

Bulletin



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TO ALL MEMBERS
Sent by fax /email

Class 3 – Protection & Indemnity General Renewal Update

1. Changes to Class 3 Rules

The proposed Rule changes set out in our [circular dated 4 December 2008](#) were approved at the Separate General Meeting of the Members held on 20 January 2009.

2. International Group Reinsurance

The International Group reinsurance programme has been concluded on the following basis:-

- Club retention – US\$7 million
- Pool retention – US\$43 million excess of US\$7 million
- General Excess Loss Cover – US\$2 billion excess of US\$50 million
- Collective Overspill Cover – US\$1 billion excess of US\$2.05 billion

The Group will continue to retain a 25% co-insurance of the first layer of the contract, from US\$50 million to US\$550 million each claim. This share and the upper layer of the pool, from US\$30 million to US\$50 million each claim, will be reinsured by the Group's protected cell insurance company, Hydra Insurance Co Ltd.



The rates for 2009/10, inclusive of the excess war risks cover referred to below, are as follows:-

Dirty tankers	-	US\$0.8079 per GT.
Clean tankers	-	US\$0.3667 per GT.
Dry cargo ships	-	US\$0.3695 per GT.
Passenger ships	-	US\$1.6026 per GT.

3. Affiliated Charterers

Members who wish to have an affiliated charterer included under an Owner's entry must be able to show that:

- i) both the Insured Owner and the charterer are under common ownership; or
- ii) the Insured Owner or the charterer respectively either owns at least 50% of the shares in, and voting rights of, the other or owns a minority of the shares in the other and can procure that it is managed and operated in accordance with its wishes.

Those companies qualifying will continue to be provided with a limit of US\$350 million in the aggregate any one ship any one event.

4. P&I War Risks

Cover for excess war and terrorism risks will continue to be provided for the 2009/10 policy year. The cover is only to pay claims in excess of amounts recoverable under the ship's or crew war risks P&I policies, subject to a minimum excess of the proper value of the entered ship or US\$100 million, whichever is the lesser. (This condition does not apply however where the ship is solely entered in the name of the charterer other than a charterer by demise or bareboat charterer i.e. time/voyage chartered entries.) The limit under the cover will be US\$500 million any one ship any one event, or such lesser amount as may be agreed with the Managers. For the avoidance of doubt, where Members have chosen to effect primary war risks insurance in excess of the proper value of the Entered Ship, this cover will pay claims in excess of amounts recoverable under all P&I war risks insurances. Details of the cover provided are set out in the Association's circular – [January 2009 – Class 3 – Protection & Indemnity Endorsements to 2009 policy year Certificates of Entry.](#)

5. TRIA

Cover for acts of terrorism, as defined by the TRIA 2002 as amended, will continue to be available as part of the P&I War Risks extension (see 4 above). The Act will apply to very few ships entered in the Association but, for those that are eligible, a premium of US Cents 0.25 per GT is deemed attributable to these risks and will be included within the overall premium.



6. **Bio-Chemical Risks**

In view of the exclusion of bio-chemical type risks from the P&I war risks cover, and in recognition of an absence of suitable commercial market insurance, the International Group will continue to provide cover of US\$30 million per vessel in the aggregate for certain bio-chemical risks.

Details of the cover provided is set out in the Association's circular – [January 2009 – War Risks P&I Cover – Biological and Bio-Chemical Weapons](#).

7. **Heavy Fuel Oil Cargoes**

Members will be required to continue to declare to the Association details of any ship that has carried heavy fuel oil as cargo in the previous policy year. Declaration forms will be sent in due course.

8. **US Voyage Surcharges**

Members that are carrying persistent oil as cargo to or from ports within the United States and its Exclusive Economic Zone (EEZ), as defined in OPA 1990, will continue to pay an additional premium reflecting the Association's obligation to pay an increased contribution towards the cost of the International Group's reinsurance programme. Declaration forms will be sent in due course.

A reduction of approximately 10% in the voyage surcharge has been negotiated for 2009/10 and the new rates are contained in the Association's circular – [January 2009 – Class 3 – Protection & Indemnity Endorsements to 2009 policy year Certificates of Entry](#).

9. **Tankers Carrying Persistent Oil Cargoes**

Members that enter their tankers on the basis that they only carry non-persistent oil cargoes will continue to be required to notify the Association should a persistent oil cargo be carried and pay the appropriate additional premium.

10. **North American clean-up co-operative indemnity cover**

Members that have contracts with clean-up contractors in North America that contain indemnities and undertakings that do not comply with the guidelines of the International Group of P&I Clubs, and thus fall outside the scope of standard P&I cover, can obtain cover through an insurance placed by the International Group in the commercial market. The terms for the 2009/10 policy year are still being finalised and a Club Bulletin with full details of the terms will be issued early next week.

11. **Additional Covers**

The Association's [website](#) contains details of the additional covers that the Managers can assist the Members in arranging in the commercial market. The Association's Terms of Business Agreement – October 2008 will apply to any such placing. These can also be found on the Association's website.



12. Laid up Returns

As a result of the current shipping market, it is likely that more Members will be applying for laid up returns. It would be helpful if Members could notify the Association of the intention to lay up a vessel at the commencement of the lay up rather than waiting until the end of the period.