

8 February 2012

## TO ALL WAR RISKS MEMBERS

Dear Sirs

### WAR RISKS RENEWALS – POLICY YEAR 2012/13

#### 1. 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 - | 0.0075% |
| (B) All vessels (except cruise ships) British Flag – Rule 3 - | 0.0038% |
| (C) All vessels (except cruise ships) Flagged out – Rule 2 -  | 0.0083% |
| (D) All vessels (except cruise ships) Flagged out – Rule 3 -  | 0.0042% |

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 - 0.0338%
- (b) British Flag – Rule 3 - 0.0169%
- (c) Flagged out – Rule 2 - 0.0375%
- (d) Flagged out – Rule 3 - 0.0188%

#### 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 USD630,000,000 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 additional premium areas with effect from 00:01 hours GMT on 20 February 2012 are shown in the attached schedule.

**5. Best Management Practices to Deter Piracy**

The London P&I Club strongly recommends that all Members implement and adopt the Best Management Practices to Deter Piracy in the Gulf of Aden & relevant parts of Indian Ocean, including the registering requirements specified. These practices have been developed by industry and naval forces and should be particularly useful in the preparation of ships' anti-piracy contingency plans. The August 2011 version of the Best Management Practices document is available on The London Club web site: <http://www.londonpandi.com/war-risks/>

**6. Sanctions**

The Rules of the 2012/13 Policy Year incorporate the Sanctions Limitation and Exclusion provisions broadly as identified within the Association's Circular of 14 January 2011. The full text is attached. An Insured Owner's insurance may be prejudiced in the event that the Entered Ship is employed in a manner that has or will expose the Association to the risk of sanctions which the Committee in its sole discretion determines may materially affect the Association in any way whatsoever.

In addition, liabilities, costs and expenses that are not recovered under the pooling and/or reinsurance arrangements of the Class by reason of the fact that payment of such claims would expose the other parties to the Pool and/or reinsurers to sanctions are excluded unless the Committee in its sole discretion determines otherwise.

The Association strongly recommends that Members comply with the provisions of the relevant sanctions regimes in order to minimise the risk of their cover being prejudiced or being unable to make a recovery. Compliance will inevitably involve the exercise of due diligence by the Member in relation to any trading involving Iran or other sanctioned countries or with certain designated individuals or companies. Members are referred to the information and advice which has recently been added to the Association's website, [www.londonpandi.com/sanctions/](http://www.londonpandi.com/sanctions/)

**7. 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)

## **The Additional Premium Areas in force at 00:01 hours GMT on 1 January 2012:**

### **Africa**

Benin

Djibouti

Eritrea, but only south of 15°N

Gulf of Guinea, but only in respect of the area enclosed by:

- 1 on the northern side the coast of Benin and Nigeria
- 2 on the western side a straight line from the border, on the coast, of Benin and Togo to position latitude 3°N, longitude 1°38'E
- 3 on the southern side a straight line from there to position latitude 3°N, longitude 8°E
- 4 on the eastern side a straight line from there to latitude 4°N, longitude 8°31'E and then from there to the border, on the coast, of Nigeria and Cameroon.

Libya

Nigeria

Somalia

### **Indonesia/Malaysia**

Balikpapan (SE Borneo)

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

Jakarta

Sumatera (Sumatra), but only the north eastern coast between 5°40'N and 0°48'N

### **Middle East**

Iran

Iraq

Israel

Lebanon

Saudi Arabia

Syria

Yemen

### **Philippines**

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.]

### **South America**

Venezuela

### **Indian Ocean/Arabian Sea/Gulf of Aden/Gulf of Oman/Southern Red Sea**

- (a) On the north-west, by the Red Sea, south of latitude 15°N
- (b) on the west of the Gulf of Oman by longitude 58°E
- (c) on the east, longitude 78°E
- (d) and on the south, latitude 12°S.

Excepting coastal waters of adjoining territories up to 12 nautical miles offshore unless otherwise provided.

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

## **Extract from the Rules for the 2011/12 Policy Year:**

### **4.E.15 Sanctions Limitation and Exclusion**

- 4.E.15.1 There shall be no recovery by an Insured Owner for any losses, liabilities, costs and expenses where the provision of cover or any payment in respect thereof exposes or may expose the Association or the Managers to being or becoming or to the risk of being or becoming subject to any sanction, prohibition or adverse action in any form whatsoever by any state, international organisation or other authority which sanction, prohibition or adverse action the Committee in its sole discretion determines may materially affect the Association in any way whatsoever.
- 4.E.15.2 Unless the Committee in its sole discretion determines otherwise, an Insured Owner shall not be entitled to recovery in respect of that part of any losses, liabilities, costs and expenses which is not recovered by the Association either under any reinsurance(s) arranged by the Association or under any pooling agreement in respect of this Class entered into by the Association because of a shortfall in recovery from reinsurers or other pool members by reason of a sanction, prohibition or adverse action against such reinsurers, pool members or the insurers of such pool members by a state, international organisation or other authority or the risk thereof if payment were to be made by such reinsurers, pool members or the insurers of such pool members. For the purposes of this Rule 4.E.15.2, "shortfall" includes any failure or delay in recovery by the Association by reason of the reinsurers, pool members or insurers of pool members making payment into a designated account in compliance with the requirements of any state, international organisation or other authority. The provisions of this Rule 4.E.15.2 shall cease to apply in respect of any shortfall to the extent the same is subsequently recovered by the Association under any reinsurance(s) arranged by the Association or under any pooling agreement in respect of this Class entered into by the Association.