



THE LONDON

STEAM-SHIP OWNERS'
MUTUAL INSURANCE ASSOCIATION LIMITED

All correspondence should be addressed to the Managers

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19 January 2004

TO ALL WAR RISKS MEMBERS

www.lssso.com

Dear Sirs,

WAR RISKS RENEWALS – POLICY YEAR 2004/2005

1. Advance Contribution Rates

Members are advised that the Advance Contribution Rates have been set at the following rates:

- (a) Cruise vessels British Flag 0.050%;
- (b) Cruise vessels Flagged out 0.055%;
- (c) All other vessels types British Flag 0.0115%;
- (d) All other vessels types Flagged out 0.0126%;
- (e) Rates for restricted trading and/or laid-up vessels limited to not less than 50% of the above.

2. Limits of Liability

The following limits shall apply for the year commencing 20 February 2004:

- (a) For all Rule 2 and Rule 3 interests up to GBP325,000,000 or USD500,000,000 each vessel; and
- (b) Separately and independently in respect of Liability risks up to GBP325,000,000 or USD500,000,000 each vessel.

Limits in other currencies at rates of exchange fixed as at Noon 20 February 2004.

3. Additional Premium Areas

The current Additional Premium Areas, which are set out below, will continue to apply until further notice:

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| (a) Persian or Arabian Gulf and adjacent water including the Gulf of Oman North of 24 degrees North. | (j) Sri Lanka. |
| (b) Angola (Including Cabinda). | (k) Sierra Leone. |
| (c) Israel. | (l) Gulf of Aqaba and the Red Sea. |
| (d) Lebanon. | (m) Republic of Yemen. |
| (e) Libya (including Gulf of Sidra/Syrte). | (n) Pakistan. |
| (f) Eritrea. | (o) Oman. |
| (g) Somalia. | (p) Syria. |
| (h) Congo, Democratic Republic of (formerly Zaire). | (q) Algeria. |
| (i) Liberia. | (r) Egypt (including Suez Canal). |
| | (s) Indonesia excluding transiting vessels. |
| | (t) Ivory Coast. |
| | (u) Nigeria and the Bakassi Peninsula. |

Trading to these areas must be notified before the date of entry into the area. During the currency of the Policy Year, indications or quotations for rates of additional premiums may be obtained from the Association.

4. Insured Values

Members are reminded, particularly in the current market environment, that they should check to ensure that any alterations to the insured values have been notified to the Association. The maximum amount for which any one ship, or the interests therein, may be insured by the Association, being the total of the value insured by Hull and Machinery (Rule 2(B)) and Freight, Disbursements, Premiums, Increased Values and/or Other Interests (Rule 3) will be GBP350,000,000 or USD500,000,000 or the equivalent in the currency of the Insured Value exchanged at the fixed rate with effect from the commencement of the Policy Year.

It should be borne in mind that under the terms of the Reinsurance Agreement between this Association and Her Majesty's Government, the Insured Value for Queen's Enemy Risks purposes (Rule 2(A)) will usually be the total loss value under Members' marine policies.

5. Port of Registry

Members are also reminded that they should advise the Managers of any change of port of registry.

6. Changes in Terms and Rules

In common with other War Risks Insurers, the Association has had imposed on it, by reinsurers, additional exclusions in relation to radioactive contamination and losses caused as a result of the use of chemical, bio-chemical and electromagnetic weapons, as well as computer viruses. These exclusions are reflected in the cover given to Members for the 2003/4 Policy Year by means of endorsements to Certificates of Entry, and are included in Rule Changes set out in the Notice of the 28 January 2004 Class Meeting. For the 2004/5 Policy Year reinsurers are imposing an additional term so as clearly to exclude risks arising from the use of biological weapons. That same additional term will apply to cover given to Members by the Association, either as a result of endorsements to Certificates of Entry, or by the proposal of an additional Rule Change at the Class Meeting.

7. Athens Olympic Games 2004

Reinsurers are also requiring declarations of and special terms to apply to vessels that will be employed as accommodation ships in and around Athens during the period of the Olympic Games and associated sporting events, together with any ferries or cruise ships that may call at Athens during this period. These requirements will therefore apply also in respect of the cover given by the Association to Members. Any member with a vessel which may be so employed is requested urgently to contact the Association.

Yours faithfully
A BILBROUGH & CO LTD
(MANAGERS)