

CLASS 7, THE WAR RISKS CLASS

NOTICE IS HEREBY GIVEN that a SEPARATE MEETING of the MEMBERS OF CLASS 7, THE WAR RISKS CLASS, of the Association will be held at the REGISTERED OFFICE of the Association, 50 LEMAN STREET, LONDON, E1 8HQ at 12.30 p.m. on WEDNESDAY, 29th JANUARY 1997, or as soon thereafter as the meeting of Class 8 called for that day is finished, for the purpose of altering and adding to the Rules.

The following alterations and additions together with such further alterations and additions, if any, as may be proposed will be submitted for adoption with or without modification and with effect from noon G.M.T. on the 20th day of February 1997.

[New wording is in bold. The explanatory notes in italics will not appear in the actual Rules.]

RULE 1 INTRODUCTORY

[Amendments are proposed partly to unify the rules dealing with Insured Values and Sums Insured (e.g. there is now no need to refer to Rule 11 unless the Secretary of State invokes his powers under the Government Reinsurance Agreement) but mainly to encapsulate in the rules the Group's current policy limiting sums insured under Rule 3.]

Rule 1.1.2

1.1.2 Under Rule 3:

loss of freight, **disbursements and/or increased value, premiums** and/or other interests ~~etc.~~

Rule 1.2

1.2 For all the purposes of Rule 2 Part A, Appendix A, and the other provisions of the Rules which relate thereto, the **Insured Value of for which an entered ship shall (unless the Owner or Insured Owner and the Managers agree a different Insured Value) be the total marine value, that is to say the total sum for which she is insured by the Association is the amount provided by for total loss under marine policies, unless, and for as long as, any of the provisions of Rule 11 shall apply.**

Rule 1.3

1.3 For all the purposes of Rule 2 Parts B, C, D, E and F, and the other provisions of the Rules which relate thereto, the value for which an entered ship is insured **for total loss** by the Association is the amount for which she is insured in respect of her hull, machinery, materials and all other parts and equipment thereof which is agreed between the Insured Owner and the Association and which is set out in the Certificate of Entry. Where only a part or percentage of such insured value is to be insured by the Association, that part or percentage shall be stated as such in the Certificate of Entry.

Rule 1.4

1.4 For all the purposes of Rule 3, Appendix C, and the other provisions of the Rules which relate thereto, the Sum ~~for which an Insured Owner is Insured by the Association is that~~ **shall be the sum insured for the corresponding risk or risks under the entered ship's marine policies**, which is agreed between the Insured Owner and the ~~Association~~ **Managers** and which is set out in the Certificate of Entry.

PROVIDED ALWAYS that:

- 1.4.1 **the sum to be insured under each category of Rule 3 risk shall be specified in any application for insurance;**
- 1.4.2 **in no case shall the total Sum Insured for Rule 3 risks exceed 50 per cent of the Insured Value as provided for in Rule 1.3.**

RULE 2 PART A QUEEN'S ENEMY RISKS

Rule 2.A.3.3

2.A.3.3 If the detention of an entered ship should last for a continuous period exceeding 90 days, in addition to any sums recoverable under Rules 2.A.3.1 and 2.A.3.2, a sum calculated at the rate of 10 per cent per annum of the insured value of the entered ship as specified ~~at paragraph (1) of~~ **in** the Certificate of Entry and applied pro rata to the whole of the detention.

[To reflect the current form of the Certificate of Entry.]

RULE 2 PART C DETENTION OR DIVERSION EXPENSES

Rule 2.C.4

2.C.4 In the event of the detention of an entered ship by any of the causes referred to in Rules 2.C.1.1, 2.C.1.3, 2.C.1.4 or 2.C.1.5 and lasting for a continuous period exceeding 90 days, the Insured Owner shall be entitled, subject to Rule 2.C.5 to recover from the Association in respect of such detention, in addition to any sums recoverable under Rule 2.C.3, a sum calculated at the rate of 10 per cent per annum of the insured value of the entered ship as specified in ~~paragraph (1) of~~ the Certificate of Entry and applied pro rata to the whole of the detention.

[To reflect the current form of the Certificate of Entry.]

