



# The London P&I Club

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## TO ALL MEMBERS AND ASSURED

Dear Sirs

### 2016/2017 - Policy Year arrangements

This Circular provides a summary of the following arrangements for the 2016/17 Policy Year.

#### Rules

As previously notified, Class 5 (P&I), Class 7 (War Risks) and Class 8 (FD&D) Member Meetings were held on 27 January 2016. The amendments to the Rules of the Classes approved at those Meetings can be accessed [here](#) and will take effect from noon G.M.T. on 20 February 2016. Readers are reminded that the full P&I, War Risks and FD&D Rules can be accessed [here](#).

#### International Group - Pooling and Reinsurance Arrangements

Details of the IG's pooling and reinsurance arrangements for 2016/17 can be accessed [here](#).

#### Class 5 (P&I) Cover, 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 International Group'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 Charterer Assureds and Assureds under the Small Ships P&I Scheme, please see below.

### **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 2016/17. 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, which 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 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 by the Terrorism Risk Insurance Programme Reauthorisation Act 2007, and as further amended by the Terrorism Risk Insurance Program Reauthorisation Act of 2015 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 2015/16, will be issued in March in the usual way.

### **Cover for Charterer Assureds**

The Association provides cover for Charterer Assureds on a combined single limit basis. The terms and limits of the cover will be set out in Certificates of Entry in the usual way.

### **Small Ships P&I Scheme**

The terms and limits of the Assured's cover under the Small Ships Scheme will be set out in Certificates of Entry and in the Small Ships P&I Scheme Policy Terms & Conditions.

Yours faithfully  
A BILBROUGH & CO LTD  
(MANAGERS)