



The London P&I Club

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30 January 2014

TO ALL MEMBERS

Dear Sirs

Class 5 (P&I) 2014/2015 Policy Year arrangements

This Circular provides an update on and a summary of the following arrangements for the 2014/15 Policy Year.

Rules

The Class Meeting, notified to Members in the Association's Circular 5:487, was held on 29 January 2014. Amendments to the P&I Rules will take effect from noon G.M.T. on 20 February 2014 and can be accessed [here](#). Members are reminded that the P&I Rules in full (together with the FD&D and War Risks Rules) 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 2014/15 can be accessed [here](#).

US Oil Pollution Surcharge

Reflecting the continuing improvement in the tanker record, the Group has followed a policy over recent years of reducing the voyage surcharge rate, with the eventual aim of reducing the surcharge to nil in the absence of any intervening major incidents. This policy has resulted in a year on year reduction in the amount of the premium collected through the surcharge and for 2014 the Group has decided to reduce the surcharge to nil. With effect from 20 February 2014 Members will no longer need to make US voyage quarterly declarations.

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\$80 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\$3.08 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 overleaf.



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 2014/2015, 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 20 February 2010 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 excessive aggregation of risk, the cover is subject to a cancellation provision of 24 hours notice. Full details can be accessed [here](#).

Terrorism Insurance for US Ships

Any Members entering ships in the Association that qualify under the Terrorism Risk Insurance Act of 2002, as renewed by the Terrorism Risk Insurance Program Reauthorization Act of 2007, are reminded that amongst other things it requires their property and casualty insurers to include cover for acts of terrorism. Such cover is provided by the Association in terms of the excess war risks P&I clause 20 February 2010 included in their Certificates of Entry and the proportion of their Annual Call attributable to the provision of this cover is US cents 0.25 per gt. The Association benefits from a US Government reinsurance of relevant claims paid, although there is a US\$100 billion cap on recoveries by all insurers under that reinsurance programme.

This information is given in compliance with the legislation.

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 2013/14, will be issued in March in the usual way.

Cover for Charterers

The Association's 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)