



THE LONDON
STEAM-SHIP OWNERS'
MUTUAL INSURANCE ASSOCIATION LIMITED

All correspondence should be addressed to the Managers

A. BILBROUGH & CO. LTD
50 Leman Street London E1 8HQ
Telephone: 020 7772 8000
Facsimile: 020 7772 8200
E-mail: london@a-bilbrough.com
www.lso.com

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 12.10 p.m. on WEDNESDAY, 31st JANUARY 2007, or as soon thereafter as the meeting of Class 5 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 2007.

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

RULE 1

INTRODUCTORY

- 1.1** The cover afforded by this Class of the Association in respect of an Entered Ship consists of the following:
- 1.1.1** Under Rule 2:
- Part A ~~Queen's Enemy Risks~~ **Applying to British Ships and other Ships to which Rule 4.A.1 applies;**
 - Part B Insurance of Hull, Machinery, etc. (~~Non-Queen's Enemy Risks~~ **Applying to all Ships**);
 - Part C Detention or Diversion Expenses;
 - Part D Protection and Indemnity Risks;
 - Part E Sue and Labour;
 - Part F Discretionary Claims.
- 1.1.2** Under Rule 3:
Loss of freight, disbursements and/or increased value, premiums and/or other interests.
- 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 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 for total loss under marine policies, unless, and for as long as, any of the provisions of Rule 11 shall apply.

- 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 by this Class of the Association is the amount for which she is insured for total loss 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 this Class of the Association, that part or percentage shall be stated as such in the Certificate of Entry.
- 1.4 For all the purposes of Rule 3, Appendix C, and the other provisions of the Rules which relate thereto, the Sum Insured 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 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.
- 1.5 Subject to Rule 1.5.1, the risks insured by this Class of the Association are only such risks as are set out in Rules 2 and 3.
 - 1.5.1 The Managers may in any particular case agree in writing with an Insured Owner that the risks insured and/or the cover for his ship shall be modified so that the risks are and/or the cover is less but never more extensive than is provided for in these Rules.
- 1.6 The risks specified in Rules 2 and 3 are always subject to the warranties, conditions, exceptions, limitations and other terms set out in Rule 4 and elsewhere in these Rules.
- 1.7 The cover afforded by this Class of the Association is subject to the provisions relating to the service of a General Premium Notice set out in Rule 5. Such Rule provides for the modification or termination of cover upon the service of a General Premium Notice. Appendix A contains provisions as regards the assessment and payment of Contributions and Q.E.R. Premiums following the service of a General Premium Notice and also provisions for the reinstatement of cover.
- 1.8 Rule 2 Part A (~~the Queen's Enemy Risks~~) and Rule 2 Part B (insurance of hull, machinery, etc. (~~non-Queen's Enemy Risks~~)) incorporate the terms as to the measure of indemnity or otherwise affecting the recoverability of losses which are set out in Appendix B.
- 1.9 Rule 3 (freight, disbursements and/or increased value, premiums and/or other interests) incorporates similar terms as to the recoverability of losses which are set out in Appendix C.
- 1.10 An Insured Owner is only insured against losses, liabilities, costs or expenses which arise out of events occurring during the period of entry of a ship in this Class of the Association.

[Explanation: The proposed changes reflect the recent deliberations and conclusions of the Combined Group of War Risks Associations (CGWRA) involving terminology used in the headings of Rule 2 Parts A and B, and aims to clarify the scope of the cover provided.]

RULE 2

**PART A QUEEN'S ENEMY RISKS
APPLYING TO BRITISH SHIPS AND OTHER SHIPS
TO WHICH RULE 4.A.1 APPLIES**

[Explanation: The proposed change reflects the recent deliberations and conclusions of the CGWRA involving the terminology used in the heading of the Rule and aims to clarify the scope of the cover provided.]

RULE 2

**PART B INSURANCE OF HULL, MACHINERY, ETC.
(Non-Queen's Enemy Risks Applying to all ships)**

[Explanation: The proposed change reflects the recent deliberations and conclusions of the CGWRA involving the terminology used in the heading of the Rule and aims to clarify the scope of the cover provided.]

