



# The London P&I Club

All correspondence should be addressed to the Managers

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## TO ALL MEMBERS AND ASSURED

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Dear Sirs

### 2015/2016 - Policy Year arrangements

This Circular provides an update and summary of the following arrangements for the 2015/16 Policy Year.

#### Rules

As notified in the Association's Circular dated 14 January 2015, the Class 5 (P&I) and Class 8 (FD&D) Member Meetings were held on 28 January 2015. The proposed amendments to the Rules of the Classes were approved will take effect from noon G.M.T. on 20 February 2015. Members are reminded that the P&I and FD&D Rules (together with the War Risks Rules) can be accessed at <http://www.londonpandi.com>

#### Corporate Structure

As advised in the FAQ document attached to the 14 January Circular, the Association's restructuring will be accomplished by the Rule changes which were approved at the Meetings referred to above; and by the proposed changes to the Bye Laws and Rules of the Bermuda Club, notified in the Circular to Members dated 21 January 2015. If these latter changes are approved at the Special General Meeting and Class Meetings on 12 February 2015, the restructuring will take effect at noon G.M.T on 20 February 2015. Members are reminded that there will be no impact on membership of and cover from the Association. The restructuring is in order to maintain the optimum corporate organisation from a regulatory and tax perspective and in preparation for the implementation of the Solvency II directive, anticipated in January 2016.

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

Details of the IG's pooling and reinsurance arrangements for 2015/16 can be accessed [here](#).

#### Class 5 (P&I) 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 Class 5 (P&I) 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 Members pursuant to Rule 15.2 will again be provided in 2015/16. The limit of the cover remains at US\$500 million, any one accident. Members are reminded that the cover is subject to an 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 2015) for full details of the cover. This includes the termination provisions and exclusions to which the cover is subject, the latter of which contains a minor alteration in respect of bio-chem claims. This serves to clarify that clause 4 (A) (ii) (a computer virus exclusion) does not operate to exclude losses arising from the use of any computer, computer system or computer software programme or any other electronic system in the launch and/or guidance system and/or firing mechanism of any weapon or missile. A copy can be accessed [here](#).

### **Bio-Chem Claims**

The excess war risks P&I cover for 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. 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 for the Terrorism Risk Insurance Act of 2002, as amended by the Terrorism Risk Insurance Programme Reauthorisation Act 2007, which is currently in the process of being retroactively extended for a further six years from 31 December 2014, 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 (20 February 2015) 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, 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 2014/15, will be issued in March in the usual way.

### **Cover for Charterers**

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

Yours faithfully  
A BILBROUGH & CO LTD  
(MANAGERS)