

15 February 2022

**To all Members**

**Class 3 – Protection & Indemnity  
General Renewal Update – 2022/23**

**1. International Group Reinsurance**

The key elements of the International Group reinsurance programme remain unchanged as follows:

- Club Retention - USD10 million
- Pool Retention - USD90 million excess of USD10 million
- General Excess Loss Cover - USD2 billion excess of USD100 million
- Collective Overspill Cover - USD1 billion excess of USD2.1 billion

The Main General Excess of Loss placement has been renewed with unamended, free and unlimited, coverage for all risks except:

- Malicious Cyber
- COVID
- Pandemic

For Malicious Cyber, Covid and Pandemic risks there is free and unlimited cover for claims up to USD450 million excess of USD100 million, covering almost all certificated risks. Excess of USD550 million there is up to USD2.15 billion of annual aggregated cover in respect of these three risks. Excess of that, for 2022/23, the International Group has decided to pool between Group Clubs the potential un-reinsured risks, resulting in no change to Members' cover.

The result of the renewal for all ship categories and the rates for 2022/23, inclusive of the excess war risks cover referred to below, are as follows:

- Persistent oil tankers - USD0.6469 per GT
- Clean tankers - USD0.3666 per GT
- Dry cargo ships - USD0.5639 per GT
- Fully cellular container ships (FCC) - USD0.6586 per GT
- Passenger ships - USD3.8677 per GT

**2. Affiliated Charterers**

Members who wish to have an affiliated charterer included under an owner's entry must be able to show that:

- i. both the insured owner and the charterer are under common ownership; or
- ii. the insured owner or the charterer respectively either owns at least 50% of the shares in, and voting rights of, the other or owns a minority of the shares in the other and can procure that it is managed and operated in accordance with its wishes.

Those companies qualifying will continue to be provided with a limit of USD350 million in the aggregate any one ship any one event.

### **3. P&I War Risks**

Cover for excess war and terrorism risks will continue to be provided for the 2022/23 policy year. The cover is only to pay claims in excess of amounts recoverable under the ship's or crew war risks P&I policies, subject to a minimum excess of the proper value of the entered ship or USD500 million, whichever is the lesser. (This condition does not apply however where the ship is solely entered in the name of the charterer other than a charterer by demise or bareboat charterer i.e. time/voyage chartered entries.) The limit under the cover will be USD500 million any one ship any one event, or such lesser amount as may be agreed with the Managers. For the avoidance of doubt, where Members have chosen to effect primary war risks insurance in excess of the proper value of the entered ship, this cover will pay claims in excess of amounts recoverable under all P&I war risks insurances.

Details of the cover provided are set out in the Association's circular – January 2022 – Class 3 – Protection & Indemnity Endorsements to 2022 policy year Certificates of Entry.

### **4. TRIA**

Cover for acts of terrorism, as defined by the TRIA 2002 (which had been extended by the Terrorism Risk Insurance Programme Reauthorisation Act of 2015, up to December 2020), has been further extended until 2027 and will continue to be available as part of the P&I War Risks extension (see 3 above). The Act will apply to very few ships entered in the Association but, for those that are eligible, for 2022/23 a premium of USD0.0025 per gross ton is deemed attributable to these risks and will be included within the overall premium.

The Act as amended provides for the US Government to pay a defined percentage of covered losses exceeding a specified trigger.

For 2022 the percentage paid by the US Government is 80%, against a trigger of USD200 million. In addition, the US Government has stopped making payments where aggregate insured losses exceed USD100 billion during any one year.

### **5. Bio-Chemical Risks**

In view of the exclusion of bio-chemical type risks from the P&I war risks cover, and in recognition of an absence of suitable commercial market insurance, the International Group will continue to provide cover of USD30 million per ship in the aggregate for certain bio-chemical risks. However, this cover is not available for chartered entries.

Details of the cover provided is set out in the Association's circular – January 2022 - War Risks P&I Cover – Biological and Bio-Chemical Weapons.

### **6. Maritime Labour Convention 2006 (MLC 2006)**

Details of MLC cover provided to Members is set out in the Association's circular – January 2022 – Class 3 – Protection & Indemnity Endorsements to 2022 policy year Certificates of Entry.

### **7. Insurance Act 2015**

The Insurance Act 2015 came into force on 12 August 2016, Members' attention is drawn to the Association's Circular dated 17 November 2015. Members' attention is also drawn to Class 3 (P&I) Rule 3(5) and Class 6 (FD&D) Rule 3(6), introduced into the Rules consequential on the Insurance Act 2015 and, in respect of the sections identified in those Rules, maintain the status quo between Members and the Association under previous legislation. Members' attention is also drawn to Class 3 (P&I) Rule 6(2) and Class 6 (FD&D) Rule 6(2) which address the Members' or any potential Members' initial and continuing duty of fair presentation and the Association's rights.

## 8. Heavy Fuel Oil Cargoes

Members will be required to continue to declare to the Association details of any ship that has carried heavy fuel oil as cargo in the previous policy year. Declaration forms will be sent in due course.

