

**CIRCULATED TO ALL MEMBERS, BROKERS AND DIRECTORS
ATTENTION INSURANCE DEPARTMENT**

**19 JANUARY 2007
SSR/MMF**

WAR RISKS RENEWALS 2007/2008

Rules

The proposed changes to the War Class Rules as set out in the Notice to Members dated 12 December 2006 and the addendum thereto were approved at the Member's EGM held on 16 January 2007 and will take effect from 20 February 2007.

This Rules will be available on the Association's web-site www.nepia.com from 20 February 2007.

Advance Contribution Rates

The Directors have agreed that Advance Contribution Rates for the 2007/08 policy year shall be reduced by 10% and accordingly will be as follows:

	Cruise Ships	All other ships
British ships	0.0475%	0.0119%
Flagged out ships	0.0511%	0.0126%

Entered Ships which are limited to a Restricted Trading Area are entitled to pay 50% of the above rates. The Restricted Trading rate applies if the Entered Ship trades exclusively in any one of the following areas:

(a) Europe (not south of Gibraltar and excluding the Mediterranean and Black Sea);(b) U.S.A. and Canada (excluding Panama Canal Transits)(c) Australasia.

The Advanced Contributions will be payable in one instalment which will be due on 2 April 2007.

CIRCULAR

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Additional Premium Areas

With effect from noon 20 February 2007, the following Additional Premium areas will be deleted.

4. Middle East

- a. Bahrain
- b. Qatar

The Additional Premium Areas will therefore be as follows:

1. Africa

- a. Djibouti.
- b. Ivory Coast.
- c. Nigeria including Terminals
- d. Somalia.
- d.i. Somalia Transit. 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.

2. Asia

- a. Thailand, Southern Gulf coast of, between and including Songkhla and Narathiwat.
- b. Sri Lanka.

3. Indonesia / Malaysia

- a. Ambon (Seram).
- b. Balikpapan (South East Borneo).
- c. Borneo, North East Coast of, between and including Kudat and Tarakan.
- d. Jakarta.
- e. Sumatera (Sumatra), North Eastern coast of, between 5° 40' N and 0°48' N.
- f. Poso (Sulawesi).

4. Middle East

- a. Saudi Arabia.
- b. Iraq.
- c. Israel.
- d. Lebanon.
- e. Yemen

5. Philippines

- a. Mindanao, Southern coast of, between and including Polloc Harbour and Mati.
- b. Sulu Archipelago including Jolo. Sulu Archipelago is defined as 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.

Notice must be given to the Association before an entered ship proceeds into an Additional Premium area. The Association will endeavour to provide indications of Additional Premium levels at any time but firm quotations will not normally be available until the entered ship is within 48 hours of arrival into the Additional Premium area.

Insured Values and Sums Insured

Members are reminded of the need to review the Insured Values and Sums Insured which should be the same as those for which the Entered Ship is insured for total loss under marine policies, normally the insured value on Hull and Machinery, plus where applicable any amount insured on Disbursements and/or Increased Value or Freight. Any interest which is insured against total loss risks only under marine policies should be declared under Rule 3 so that the War Risk insurances exactly reflect the non-War Risk insurances for the same interests.

The maximum value or amount insured under Rule 2 and Rule 3 in the aggregate will be £390,000,000 or equivalent any one Entered Ship.

The limit of liability in equivalent currencies for claims is:

US\$ 600,000,000 Euros 510,000,000 Can\$ 780,000,000

Members are also reminded of the provisions of Rule 11 whereby the Secretary of State for Transport may restrict the Insured Value of the Entered Ship for Queen's Enemy Risks in certain circumstances.

Protection and Indemnity risks

The Association's limit of liability for all claims under Rule 2 Part D (Protection and Indemnity risks) is to remain £325,000,000 or equivalent each Entered Ship any one accident or series of accidents arising out of any one event, except as stated below. This limit includes Members' claims for Sue and Labour. If any Member considers that these limits provide insufficient cover, additional cover in excess of the sums covered by this Association may be available from his P&I Club. The limit of liability in equivalent currencies for claims under Rule 2 Part D is:

US\$ 500,000,000 Euros 425,000,000 Can\$ 650,000,000

According to the currency of the Insured Values and amounts declared by the Member for the purposes of Rule 2 Parts A and B and Rule 3.

Alteration of risk

Members must advise the Association prior to any change in the port of registry of an Entered Ship as this may affect rating and terms of cover.

Insurance Mediation Directive.

As applies at present, where the insurance is to be placed on behalf of the owners by a third party intermediary as defined under the EU Insurance Mediation Directive (2002/92/EC), the Association will require the intermediary's confirmation that they are authorised by the relevant authority in their place of business under the terms of this Directive. Intermediaries are reminded that this applies whether or not they are also coinsured under such insurances.

STEPHEN REBAIR

ASSOCIATE DIRECTOR - North Insurance Management Limited

As Managers on behalf of the North of England P&I Association Limited