

27 September 2001

TO ALL MEMBERS

Dear Sirs

WAR RISKS P&I COVER

As a consequence of the World Trade Center tragedy on 11 September, we would like to remind Members of the terms of the cover for war risks P&I which has been made available by Group Clubs to Members since 1986.

This cover is in excess of the war risks P&I cover provided under the Member's customary war risks insurance, including but not limited to Hull and Machinery and Crew, Marine and war risks and any Protection and Indemnity Clauses attached thereto, which cover is normally limited to the insured value of the ship.

The Group's excess war risks P&I cover is limited to US\$100 million each ship, in excess of the limit contained in the Member's customary war risks policy subject to a minimum excess of US\$50,000, any one event. It should not be treated as a substitute for traditional market war risks cover.

Although a number of market war risk underwriters have given seven days' notice of cancellation in respect of their war risks hull and P&I policies, International Group Clubs have not as yet issued seven days' notice of cancellation for the Group's war risks P&I cover, nor given notice of the exclusion of any specific trading areas, although the issue is under review from day to day as events develop.

Members are expected to maintain their existing war risks cover, including for P&I risks, to the maximum extent available from their war risk underwriters. Under the terms of the special war risks P&I cover, the Association has the power to exclude trading areas or cancel the cover entirely upon seven days' notice. The Association will continue to keep the position closely under review, with a view to ensuring that the cover protects the membership as a whole and is not unduly exposed in any particular area.

The terms and conditions of the Group's war risks P&I cover will in any event be subject to review for 2002.

Yours faithfully
A BILBROUGH & CO LTD
(MANAGERS)