

CIRCULAR REF: 2012/003

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

**20 JANUARY 2012
SSR/MA**

CLA55 3 WAR RISKS - RENEWAL 2012/2013

Rules

The War Class Rules for the 2012/2013 Policy Year will remain unchanged from those of the 2011/2012 Policy Year and are available on the Association's website, www.nepia.com

Advance Contribution Rates

The Directors have agreed that a reduction in Advance Contribution Rates for the 2012/2013 policy year shall apply and accordingly will be as follows:

	<u>Cruise Ships</u>	<u>All other Ships</u>
British ships	0.0351%	0.0086%
Flagged out ships	0.0377%	0.0090%

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 Advance Contribution will be payable in one instalment which will be due on 2 April 2012.

CIRCULAR

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Terms of Entry

As in previous Policy Years, cover under this Class will continue to include barratry, and the "Piracy, Barratry & Violent Theft" Clause that has applied to all 2011/2012 Entries will apply to all 2012/2013 Entries.

In addition, the "Sanctions Cesser" Clause that applied to all 2011/2012 Entries will continue to apply to all 2012/2013 Entries.

Additional Premium Areas

With effect from Noon GMT 20 February 2012, the Additional Premium Areas will be as follows:-

- 1. Africa**
 - a. Djibouti.
 - b. Nigeria.
 - c. Somalia.
 - d. Eritrea, but only South of 15 degrees North.
 - e. Libya.
 - f. Benin.
 - g. 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° North, Longitude 1° 38' East.
 3. On the southern side a straight line from there to position Latitude 3° North, Longitude 8° East.
 4. On the eastern side a straight line from there to Latitude 4° North, Longitude 8° 31' East and then from there to the border, on the coast, of Nigeria and Cameroon.
- 2. Indonesia / Malaysia**
 - a. Balikpapan (South East Borneo).
 - b. Borneo, North East Coast of, between and including Kudat and Tarakan.
 - c. Jakarta.
 - d. Sumatera (Sumatra), North Eastern Coast of, between 5°40'N and 0°48'N.
- 3. Middle East**
 - a. Saudi Arabia.
 - b. Iraq.
 - c. Israel.
 - d. Lebanon.
 - e. Yemen.
 - f. Iran.
 - g. Syria.
- 4. Philippines**
 - a. 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 Palau 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.
- 5. South America**
 - a. Venezuela.

6. Indian Ocean/Arabian Sea/Gulf of Aden/Gulf of Oman/Southern Red Sea.

The waters enclosed by the following boundaries:-

- 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. on the south, latitude 12°S.

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

The Ports, places, countries, zones and areas listed shall include all harbours, offshore and installations and terminals unless otherwise stated.

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\$ 630,000,000

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) remains £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. 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.

Indian Ocean, Gulf of Aden and Somalia Security

Members are referred to the Best Management Practices to combat piracy which have been developed by industry and naval forces, for all ships transiting the Gulf of Aden and the Indian Ocean. The Association's advice in this regard is available on its website, www.nepia.com and in turn the latest best Practice document is available through the link to be found there or direct from the MSC (HOA) website. The Association **strongly recommends** that this guidance be adopted by Members and copies should be made available on all ships forming part of Member's anti-piracy contingency plans.

Sanctions

As Members are aware, the Terms of Entry for the 2012/13 Policy Year contain the Sanctions Cesser clause.

An Insured Owner's insurance will cease in the event that the Entered Ship is employed in a manner that has or will expose the Association to the risk of sanctions. Where the Association is unable to make a full recovery from other parties to the Pool and/or reinsurers by reason of the risk that the payment of such a recovery will expose such reinsurers to sanctions, this clause provides that the Association's liability to a Member will be limited to that part of the claim that is recovered from reinsurers.

Recovery of any claim is subject to the overriding proviso that the payment or handling of the claim will not expose the Association to any sanction, prohibition, adverse action or the risk thereof. 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.

The Association **strongly recommends** that Members comply with the provisions of the relevant sanctions regimes in order to minimize the risk of their cover terminating or their 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, Syria or any other sanctioned countries or with certain designated individuals or companies. Members are referred to the information and advice available on the Association's website, www.nepia.com which will be regularly updated.

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