RULE 3

**FREIGHT, DISBURSEMENTS AND/OR INCREASED
VALUE, PREMIUMS AND/OR OTHER INTERESTS**

- 3.1** An Insured Owner who has entered his ship for insurance under Rule 3 is insured against loss of freight, disbursements and/or increased value, premiums and/or other interests when the loss has been caused by any of the following risks:
- 3.1.1** war, civil war, revolution, rebellion, insurrection, or civil strife arising therefrom, or any hostile act by or against a belligerent power;
 - 3.1.2** capture, seizure, arrest, restraint or detention, and the consequences thereof or any attempt thereat;
 - 3.1.3** mines, torpedoes, bombs or other weapons of war including derelict mines, torpedoes, bombs or other derelict weapons of war;
 - 3.1.4** strikers, locked-out workmen or persons taking part in labour disturbances, riots or civil commotions;
 - 3.1.5** any terrorist or any person acting maliciously or from a political motive;
 - 3.1.6** piracy or violent theft by persons coming from outside the Entered Ship;
 - 3.1.7** confiscation or expropriation.
- 3.2** PROVIDED ALWAYS that:
- 3.2.1** ~~there shall be excluded from the risks insured under Rule 3 any risks which arise out of war or other hostilities involving the United Kingdom or threat of such war or other hostilities;~~
 - 3.2.21** there shall be no insurance under Rule 3 for any losses, liabilities, costs or expenses for which an Insured Owner is insured under Rule 2 Part A.

[Explanation: The proposed change has been implemented by the CGWRA to address a historical anomaly under the Rule excluding cover of risks arising out of war or other hostilities involving the United Kingdom.]

APPENDIX "D"

Protection and indemnity liabilities, costs and expenses insured

Notes:

- (i) For the general provisions applicable to this cover - see Rule 2 Part D.
- (ii) For the warranties, conditions, exceptions, limitations and other terms applicable to this cover - see Rule 4 and the other provisions set out in these Rules.

D.1 Loss of Life, Personal Injury, Illness

D.1.1 Liability of the Insured Owner to pay damages or compensation for loss of life of, personal injury to or illness of:

D.1.1.1 any person in or on board or near the Entered Ship;

D.1.1.2 any Master, seaman or member of the crew of the Entered Ship or other person employed thereon while in or on board or near the Entered Ship and while proceeding to or from the Entered Ship;

D.1.1.3 any person employed in relation to the handling of the cargo of the Entered Ship from the time of receipt for shipment on the quay or wharf until final delivery from the quay or wharf at the port of discharge;

D.1.1.4 any person injured or killed by reason of a collision or contact involving the Entered Ship.

D.1.2 Whenever the Insured Owner incurs a liability as specified in Paragraphs D.1.1.1 to D.1.1.4 for which the Association is liable hereunder, the Insured Owner shall also be entitled to recover:

D.1.2.1 any hospital, medical, funeral or other expenses for which the Insured Owner may be liable and which the Insured Owner may incur in connection with such loss of life, personal injury or illness;

D.1.2.2 any expenses of maintaining the injured or ill person ashore or afloat or repatriating such person;

D.1.2.3 any expenses of putting into port, when incurred to land the injured or ill person;

D.1.2.4 any expenses necessarily incurred in sending abroad substitutes or in securing, engaging, repatriating or deporting a substitute engaged abroad to replace any person so killed, injured or ill.

D.1.2.5 PROVIDED ALWAYS that:

the expenses referred to in Paragraphs D.1.2.1 to D.1.2.4 shall not include wages, which shall be recoverable hereunder as follows:

D.1.2.5.1 wages paid to an injured or ill person for any period while he is undergoing medical or hospital treatment abroad, or while he is being repatriated;

D.1.2.5.2 wages paid to substitutes (as referred to in Paragraph D.1.2.4) engaged abroad, but only while awaiting and during repatriation.

D.2 Wages and Expenses Consequent Upon Shipwreck or Actual or Constructive Total Loss

Liability of the Insured Owner for the following wages and expenses when consequent upon shipwreck or actual or constructive total loss of the Entered Ship:

D.2.1 any expenses of repatriating the master, seaman, members of the crew of or other persons carried on board the Entered Ship;

D.2.2 any wages payable to the master, seamen or members of the crew of the Entered Ship during unemployment consequent upon such shipwreck or actual or constructive total loss of the Entered Ship.

D.3 Loss of Seamen's Effects

Any sums which the Insured Owner may be liable to pay to the master, seamen or members of the crew of an Entered Ship in respect of the loss of their effects.

