

No. 3 - War Risks - Charterers' Comprehensive Cover

July 2002

Dear Sirs

WAR RISKS - CHARTERERS' COMPREHENSIVE COVER

Following an announcement towards the end of 2001 by the Club's reinsurers of charterers' risks that they were not in a position to provide reinsurance of charterers war risks under Rule 3A(3), such cover has not been available to Members since 20 February 2002.

The reinsurers have recently advised that they are now able to provide reinsurance for charterers war risks, but on a more limited basis than in the 2001/2002 policy year.

Accordingly, war risk cover will be available to charterers in the terms of the attached bye law with effect from 8 August 2002.

The Excluded Areas referred to in paragraph 7 of the bye law are listed below, but for the time being no additional premium will be charged and no notice from Members to the Managers of a voyage or deviation to an Excluded Area will be required.

Persian or Arabian Gulf and adjacent waters including the Gulf of Oman North of 24°N.

Angola (including Cabinda)

Israel

Lebanon

Libya (including Gulf of Sidre/Sirte)

Eritrea

Somalia

Congo, Democratic Republic of (formerly Zaire)

Liberia

Sri Lanka

Sierra Leone

Gulf of Aqaba and the Red Sea

Republic of Yemen

Pakistan

Oman

Syria

Algeria

Egypt

Indian ports North of 18°N, West of 73°E

Yours faithfully

**The West of England Ship Owners
Insurance Services Limited**

BYE LAW

WAR RISKS - CHARTERERS' COMPREHENSIVE COVER

With effect from noon GMT on 8 August 2002 a Member may be covered in respect of liabilities, losses, costs and expenses incurred as a charterer and covered under Rule 2 and under Rule 3A for which cover would otherwise be excluded by Rule 14, provided that :-

1. cover against such liabilities, losses, costs and expenses may be terminated by the Association on 7 days' notice;
2. there is no cover for liabilities, losses, costs and expenses arising otherwise than from the operation, ownership, management or chartering of a vessel, or in respect of cargo otherwise than in the ordinary course of transit as provided for in the Joint Cargo Committee Termination of Transit Clause (Terrorism) JC 2001/056;
3. there is no cover in respect of the risks set out in clause 5 of the Institute War and Strike Clauses, Hulls-Voyage 1/11/95, and
4. such cover shall terminate automatically in the circumstances and manner described in clause 6.2 of the Institute War and Strike Clauses, Hulls-Voyage 1/11/95.
5. without prejudice to its general limit of liability under Rule 3A, the Association's liability under such cover in respect of all parties insured in respect of one vessel shall not exceed in the aggregate the amount of US\$100,000,000 inclusive of interest and costs. For the purposes of this proviso, claims in respect of loss of or damage to cargo on the same cargo carrying voyage (including claims in respect of cargo's contribution to general average payable by the Member solely by reason of a breach of the contract of carriage) shall be deemed to have arisen out of the same incident and that incident shall be deemed to have occurred at the earliest of:-
 - i. the first place of discharge or port at which such loss or damage was ascertained and at the time of such ascertainment; and
 - ii. if such loss or damage was ascertained after discharge of the cargo from the insured vessel, at the time and place of discharge; and
 - iii. where the Member sold the insured vessel (or otherwise disposed of the interest in the insured vessel in respect of which he has been insured) during the cargo carrying voyage, at the time when last entry for the insured vessel terminated and at the place where the insured vessel was at that time,

and a reference in this proviso to a cargo carrying voyage shall include, in cases where cargo is carried under a contract for carriage partly in the insured vessel and partly by other means of transport, the entire through or combined transport of that cargo under that contract.

6. in respect of such cover, the Member warrants to the Association that the insured vessel is chartered on terms not less favourable to the Member than the following:
 - a. owners may decline any orders sending the vessel to any place which is dangerous through war risks (as

defined in clauses 1.1 to 1.3 of the Institute War and Strike Clause Hulls-Voyage 1/11/95);

- b. owners may insure their own interests against such war risks; and
- c. the Member is to reimburse any premium paid by owners for insurance against such war risks, and the Member shall further use his best endeavours to procure a term of the charterparty that he is not liable for any loss, damage or expense which is or which could be covered by available war risks insurance on normal commercial terms.

- 7. In the event of an entered vessel sailing for, deviating towards, or being within the territorial waters of any countries or places described in the Excluded Areas as the Association may from time to time notify (including any port area that at the date of this notice constitutes part of such a country or place howsoever it may hereafter be described), additional premium shall be paid at the discretion of the Club's Managers. Information of such voyage or deviation shall be given to the Managers as soon as practicable, but the absence of prior notice shall not affect the reinstatement of cover subject to the payment of additional premium to be agreed.
- 8. In the event of the Member not requiring continuation of such cover for an entered vessel proceeding into or remaining in an excluded area, they shall so advise the Managers before the commencement of such voyage, deviation or period and Rule 14 shall apply. Such cover shall be reinstated once such an entered vessel leaves an Excluded Area.