

RENEWAL BULLETIN POLICY YEAR 2020/21

International Group of P&I Clubs – Reinsurance programme 2020/21 - War Risks P&I Excess cover

15th January 2020

We follow up our last Newsletter, issued on 20th December 2019, which set out the structure and renewal tariffs for the International Group of P&I clubs reinsurance programme 2020/21.

Within the programme there has been an amendment to which we would draw owners' attention for the policy year 2020/21 and this is with regards to the placement of the War Risks P&I Excess cover.

As is known this aspect of cover will only respond to claims in excess of the proper value of the entered vessel or any amounts recoverable under any other P&I war risk cover which the owner has arranged, whichever is the greater.

The limit of cover will remain as per the current 2019/20 policy year and therefore US\$ 500 million any one event each ship with a cover deductible of US\$ 50,000 any one event each vessel BUT for the 2020/21 policy year there is a change in the definition of the excess. For the 2019/20 policy year this was defined as the greater of a) the 'proper value' of the entered ship, deemed solely for this purpose not to exceed US\$ 100 million, or b) the amount recoverable in respect of the claim under any other policy of insurance.

For the 2020/21 policy year the, the deemed maximum 'proper value' solely for the purpose of this cover will be changed from US\$ 100 million to US\$ 500 million.

It is important to reiterate that the cover provided to the owners by The International Group placement is not intended to be a substitute for the Owner's placement of primary P&I war risk cover, whether arranged with the vessels hull and machinery insurer or another insurer, which the Owner should affect with an independently available limit per event.

Accordingly, and with the introduction of this change, for owners who have vessels valued individually more than US\$ 100 million it is recommended that a review is undertaken for the primary War P&I cover placement to ascertain that there is not a potential shortfall of recovery under the International Group War Risks P&I Excess placement for the 2020/21 policy year, up to 'proper insured value' or US\$ 500 million whichever is the lesser.

This Newsletter, and our information archive, can also be accessed at www.pferrari.com

P.L. FERRARI & CO S.r.l.