D.4 Captured or Detained Crew

D.4.1 Payments made in respect of members of the crew of an Entered Ship who are captured or detained, provided that such payments are made in accordance with Agreements approved by the Department of Transport of the United Kingdom or any other successor department or body, or any statutory obligation.

D.4.2 Payments made to dependents of members of the crew of an Entered Ship who are detained in circumstances which the Committee in its

discretion considers would have given rise to a claim under Rules 2.C.1.1 or 2.C.1.3 had the Entered Ship been detained. The amount recoverable shall be assessed by the Committee whose decision shall in all respects be final.

D.5 Collision with Another Ship

D.5.1 If the Entered Ship shall come into collision with any other ship, any liability for loss, liability, cost or expense which arises out of the collision and which is incurred by the Insured Owner for any of the following:

D.5.1.1 loss of or damage to such other ship or property thereon;

D.5.1.2 delay to or loss of use of such other ship or property thereon;

D.5.1.3 general average, salvage of, or salvage under contract of, any other ship or property thereon;

D.5.1.4 removal or disposal of obstructions, wrecks, cargoes or any other thing whatsoever;

D.5.1.5 any real or personal property or any thing whatsoever (except other ships or property on other ships);

D.5.1.6 the cargo or other property on the Entered Ship, or general average contributions, special charges or salvage paid by the owners of that cargo or property;

D.5.1.7 loss of life, personal injury or illness;

~~**D.5.1.8** pollution or contamination of any real or personal property or thing whatsoever (except other ships with which the Entered Ship is in collision or property on such other ship).~~

D.5.2 PROVIDED ALWAYS that:

the Association's liability under Paragraph D.5 shall be only for such collision liability as falls within one or more of the following heads, namely:

D.5.2.1 it would have been recoverable under the Institute Time Clauses - Hulls (edition of 1.10.83 or any subsequent edition or amendment thereof current at the date of the casualty) or, as the case may be, the Institute Time Clauses - Freight (edition of 1.8.89 or any subsequent edition or amendment thereof current at the date of the casualty) had the ship been insured on such terms, but for the War Exclusions Clause, the Strikes Exclusion Clause, or the Malicious Acts Exclusion Clause inserted therein;

D.5.2.2 it would have been recoverable under the Rules of Class 5 of the Association had the Entered Ship been entered therein, but for Rule 15 of the Rules of such Class.

This Proviso is in substitution for the proviso to Rule 2.D.1.

D.5.3 The Association shall not be liable under Paragraph D.5 for any collision liability recoverable by the Insured Owner under Rule 2 Part A.

D.6 Damage to Fixed and Floating Objects

Liability of the Insured Owner for loss of or damage to any harbour, dock, pier, jetty, land, water or any fixed or moveable thing whatsoever (not being another ship or any property thereon) ~~and including liability for oil or other pollution caused by oil or other matter escaping from an Entered Ship.~~

D.7 Damage to Vessels otherwise than by Collision

Liability of the Insured Owner for loss of or damage to any other ship or any property thereon, and costs and expenses incidental thereto, occasioned otherwise than by collision with the Entered Ship.

D.8 Wreck Removal

Liability of the Insured Owner for costs and expenses of or incidental to the raising, removal, destruction, lighting or marking of the wreck of an Entered Ship.

PROVIDED ALWAYS that:

- D.8.1** the value of all stores and materials saved, as well as of the wreck itself, shall first be deducted from such costs, charges and expenses, and only the balance thereof, if any, shall be recoverable from this Class of the Association;
- D.8.2** nothing shall be recoverable from this Class of the Association under Paragraph D.8 if the Insured Owner shall, without the consent of the Managers in writing, have transferred his interest in the wreck, otherwise than by abandonment, prior to the raising, removal, destruction, lighting or marking of the wreck;
- D.8.3** no liabilities or expenses shall be recoverable from this Class of the Association under Paragraph D.8 if and to the extent that the casualty giving rise to the wreck of the Entered Ship was caused by any of the Queen's Enemy Risks.
- D.9 Pollution**
- D.9.1 Losses, liabilities, costs or expenses of the Insured Owner arising from any escape of or discharge of or threatened escape of or discharge of oil or of any substance.**

Renumber existing paragraphs D.9, D.10, D.11 and D.12 to D.10, D.11, D.12 and D.13 respectively.

[Explanation: The proposed changes reflect the CGWRA's agreement to consolidate the provisions concerning pollution risks within one new Appendix D.9.]

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

18 December 2006