

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

**5 APRIL 2004
WJMD/MA**

CLASS III WAR RISKS - INSURED VALUES AND AMOUNTS

The Association is aware that as a consequence of the strong freight market in certain shipping sectors many Members may have made changes to the insured values and amounts on their hull and machinery placings and we would like to take this opportunity to remind Members of the requirements of the War Class III Rules in this regard.

The values and amounts declared for the War Risks Class must be the same as the corresponding values and amounts applying to the equivalent non-War hull and machinery insurance placings.

Rule 1.2 requires that the value declared for Rule 2 Part A (Queen's Enemy Risks) will be the total marine value, that is to say the total sum for which the ship is insured for total loss (whether in conjunction with or independently of partial damage cover) under marine policies.

The effect of Rule 1.3 is that the value declared for the purposes of Rule 2 Part B (non-Queen's Enemy Risks) and other related sections shall also be the amount for which the ship is insured for total loss (whether in conjunction with or independently of partial damage cover) under marine policies, unless part of the total loss value of the ship is insured against the risks of disbursements, increased value, hull interest, freight interest or for premiums in which case Rule 1.4 applies.

Rule 1.4 requires that the sum insured declared for the purposes of Rule 3 (Total Loss Interests) shall be the sum insured for the corresponding risk under marine policies, and the nature of the cover should be identified.

The overall effect of these Rules is that the value declared for Rule 2 Part A will be the total value and amount of all the marine market insurances in respect of hull and machinery and total loss interests such as disbursements and increased value. The value declared for Rule 2 Part B is the value of marine market policies on hull and machinery or full conditions and finally the amount declared for Rule 3 will be the amount of any marine market insurances in respect of total loss interests, disbursements, increased value and the like.

Members are reminded that Rule 1.4.2 requires that the amount declared for Rule 3 must not exceed 50% of the value declared for Rule 2 Part B.

Please contact the undersigned if any further explanation is required.

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

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