RULE 2 PART D PROTECTION AND INDEMNITY RISKS

Rule 2.D

Insert the following new Rule 2.D.1.1.1.7:

2.D.1.1.1.7 confiscation or expropriation.

[This is to cover P&I risks arising out of confiscation or expropriation.]

Insert the following new Rule 2.D.2:

2.D.2 Except as provided in paragraph 2.D.3 there shall be no recovery of the losses, liabilities, costs or expenses referred to in Appendix D, Paragraphs D.1 to D.8 and D.10 to D.12 inclusive which arise solely out of the terms of any agreement, contract or indemnity unless the terms of such agreement, contract or indemnity have been approved by the Managers in writing. In giving such approval the Managers may impose any terms or conditions as they may think fit, including the imposition of a premium.

[This new rule deals with the cover given in respect of contractual liabilities. Hitherto, there were no restrictions in this regard in respect of cover set out in Appendix D paragraphs D.5 to D.8 and D.10 to D.12 inclusive, but only in respect of paragraphs D.1 to D.4. Contractual liabilities can be extremely onerous and, in future, the Managers' approval will be required as it is in respect of contractual liabilities covered in Class 5.]

Renumber the current Rule 2.D.2 as 2.D.3 and amend as follows:

2.D.3 There shall be no recovery of the losses, liabilities, costs or expenses referred to in Appendix D, Paragraphs D.1, D.2, D.3 and D.4.1 which arise out of the terms of any crew agreement, save agreements approved by the Department of Transport of the United Kingdom or any other successor department or body, or other contract of service or employment, ~~or under an indemnity or contract,~~ unless the terms of such crew agreement ~~or contract of service or employment indemnity or contract as the case may be~~ have been previously approved by the Managers **in accordance with the provisions of Rule 2.D.2.** ~~in writing. In giving such approval the Managers may impose any terms or conditions as they may think fit, including the imposition of a premium.~~

[Logical amendment.]

Renumber remaining paragraphs of Rule 2.D.

Amend title of Rule 3:

RULE 3 FREIGHT, DISBURSEMENTS AND/OR PREMIUMS, INCREASED VALUE, PREMIUMS AND/OR OTHER INTERESTS

[For clarity and consistency.]

Rule 3.1.1

3.1.1 Loss of Freight, ~~and/or Disbursements and/or Premiums~~ and/or Increased Value, **Premiums** and/or other interests when the loss has been caused by any of the following risks:

[For clarity and consistency.]

RULE 4 WARRANTIES, CONDITIONS, EXCEPTIONS AND LIMITATIONS

RULE 4.A TERMS APPLICABLE ONLY TO RULE 2 PART A

Rule 4.A.1.1

4.A.1.1 Where a ship, other than a British ship, is, or is to be, entered for insurance against Queen's Enemy Risks, the **Owner or Insured Owner** shall produce to the Managers a certificate from the Secretary of State that the ship, or entered ship, is accepted by him for reinsurance under the Reinsurance Agreement. In such event the insurance of the entered ship by the Association for Queen's Enemy Risks shall commence from, and continue during, such a time as the conditions stipulated in such certificate shall have arisen or have otherwise been complied with.

[For consistency.]

RULE 4.C TERMS APPLICABLE ONLY TO RULE 2 PART D

Delete Rules 4.C and 4.C.1 in their entirety - renumber remaining paragraphs of Rule 4.

[See new Rule 4.D.3 Exclusion of Nuclear Risks.]

Amend title of Rule 4.E (now Rule 4.D):

4.D TERMS APPLICABLE TO ALL PARTS OF RULE 2 (EXCEPT RULE 2 PART A) PARTS B, C, D, E AND F, AND RULE 3 AND RULE 4.A.2

[It is proposed that the heading and Rule 4.E.1 be amended to make it clear that the warranties in question apply to all risks other than those which are insured by the government and a similar change is proposed in Rule 16.]

Rule 4.E.1 (now Rule 4.D.1)

4.D.1 The breach of any one of the warranties contained in Rule 4.D.2 shall suspend the insurance ~~afforded~~ **given** by Rule 2 Parts B, C, D, E and F, ~~by and~~ **by** ~~and~~ **by reason of an entered ship being accepted under Rule 4.A.2** during the ~~continuation~~ **continuance** of such breach.

