

31 January 2013

## TO ALL MEMBERS

Dear Sirs

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## Class 5 (P&I) 2013/2014 Policy Year arrangements

This Circular provides an update on and a summary of the following arrangements for the 2013/14 Policy Year.

### Rules

The amendments to the Rules of Class 5 (P&I) notified to Members in the Association's Circular 5:465 were adopted at the Class Meeting held on 30 January 2013 and will take effect from noon G.M.T. on 20 February 2013. Members are reminded that the Rules of Class 5 can be accessed at <http://www.londonpandi.com>

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

Details of the IG's pooling and reinsurance arrangements for 2013/14 can be accessed [here](#)

### US Oil Pollution Surcharge

Reflecting the continued improvement in the record of the "dirty" tankers sector, there will be a further reduction in the US oil pollution voyage surcharge of 15%. The Association's Circular 5:466, detailing the arrangements for Members requiring cover can be accessed [here](#)

### Limits on Cover\* 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 IG's excess of loss contract is US\$2 billion (in excess of US\$70 million). The IG has once again purchased reinsurance for claims up to US\$1 billion in excess of that limit, to protect Members against the risk of overspill calls arising from any catastrophe claims up to US\$3.07 billion.

Full details are set out in the Rules including Rules 11 and 33, and as may appear in individual terms of entry.

\* For entries under Rule 10, Special Cover for Charterers, see below.

### **Excess War Risks P&I Cover**

The excess war risks P&I cover provided to mutual Members in accordance with Rule 15.2 will again be provided in 2013/2014, on the same basis as for the current Policy Year. The limit of the cover\* remains at US\$500 million, any one accident. Members are reminded that the cover is in respect of claims in excess of the proper value of the entered ship or of the amount recoverable from war risks underwriters or other interested insurers, whichever is the greater. Members are referred to the excess war risks P&I clause for full details of the cover (including the exclusions and termination provisions to which it is subject, which can be accessed [here](#)).

\* For entries under Rule 10, Special Cover for Charterers, see below.

### **Bio-Chem Claims**

The excess war risks P&I cover referred to above remains subject to the exclusion of bio-chemical risks. However, some limited cover in respect of such risks will, once again, be provided by the Association and pooled with the other International Group Clubs. 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 excess aggregation of risk, the cover is subject to a cancellation provision of 24 hours notice. Full details can be accessed [here](#)

### **US Terrorism Risk Insurance Act 2002 (TRIA), as amended by the Terrorism Risk Insurance Program Reauthorization Act of 2007 (TRIRA)**

The Committee has again resolved that the excess war P&I cover referred to above should be made available to Members by way of the cover for acts of terrorism as defined under this legislation. It applies to a very small number of ships entered with the Association, for which a premium of US cents 0.25 will be deemed attributable to the risks arising under the Act.

### **Carriage of Heavy Fuel Oil (HFO) as cargo**

Since February 2006, 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 2012/13, will be issued in March in the usual way.

### **Cover for Charterers**

The Association's flexible cover for Charterers, on a combined single limit basis, is available in accordance with Rule 10. The terms, conditions and limits of the cover will be subject to agreement with Members and recorded in their Certificates of Entry in the usual way.

Yours faithfully  
A BILBROUGH & CO LTD  
(MANAGERS)