

15 February 2022

TO ALL MUTUAL MEMBERS AND FIXED PREMIUM ASSUREDS

Dear Sir or Madam

2022/2023 - Policy Year arrangements

This Circular provides a summary of the following arrangements for the 2022/23 Policy Year.

(1) Mutual Members

(i) Rules

As previously notified, a Meeting of the Members of Class 5 (P&I) was held on 26 January 2022. The proposed amendments to the Rules of the Class were approved and will take effect from noon G.M.T. on 20 February 2022. The Club's Rules for 2022/23 are available on our website and can be accessed here: [P&I](#), [FD&D](#) and [War Risks](#).

(ii) Mutual P&I Cover – Limits and Overspill

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. The Group Reinsurance Limit is US\$2 billion (in excess of US\$100 million) and the International Group 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 an Overspill Call pursuant to Rule 33.5 for the purpose of providing funds to pay part of an Overspill Claim of up to US\$3.1 billion.

For all liabilities in respect of oil pollution, the limit of the Club'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.

(iii) International Group (IG) - Pooling and Reinsurance Arrangements

Full details on the IG's pooling and reinsurance arrangements for 2022/23 can be accessed [here](#).

In the two years since inception of the IG General Excess Loss Contract expiring on 20 February 2022, reinsurers have introduced market-wide coverage restrictions in respect of malicious Cyber, Covid-19 and other new Pandemics. For these risks in 2022/23 there is free and unlimited cover for claims up to US\$450 million excess of US\$100 million. Excess of US\$550 million there is up to US\$2.15 billion of annual aggregated cover. Excess of that the IG has decided to pool between IG Clubs the unreinsured risks, resulting in no change to Members' cover.

(iv) Excess War Risks P&I Cover

Excess war risks P&I cover will be provided to mutual Members in 2022/23, pursuant to Rule 15.3. Details of the cover including the excess and limit to which it is subject are contained in the excess war risks P&I clause (20 February 2020) which can be accessed [here](#).

(v) 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 Club and pooled with the other IG Clubs in excess of the 2022/23 Club retention of US\$10 million. Full details can be accessed [here](#).

(vi) Terrorism Insurance for US ships

Any Members entering ships in the Club 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 provide cover for acts of terrorism. Such cover is given by the Club by way of the said excess war risks P&I clause and the proportion of the annual call attributable to its provision is US\$0.0025 per gross ton entered. This information is given in compliance with the legislation.

(vii) Carriage of Heavy Fuel Oil (HFO) as cargo

Since February 2006, mutual Members, where applicable, have provided the Club with annual declarations of ships in their fleet which had carried HFO as cargo during the preceding 12 months. The Club's Circular on this subject, with the declaration form for 2021/22, will be issued in March in the usual way.

(2) Fixed Premium Assureds

(i) Cyber and Coronavirus exclusions

The reinsurance arrangements for the Club's fixed premium lines of business will be subject to two market exclusions: LMA5403 Marine Cyber Endorsement and JL2021-014 - Endorsement Excluding a Communicable Disease following a Public Health Emergency of International Concern ('PHEIC') (for use on marine liability and energy liability contracts). These two exclusions will be incorporated into the Terms and Conditions of the Club's fixed premium products, including the Charterers' CSL and Owners' Fixed Premium P&I Cover, to apply to new or renewing business from 20 February 2022.

Notwithstanding the incorporation of the endorsement in respect of PHEIC, these Terms and Conditions extend cover in respect of loss, damage, liability, cost or expense that would otherwise cease to be recoverable by virtue of that exclusion up to a limit of US\$1 million any one accident or occurrence or series of accidents or occurrences arising out of one event.

(ii) Charterers' CSL Cover

The coverage which will apply to new or renewing business from 20 February 2022 is set out in the Terms and Conditions (Version 5.01) which can be accessed [here](#). These contain the Cyber and PHEIC exclusions noted above as well as amendments in line with the changes to the P&I Rules and summarised [here](#).

(iii) Owners' Fixed Premium P&I Cover

The coverage which will apply to new or renewing business from 20 February 2022 is set out in the Terms and Conditions (Version 8.01) which can be accessed [here](#). These contain the Cyber and PHEIC exclusions noted above as well as amendments in line with the changes to the P&I Rules and summarised [here](#).

Yours faithfully
A BILBROUGH & CO LTD
(MANAGERS)