

CIRCULAR REF: 2014/005

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

**21 JANUARY 2014
SSR/MA**

CLASS 3 WAR RISKS - RENEWAL 2014/15

Rules

The proposed changes to the War Class Rules as set out in the Notice to Members dated 19 December 2013 were approved at the Member's EGM held on 16 January 2014 and will take effect from 20 February 2014.

The Rules will be available on North's website www.nepia.com from 20 February 2014.

Advance Contribution Rates

The Directors have agreed that a reduction in Advance Contribution Rates for the 2014/2015 policy year shall apply and will be as follows:

	<u>Cruise Ships</u>	<u>All other Ships</u>
British ships	0.01779	0.00659
Flagged out ships	0.01863	0.00680

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); and
- (c) Australasia.

The Advance Contribution will be payable in one instalment which will be due on 1 April 2014.

CIRCULAR

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Additional Premium Areas

With effect from Noon GMT 20 February 2014, the Additional Premium Areas will be as follows:-

1. Africa

- a. Nigeria.
- b. Somalia.
- c. Eritrea, but only South of 15 degrees North.
- d. Libya
- e. Benin
- f. Gulf of Guinea, but only in respect of the area enclosed by:
 1. On the northern side the coast of Benin, Togo and Nigeria.
 2. On the western side a straight line from the border on the coast, of Togo and Ghana to position Latitude 3° North, Longitude 1° 10' 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.
- g. Togo.

2. Indonesia / Malaysia

- a. Borneo, North East Coast of, between and including Kudat and Tarakan.
- b. Jakarta.

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 Matakong 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 North before an Entered Ship proceeds into an Additional Premium Area. North 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

North'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 North 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. North's advice is available on www.nepia.com and the latest best practice document is available through this link or direct from the MSC (HOA) website. North **strongly**

recommends that this guidance be adopted by Members and copies should be made available on all ships as part of Member's anti-piracy contingency plans.

Sanctions

As Members are aware, the Rules for the 2014/15 Policy Year now incorporate provisions in relation to Sanctions-related cesser under Rule 33.

An Insured Owner's insurance will cease in the event that the entered ship is employed in a manner that has or will expose North to the risk of sanctions. Where North 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 North'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 North 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.

North **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 www.nepia.com which is 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), North 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 co-insured under such insurances.

STEPHEN REBAIR

ASSOCIATE DIRECTOR - North Insurance Management Limited

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