

No. 1 - War Risk P&I 2004 – Chemical, Bio-Chemical, Electromagnetic Weapons and Computer Virus Exclusion Clause

March 2004

Dear Sirs

WAR RISK P&I 2004 – CHEMICAL, BIO-CHEMICAL, ELECTROMAGNETIC WEAPONS AND COMPUTER VIRUS EXCLUSION CLAUSE

We refer to Notice No. 15 2003/2004 dated February 2004 and in particular to paragraph 4 which sets out the terms of the Club's excess War Risk P&I cover for 2004/2005.

As was the case for the 2003 policy year, the cover for the 2004 policy year is subject to a **Chemical, Bio-Chemical, Electromagnetic Weapons and Computer Virus Exclusion** in a form which in most cases will also apply to a Member's individual underlying war risk P&I policy for cover up to an entered vessel's proper value.

For 2003 the Club provided some limited cover for risks excluded by the Bio-Chemical Exclusion on the terms and conditions set out in **Notices to Members Nos. 4 and 6** dated April and May 2003.

For 2004 this cover continues on the same terms and conditions as are set out in those **Notices to Members No. 4 and No. 6** dated April and May 2003 but with an increased limit from \$60 million to \$65 million.

In addition, as a result of a decision by International Group Clubs to provide some cover through a Supplemental Pooling Agreement, Members will also be covered for crew risks and for legal expenses relating to all P&I liabilities which are otherwise excluded by a Bio-Chemical Exclusion.

This cover, which takes effect from 15 March 2004, is set out in detail in ATTACHMENT 1, but, in summary, is as follows:

Cover will be in respect of the Member's liability:-

1. (a) To pay damages, compensation or expenses in consequence of the personal injury to or illness or death of any seaman (including diversion expenses, repatriation and substitute expense and Shipwreck unemployment indemnity), arising from a Bio- Chem. event

and

(b) for the legal costs and expenses incurred solely for the purpose of avoiding or minimising any other P&I liability arising from a Bio-Chem. event (other than under the Omnibus Rule).

2. The cover which is provided to all Members will be from the ground-up (in excess of a Member's usual deductible).

3. The Club will retain the first \$5 million of any one claim, with the \$15 million excess over \$5 million being Pooled as if any other Pool claim.
4. The limit of cover is \$20 million for all claims arising out of an incident for each vessel in the aggregate regardless of the number of interests in the vessel and regardless of whether or not those interests are insured by different P&I Clubs (e.g. Owners, charterers and sub-charterers).
5. To avoid excessive aggregation of risk cover will have a cancellation provision and areas of particular sensitivity may also be the subject of geographical exclusions (e.g. the Athens Olympics).
6. No premium will be charged for the cover, although premium may be charged for specific risks which may arise and which may be the subject of a premium notice if cover is to be maintained or varied.

Taken together with the cover which the Club continues to provide in accordance with Notices to Members No. 4 and No. 6 of April and May 2003, the Supplemental Pooling Agreement has enabled the Club to increase for all Members the overall amount of cover which is now being provided for 2004 for claims which are excluded either from the Club's excess War Risk P&I cover or from a Member's individual War Risk P&I policies as a result of the Bio-Chemical Exclusion.

Members who have queries about the way in which the cover operates 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