Rule 4.E.3 (now Rule 4.D.3)

4.D.3 Exclusion of ~~Certain~~ Nuclear Risks

The Association shall not be liable for any losses, liabilities, costs or expenses **directly or indirectly caused by or arising out of or in consequence of** from:

- 4.D.3.1** ~~the toxic, explosive, or other hazardous properties of, or the emission of ionising radiations from~~ **or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel;**
- 4.D.3.2** **the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof;**
- 4.D.3.3** ~~any weapon of war employing atomic or nuclear or thermo-nuclear fission and/or fusion or other like reaction or radioactive force or matter. whether such weapon be offensive or defensive and whether or not it is being utilised in the course of hostilities or warlike operations.~~
- 4.D.3.4** **PROVIDED ALWAYS that this exclusion shall not apply to any claim under Rule 2 Part D in respect of losses, liabilities, costs or expenses arising out of or in consequence of the emission of ionising radiations from, or the toxic, explosive or other hazardous properties of, “excepted matter”, as defined under the Nuclear Installations Act 1965 or any regulations made thereunder, being carried as cargo in the entered ship.**

Insert new Rule 4.D.4:

4.D.4 Exclusion of Five Powers War Risks

The Association shall not be liable for any losses, liabilities, costs or expenses arising from the outbreak of war (whether there be a declaration of war or not) between any of the following countries:

the United Kingdom, the United States of America, France, the Russian Federation, the People’s Republic of China.

[Rules 4.D.3 and 4.D.4, replace previous Rule 4.C. This is to unify the provisions relating to nuclear risks (which are currently contained partly in the Rules and partly in endorsements on each Certificate of Entry) and also to incorporate in the Rules the “Five Powers” exclusion which is also currently an endorsement.]

Renumber existing Rules 4.E.4 and 4.E.5 to become 4.D.5 and 4.D.6 respectively.

Insert new Rule 4.D.7:

4.D.7 Notice of Cancellation and Automatic Termination of Cover

- 4.D.7.1** **Cover provided by Rule 2 Parts B, C, D, E and F, by Rule 3 and by reason of an entered ship being accepted under Rule 4.A.2 may be cancelled by the Association giving seven days’ notice (such cancellation becoming effective on the expiry of seven days from midnight of the day on which notice of cancellation is issued by the Association). Cover will, however, be reinstated subject to agreement between the Association and the Insured Owner prior to the expiry of such notice of cancellation as to new rates of premium/contribution and/or conditions and/or warranties.**
- 4.D.7.2** **Whether or not notice of cancellation has been given under Rule 4.D.7.1, cover provided by Rule 2 Parts B, C, D, E and F, by Rule 3 and by reason of an entered ship being accepted under Rule 4.A.2 shall terminate automatically:**
- 4.D.7.2.1** **upon the outbreak of war (whether there be a declaration of war or not) between any of the following countries:
the United Kingdom, the United States of America, France, the Russian Federation, the People’s Republic of China;**

4.D.7.2.2 in respect of an entered ship, in the event of such ship being requisitioned whether for title or use.

4.D.7.3 Cover provided by Rule 2 Parts B, C, D, E and F, by Rule 3 and by reason of an entered ship being accepted under Rule 4.A.2 shall not become effective if, subsequent to acceptance by the Association and prior to the intended time of attachment of risk, there has occurred any event which would have automatically terminated cover under the provisions of Rule 4.D.7.2.

[This new Rule is proposed to bring into the Rules the notice of cancellation and automatic termination of cover clause which is currently contained in an endorsement.]

Amend title of Rule 11:

RULE 11 SPECIAL POWERS ~~INSURED VALUES~~

Delete Rule 11.1 and renumber remaining paragraphs of Rule 11.

[See explanation re amendments to Rule 1.]

RULE 12 REINSURANCE

12.1 The Committee may, in its discretion, accept applications for reinsurance (other than for Queen's Enemy Risks which are reinsured by the Secretary of State) by the Association of any ship or other interest insured by another insurer against War Risks. If such an application should be accepted, each ship so reinsured shall be deemed for all the purposes of these Rules to be an entered ship. **In the absence of written agreement to the contrary** the insurer of such entered ship shall (subject to the provisions of Rule 13.2) have the same rights and be under the same obligations for all the purposes of these Rules as though he were the Insured Owner of the entered ship.

