coming policy year.

## Looking forward

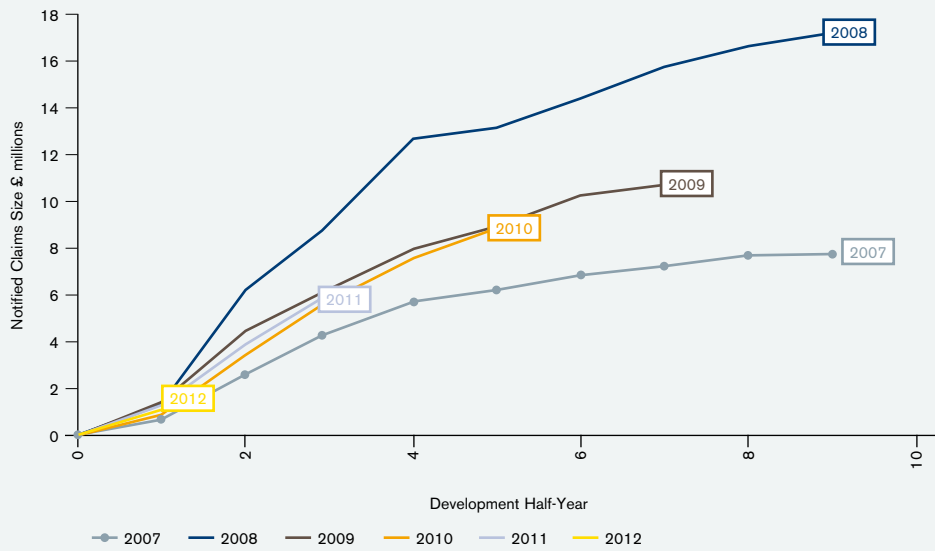
Market uncertainty is likely to continue well in to 2013 as some operators experience financial pressure, particularly where charter levels have fallen below operating costs.

Counterparty risk issues are a key concern for owners and operators alike and have had a notable impact on the claims environment in recent years. The Association's annual seminar in Piraeus this year focused on this subject and two publications were produced in support of it. "Minimising Counterparty risk" and "Counterparty risk - Claims for Damages" are aimed at highlighting for Members some of the key considerations in these complex areas and copies are available from the Managers.

## Expected Average Claim Size



## Expected Average Claim Size



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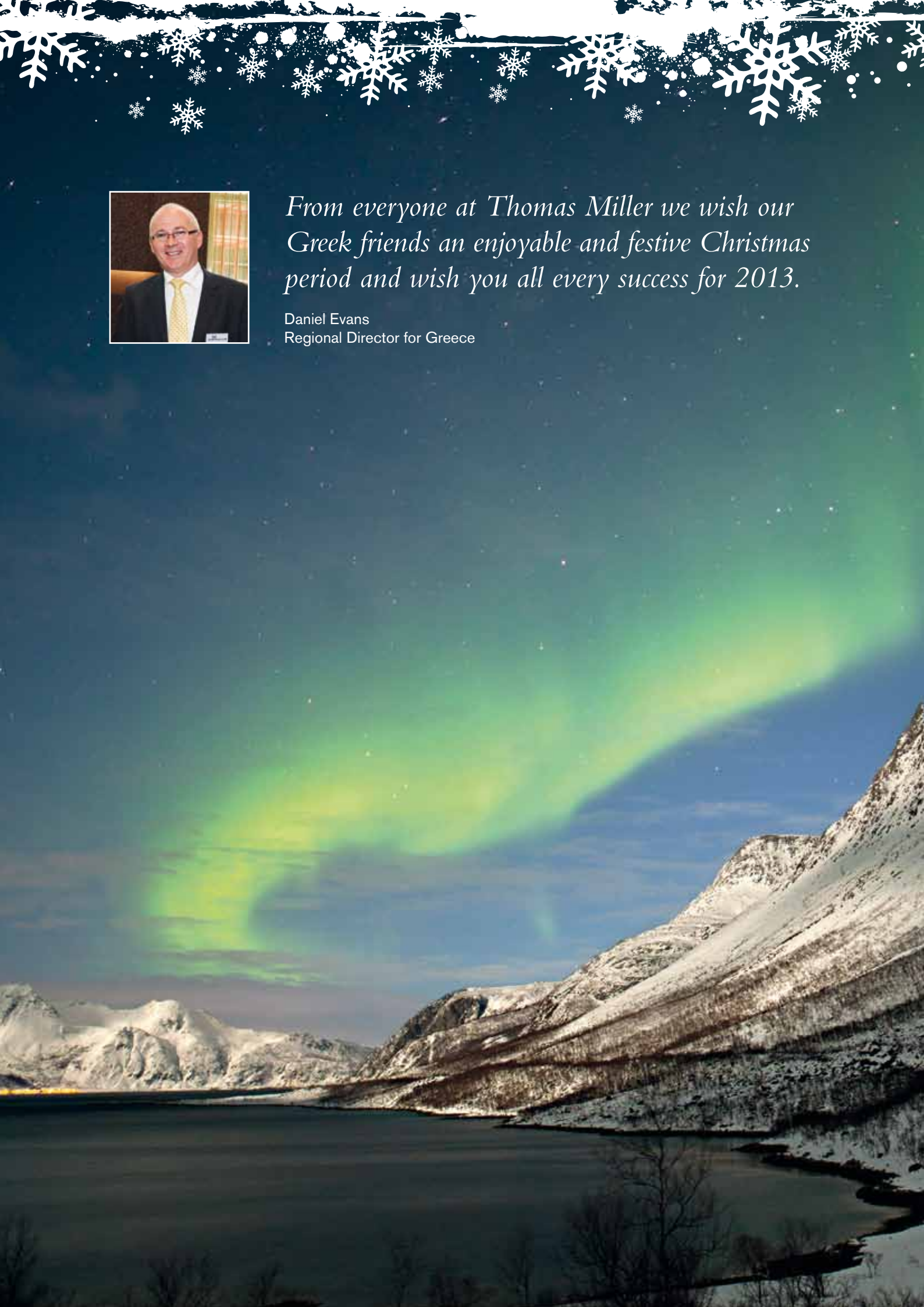
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*From everyone at Thomas Miller we wish our Greek friends an enjoyable and festive Christmas period and wish you all every success for 2013.*

Daniel Evans  
Regional Director for Greece



**UK P&I CLUB** 

**UKDC**  
**UK DEFENCE CLUB**

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