

7 February 2020

TO ALL MEMBERS AND ASSURED

Dear Sir or Madam

2020/2021 - Policy Year arrangements

This Circular provides a summary of the following arrangements for the 2020/21 Policy Year.

(1) Mutual Members*

Rules

As previously notified, a Meeting of the Members of Class 5 (P&I) was held on 29 January 2020. The proposed amendments to the Rules of the Class were approved and will take effect from noon G.M.T. on 20 February 2020. The Association's P&I, FD&D and War Risks Rules for 2020/21 are available on our website which can be accessed [here](#).

International Group - Pooling and Reinsurance Arrangements

Information on the IG's pooling and reinsurance arrangements for 2020/21 can be accessed [here](#).

Mutual P&I Cover – Limits and Overspill Reinsurance

For oil pollution claims, the limit of the Association's aggregate liability will continue to be US\$1 billion for any one occurrence. For Passenger/Seamen claims, its aggregate liability for any one occurrence will continue to be limited to US\$2 billion in respect of liability to Passengers; and to US\$3 billion in respect of liability to Passengers and Seamen.

The overall limit of the International Group's excess of loss contract is US\$2 billion (in excess of US\$100 million). The IG has once again purchased reinsurance for claims up to US\$1 billion in excess of that limit, to protect mutual Members against the risk of overspill calls arising from any catastrophe claims up to US\$3.1 billion.

Full details are set out in the Class 5 (P&I) Rules including Rules 11 and 33, and as may appear in individual Certificates of Entry.

* For Charterer Assureds and Assureds under the Owners' Fixed Premium P&I Cover Policy, please see section (2) – Fixed Premium Assureds - below.

Excess War Risks P&I Cover

Excess war risks P&I cover will be provided to mutual Members in 2020/21, pursuant to Rule 15.3. The limit of the cover remains at US\$500 million, any one accident; there is, however, a change to the definition of the excess. In summary, the minimum excess of the cover has increased from the proper value of the entered ship (as agreed by the relevant Association) or US\$100 million whichever is less, to the proper value of the entered ship (as agreed by the relevant Association) or US\$500 million whichever is the less. Further details of this change are contained in the information on the IG's pooling and reinsurance arrangements for 2020/21, which can be accessed [here](#). Members are also referred to the excess war risks P&I clause (20 February 2020) for full details of the cover, which can be accessed [here](#).

Bio-Chem Claims

The excess war risks P&I cover for mutual Members referred to above is subject to the exclusion of bio-chem risks. However, some limited cover in respect of such risks will, once again, be provided by the Association and pooled with the other IG Clubs in excess of the 2020/21 Club retention of US\$10 million. No additional premium will be charged for this cover, the limit of which in respect of all claims is in the aggregate US\$30 million each ship any one accident or occurrence or series thereof arising from any one event. The cover is in respect of damages, compensation or expenses in consequence of the personal injury to or illness or death of any seaman; and for legal costs and expenses incurred for the purpose of avoiding or minimising bio-chem claims. To avoid excessive aggregation of risk, the cover is subject to cancellation on 24 hours' notice. Full details can be accessed [here](#).

Terrorism Insurance for US ships

Any Members entering ships in the Association that qualify for the Terrorism Risk Insurance Act of 2002, as amended, and which has been updated and further extended up to 2027, are reminded that amongst other things it requires their property and casualty insurers to insure cover for acts of terrorism. Such cover is provided by the Association by way of the excess war risks P&I clause included in their Certificates of Entry and the proportion of their annual call attributable to the provision of this cover is US\$0.0025 per gross ton entered.

This information is given in compliance with the legislation.

Carriage of Heavy Fuel Oil (HFO) as cargo

Since February 2006, mutual Members, where applicable, have provided the Association with annual declarations of ships in their fleet which had carried HFO as cargo, during the preceding 12 months. The Association's Circular on this subject, with the declaration form for 2019/20, will be issued in March in the usual way.

(2) Fixed Premium Assureds

Charterers' CSL Cover

The coverage which will apply to new or renewing business from 20 February 2020 is set out in the Terms and Conditions (Version 3.01) which can be accessed [here](#). These contain amendments in line with the changes to the P&I Rules referred to above and summarised [here](#). The limit of the Association's liability and any special terms will be set out in Certificates of Entry in the usual way.

Owners' Fixed Premium P&I Cover

The coverage which will apply to new or renewing business from 20 February 2020 is set out in the Terms and Conditions (Version 6.01) which can be accessed [here](#). These contain amendments in line with the changes to the P&I Rules referred to above and summarised [here](#). The limit of the Association's liability and any special terms will be set out in Certificates of Entry in the usual way.

Yours faithfully

A BILBROUGH & CO LTD
(MANAGERS)