

Notices to Members

## **No. 6 - Excess War Risks P&I Cover 2003/2004 (Chemical, Bio-chemical Buy-back Protection)**

May 2003

Dear Sirs

## **EXCESS WAR RISKS P&I COVER 2003/2004 (CHEMICAL, BIO-CHEMICAL BUY-BACK PROTECTION)**

We refer to our Notice to Members No. 4 2003/2004 dated April 2003

At their meeting on 7 May, the Board resolved to amend the terms of the resolution made at its meeting on 5 February, so that the Board can determine to pay one or more Members up to USD 60 million in the aggregate for claims in respect of liabilities, loss, cost or expense which would otherwise be excluded by the **Chemical, Bio-Chemical, Electromagnetic Weapons and Computer virus Exclusion Clause**.

How the Board may make any determination in respect of such claims will depend on all the circumstances, including the number, nature, timing and amount of such claims.

By way of illustration of how it might consider making a determination, but in no way limiting its discretion, the Board agreed to adopt the following guidelines based on an assumption that 3 such claims might be incurred during the 2003 policy year:-

1. Reimbursement or direct payment on a Member's behalf of any recoveries for claims, expenses and/or defence costs under the policy, once a liability has been established, shall not exceed \$5 million per claim during the 2003 policy year (or any such other sum as the Board may in its sole discretion determine) **and** further sums shall not be paid until a determination under paragraph (2) below has been made.
2. After six months from the end of the 2003 policy year, and in any case before the end of the 2004 policy year, the Board shall determine whether or not any further claim(s) involving the 2003 policy has been incurred by reference to notifications received from the Members or their representatives as at the date of the determination.
3. In the event that no other claim has been notified, the Board shall reimburse such sums as are required to satisfy any remaining amounts payable in relation to the 3 claims notified during the policy year. Such claims as have been incurred shall be reimbursed in order of occurrence by reference to the date on which the liability for the claim against the Member is established.
4. If at any time during the processing and settlement of the 3 claims it appears that the aggregate \$60 million policy limit of recovery shall be exceeded, the Board in its sole discretion shall determine on what basis and to what extent each of the 3 claims shall be reimbursed.
5. In the event that further claims are notified as determined under paragraph (2) above, the Board in its sole discretion shall determine to what extent reimbursement for claims, expenses and/or defence costs shall be made for such further claims, taking account of any remaining sums available from the aggregate \$60 million limit of recovery, after any further recoveries which may be due in respect of the 3 claims notified during the 2003 policy year.

Should any Member have any questions they should contact the Managers in the usual way.

Yours faithfully

**The West of England Ship Owners  
Insurance Services Limited**  
(As Managers)

**P E Spendlove**  
Managing Director