

5 February 2008

TO ALL WAR RISKS MEMBERS

Dear Sirs

WAR RISKS RENEWALS – POLICY YEAR 2008/09

I. Advance Contribution Rates

Members are advised that Advance Contributions have been set at the following rates. The rate applicable to risks covered under Rule 3 will be 50% of the Rate applicable to risks covered under Rule 2.

- | | | |
|-----|---|---------|
| (A) | All vessels (except cruise ships) British Flag – Rule 2 - | 0.0064% |
| (B) | All vessels (except cruise ships) British Flag – Rule 3 - | 0.0032% |
| (C) | All vessels (except cruise ships) Flagged out – Rule 2 - | 0.0071% |
| (D) | All vessels (except cruise ships) Flagged out – Rule 3 - | 0.0036% |

Rates for restricted trading and/or laid-up vessels limited to not less than 50% of the above.

The Estimated Supplementary Contribution is Zero.

A 50% reduction will be granted for ships trading exclusively in one of the following areas:

- (i) Europe (not south of Gibraltar and excluding Mediterranean and Black Sea);
- (ii) USA and Canada (excluding Panama Canal transits);
- (iii) Australasia.

Extensions to trading outside of any of these areas will be covered on the basis of a minimum period of three months.

The Association does not underwrite cruise ships, but in view of the additional risk which they present, Members may find it of interest to know that if they were to be accepted into the Class, the Rates which they would pay are:

- (a) British Flag – Rule 2 - 0.0283%
- (b) British Flag – Rule 3 - 0.0142%
- (c) Flagged out – Rule 2 - 0.0314%
- (d) Flagged out – Rule 3 - 0.0157%

2. Insured Values and Sums Insured

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 GBP390,000,000 or USD600,000,000 or the equivalent in the currency of the Insured Value exchanged at the fixed rate with effect from the commencement of the Policy Year. Members are reminded that, particularly in the current market environment, they should check to ensure that any alterations to the insured values have been notified to the Association.

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.

3. Protection and Indemnity Cover (Rule 2 Part D)

The limit of liability for claims under Rule 2 Part D will be GBP325,000,000 each ship any one accident or series of accidents arising out of one event, or USD500,000,000 if that is the currency of the ship's insured value and any sum insured.

4. Additional Premium Areas

In accordance with the Association's Rule 19.3 (Class 7 War Risks), the following shall continue to be additional premium areas with effect from 00:01 hours GMT on 20 February 2008:

Africa

Djibouti

Ivory Coast

Nigeria including Terminals

Somalia and Somalia Transits

[Gulf of Aden - waters west of Ras Asir up to a distance of 50 nautical miles from the coast of Somalia, but excluding the territorial waters of other countries; Indian Ocean - waters south of Ras Asir up to a distance of 200 nautical miles from the coast of Somalia, but excluding the territorial waters of other countries; Yemen - waters up to a distance of 50 nautical miles from the islands of the Socotra Archipelago, but excluding the territorial waters of other countries.]

Asia

Sri Lanka

Thailand, southern Gulf coast of, between and including Songkhla and Narathiwat

Indonesia/Malaysia

Ambon (Seram)

Balikpapan (SE Borneo)

Borneo, north east coast of, between and including Kudat and Tarakan

Jakarta

Sumatra (Sumatra), but only the North Eastern coast between 5°40' N and 0°48' N

Poso (Sulawesi)

Middle East

Iraq

Israel

Lebanon

Saudi Arabia

Yemen

Philippines

Mindanao, southern coast of, between and including Polloc Harbour and Mati

Sulu Archipelago including Jolo

[From Tanjung Bidadari (5°49' 6N, 118°21' 0E) along the east coast of Sabah to Tanjung Bagahak Light (4°56' 5N, 118°38' 3E); thence south-eastwards to Pulau Matakang Light (4°34' 6N, 118°57' 0E); thence southwards to position 3°32' 0N, 118°57' 0E; thence north-eastwards to position 5°50' 0N, 122°31' 0E; thence northwards to position 7°06' 6N, 122°31' 0E; thence westwards to Batorampon Point Light (7°06' 6N, 121°53' 8E); thence west-south-westwards to Tanjung Bidadari.]

Specific ports, places and coasts should be understood to include harbours, offshore installations and adjacent waters up to 12 miles offshore unless otherwise agreed.

5. Port of Registry

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

Yours faithfully
A BILBROUGH & CO LTD
(MANAGERS)