[This small amendment aims to afford greater flexibility regarding the acceptance of reinsurance.]

RULE 16 VARIATION OF CONTRACT

16.2 If the Managers shall have given notice not later than noon G.M.T. on the 20th January in any policy year that for the next ensuing policy year they require some change to be made in the terms or conditions of entry, including, but not limited to, the application of a deductible to claims arising under the cover afforded by Rule 2 Parts B, C, D or E, ~~or by~~ **by Rule 4.A.2** or any one or more or any part of them, unless the claim results from an actual total loss or a constructive total loss, then the insurance of the entered ship for the next ensuing policy year shall continue upon the existing terms varied in accordance with the terms of the said notice, unless the Insured Owner shall notify the Managers in writing before noon G.M.T. on the 20th February next following the date of the said notice that he is not willing to accept such terms, whereupon the insurance of the entered ship shall cease at the end of the policy year during which the said notice was given by the Managers.

[For consistency.]

APPENDIX B

Provisions applicable to the insurance afforded by the Association under Rule 2 Parts A and B

Terms as to the Measure of Indemnity or Otherwise Affecting the Recoverability of Loss

B.2 General Average and Salvage

B.2.5 Claims for salvage, salvage charges and general average, when recoverable hereunder, are payable in full if the entered ship liable to contribution is insured **under Rule 2** for her full **contributory insured** value. If the entered ship is not insured **under Rule 2** for her full **contributory insured** value or if only a part or percentage thereof is insured, the sum recoverable from the Association shall be reduced in proportion to the under insurance.

[For clarity and to correct a mistake in the existing Rules.]

APPENDIX C

Provisions Applicable to the Insurance afforded by the Association under Rule 3 Terms as to the Measure of Indemnity or Otherwise Affecting the Recoverability of Loss

C.1 Maximum Liability and Measure of Loss

C.1.1 The maximum liability of the Association in respect of any claim for loss of freight, disbursements ~~and/or premiums~~, increased value, **premiums** and/or other interests shall be an amount equivalent to the sum insured.

[For consistency.]

C.1.2 In relation to a claim which does not result from the total loss (either actual or constructive) of the entered ship, the liability of the Association shall, subject to the provisions of Paragraph C.1.1, be limited to the amount of the freight, ~~disbursements, increased values and/or other interests~~ which, as a result of the incident giving rise to the claim, is not recoverable by the Insured Owner under a contract existing at the date of such incident ~~or which the Insured Owner has paid or lost as a result of such incident.~~

[To make it clear that it is only in respect of loss of freight that a claim can be made under Rule 3 when a ship is not an actual or constructive total loss.]

C.3 General Average and Salvage

C.3.1 The insurance under Rule 3 covers, on the terms set out below, the proportion of salvage, salvage charges and/or general average attaching to:

C.3.1.1 the freight at risk;

C.3.1.2 ~~in respect of the entered ship,~~ **to the extent that such proportion is not recoverable under Rule 2 Part B by reason of the Insured Value of the entered ship under Rule 2 Part B being less than her full contributory value;**

and in the case of general average sacrifice of the entered ship, the Insured Owner may recover the whole of the loss without first enforcing his rights of contribution from other parties.

C.3.5 Claims for salvage, salvage charges and general average, when recoverable hereunder, are payable in full if the sum insured in respect of ~~freight the entered ship~~ is not less than the full contributory value **of such freight**. If the sum insured is less than the full contributory value **of such freight** the sum recoverable from the Association shall be reduced in proportion to the under insurance.

[It is proposed that paragraphs C.3.1 and C.3.5 be amended to make it clear that general average and salvage contributions are recoverable in respect of both freight at risk and any shortfall between a ship's insured value under Rule 2 Part B and her contributory value.]

All references in any other paragraphs of the Rules to Rules which will, by the above proposed amendments, be renumbered will be amended to reflect the new rule numbers.

By Order of the Committee,
A. BILBROUGH & CO. LTD.
(Managers)

17th January 1997