## 9. Product and/or Chemical Tankers and/or OBO's

Members entering tankers on the basis that they carry only non-persistent oil cargoes and OBO's trading as dry, will continue to be required to notify the Association should a persistent oil cargo be carried and pay the appropriate additional premium.

If a ship entered on the basis that it is carrying a persistent oil cargo does not in fact carry such a cargo for a period of thirty consecutive days, the Member will be able to claim a return of Call.

Full details are contained in The Association's Bulletin – January 2022 - To Members Operating Product and/or Chemical Tankers and To Members Operating Oil, Bulk, Ore Carriers (OBO's).

## 10. Joint Entries and Co-Assureds

Attention is drawn to Rule 8 (1) (A) Joint Members, the Association may accept an application by the Member as the Senior Member for another person or persons to be added to the entry of a ship to be referred to as Joint Members. The Senior Member and all Joint Members shall be jointly and severally liable to pay all contributions or other sums due to the Association in respect of the entry.

In addition, under Rule 8 (2) (A), (B) and (C) Co-Assureds, the Association may accept the addition for the entry of a ship by a Senior Member of the following person or persons as a Co-assured.

- (A) a charterer, other than a bareboat or demise charterer, which is affiliated to or associated with the senior member.
- (B) a contractor of the Senior Member for the provision of services by or to the Entered Ship.
- (C) other persons (except charterers other than bareboat or demise charterers)

Details of the cover under Rule 8 Joint Entries and Co-Assureds is set out in detail in the Association's Class 3 Rules with effect from noon GMT on 20 February 2022.

## 11. Additional Insurances

The Association's [website](#) contains details of some of the additional covers that the Managers can assist Members in arranging, these are dependent on cover under the Association's non-poolable reinsurance arrangements or other specific insurances and will be set out in Members Certificates of Entry.

The Association's reinsurance arrangements for 2022/23 governing:

- Freight Demurrage & Defence (Class 6)
- Charterers' Liability Insurance
- Additional Insurances

are subject to the following market exclusions:

- Endorsement Excluding A Communicable Disease Following A Public Health Emergency Of International Concern (PHEIC); and
- LMA5403 Marine Cyber Endorsement.

The Association has agreed limited extensions of cover in respect of risks excluded under the PHEIC Endorsement as follows:

- Freight, Demurrage and Defence (Class 6) - USD2 million
- Charterers' Liability Insurance - USD5 million
- Additional Insurance - USD3 million

This special extension of cover is subject to an Annual Aggregate Limit (AAL) per Member per annum equal to twice the relevant limit of cover. Recovery from the Association in respect of the PHEIC Endorsement attaching to any and all coverages and/or insurances offered by the Association is limited to USD10 million in the aggregate per Member per annum.

Attention is drawn to Rule 7(3) – Special Insurances, where reinsurance is arranged The Member shall be entitled to recover only the net amount actually recovered under such reinsurance arrangements, together with that proportion (if any) of the risk or risks retained by the Association.

## **12. Removal of Wreck and Oil Pollution**

As a number of port authorities continue to be unwilling to accept a Certificate of Entry as proof that removal of wreck and oil pollution form part of the Member's cover, these two heads of cover will continue to be mentioned specifically on the Certificates of Entry.

## **13. Insurance Premium Taxes**

An increasing number of countries, particularly in Europe, have introduced Insurance Premium Taxes (IPT). Members are reminded that responsibility for payment of such taxes rests with the Member rather than the Association. Being an insurer established in the EEA, the Association may be required to account for IPT to the tax authorities, if the Member has not made arrangements to pay the amounts directly or through his broker. Attention is drawn to Rule 12(4) – Tax, which allows the Association to recover any tax which it may have to settle on a Member's behalf.

## **14. Laid-up returns**

Those Members claiming a laid-up return of Call are reminded that the entered ship must have been laid-up in a safe port or place, approved by the Managers, for thirty or more consecutive days. An extended period in a yard for the purpose of repairs will not qualify for a laid up return of Call. To be eligible for a return an application must be made within three months of the end of the lay-up period or within three months of the end of the policy year, whichever occurs first. The application form can be found on the Association's website.

## **15. Charterers' Liability**

Members are reminded that the Association is able to provide charterers' P&I, damage to hull and bunkers cover under a comprehensive charterers' programme which is able to offer limits of up to USD750 million. Details of the coverage are available on the Association's website together with brochures with case studies, which explain the cover provided.

## **16. Sanctions**

Members are aware of the international sanctions currently being imposed by various national or supranational governmental bodies (e.g. US and the EU) on individual countries (e.g. Iran, Syria, Venezuela, North Korea and Russia). Members are reminded of Rules 5(6) and 20(16) of the Association's Class 3 Rules (and corresponding Class 6 Rules) which are automatically applicable in the event of any sanction, prohibition or adverse action or risk thereof against the Association, the Managers or any reinsurers. As part of its compliance procedures, the Association is required to obtain all company registered addresses for any company named on each Certificate of Entry.