



SKULD

2014 POLICY YEAR RENEWAL UPDATE

INTERNATIONAL GROUP REINSURANCE PROGRAMME

We are pleased to announce that the International Group Reinsurance for Policy Year 2014/15 for Members is agreed and is outlined in this circular to members.

KEY CHANGES

- Pool extended to USD 80 million
- Excess RI cost increased between 5.24% to 20.00% depending on tonnage category
- US Oil pollution surcharge abandoned

INTERNATIONAL GROUP REINSURANCE ARRANGEMENTS FOR POLICY YEAR 2014/15

The structure of the cover reinsured through International Group and the Pool is set up as follows:

Club retention	USD 9 million (unchanged)
Pool retention	USD 80 million (71 million in excess of USD 9 million) (Part of the Pool is covered by Hydra)
General Excess Loss Cover	USD 2 billion
Overspill protection	USD 1 billion

LIMITS ON THE ASSOCIATION'S COVER 2014/15

Oil Pollution:	USD 1 billion
Passenger and crew combined:	USD 3 billion
Passenger (sub-limit)	USD 2 billion

The oil pollution limit is applicable to the aggregate of owners' and bareboat charterers' liabilities. (Skuld Rules Appendix 5)

For passenger and crew claims, the overall limit is USD 3 billion any one event, any one vessel and with a sub-limit of USD 2 billion in respect of passenger claims alone. (Skuld Rules Appendix 5A)

OVERSPILL PROTECTION

In the event of a claim in excess of the cover limit of the International Group Excess Loss Contract of USD 2.08 billion, members will be liable to contribute overspill calls which will remain subject to a limit of 2.5% of the property limitation fund for each entered vessel calculated in accordance under the 1976 Limitation Convention (Skuld Rules Appendix 3). A maximum contribution for an overspill claim from a ship of 20,000 GT would be in the region of USD 130,000 and if 70,000 GT, the corresponding contribution would be in the region of USD 390,000. Overspill protection has been placed for claims up to USD 1 billion in excess of USD 2.08 billion. The limit on each mutual member's liability for claims other than oil pollution and for claims involving passengers will remain unchanged at 2.5% of the Convention Limit, which provides an overall limit in excess of USD 7 billion.

INTERNATIONAL GROUP GENERAL EXCESS OF LOSS REINSURANCE CONTRACT RENEWAL 2014/15

The International Group RI rates (per GT) including Hydra premium, Collective Overspill Cover and excess war risk P&I for the year commencing 20 February 2014 are as follows:

TONNAGE CATEGORY	2014/15 RATE USD PER GT	% CHANGE FROM 2013/14
Tanker, carrying persistent oil as cargo	0.7963	5.26%
Tankers, carrying non-persistent oil as cargo	0.3415	5.24%
Dry cargo vessels	0.5203	5.28%
Passenger vessels	3.7791	20.00%

Further background on the changes in rates may be found at International Group of P&I clubs web-site: www.igpandi.org under "News and Information".

US OIL POLLUTION SURCHARGE – POLICY YEAR 2014/15

The special arrangements to cover US OPA 90 pollution liabilities in respect of tankers, which are otherwise excluded under the Rules, has been abandoned with effect from 20 February 2014. Accordingly, there will no longer be a requirement for US voyage declarations.

WAR RISKS

The Club's special War Risk P&I cover in excess of Hull and Machinery War Risk P&I cover will continue. The limit of this cover remains at USD 500 million each vessel any one event. However, this excess War Risk P&I cover excludes any liabilities which members may incur under TOPIA 2006. Details of the cover will be set out in the Associations circular on P&I War Risk cover January 2014.

TRIA

Cover for acts of terrorism as defined in the US Terrorism Act of 2002 will be included on the same terms with the same limit. A premium of US cents 0.25 per GT will be deemed attributable to these risks and will be included within the overall premium.

BIO-CHEM POOL

The limit of the supplementary pooled cover for a restricted range of risks covered by the "Bio-Chem exclusion" in war risk policies remains at USD 30 million per vessel in the aggregate. Details of these risks are set out in the Association's Circular "War P&I Risks - Agreement to pool certain Bio-Chem Claims" dated 1 April 2004.

SKULD CALL HISTORY

Year	Original Supplementary Call	Final Call	General Increase	Release Call
2010/11	0%	0%	5%	Closed
2011/12	0%	(est 0%)	-	0%
2012/13	0%	(est 0%)	-	3%
2013/14	0%	(est 0%)	-	6%
2014/15	0%	(est 0%)	-	15%

Yours faithfully
Skuld



Douglas Jacobsohn
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