

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

**31 JANUARY 2003  
WJMD**

**POLICY YEAR 2003/2004**

Members' attention is drawn to the following provisions which will apply to the 2003/2004 policy year.

**US Terrorism Risk Insurance Act 2002**

We refer to our previous Circular of 22 November 2002 on this subject. We can confirm that a large number of Members have replied confirming that they do not require the cover set out in the Notice of Acts of Terrorism. No Member paid the required additional premium for this coverage within the 30 days required.

At their meeting on 21 January 2003, the Directors considered the basis on which special war risks P&I cover could be made available to Members in accordance with Rule 24(2) and the extent to which this can include cover arising from acts of terrorism as defined in the US Terrorism Risk Insurance Act 2002. Following the receipt of US legal advice and reinsurance quotations the Directors have resolved that cover can be provided to Members under Rule 24(2) for the 2003/2004 policy year and that this will include cover arising from acts of terrorism as defined in the Act. The cover will be on similar terms as for the 2002/2003 policy year save that the limit is increased to US\$400,000,000 and a premium of US\$0.0225 per gross ton (US\$ 0.0075 per gross ton for Charterer's Entries) will be debited to Members of which US\$0.0025 per gross ton will be deemed to be attributable to the US risk in accordance with the terms of the Act

The precise terms of the cover will be in accordance with the Rules and individual terms of entry.

**P&I War Risks Insurance**

As indicated above, the limit of cover under Rule 24(2) will be increased to US\$400,000,000 for any one event for the coming year and in addition to the terms set out in Rule 24(2) (as amended for the 2003/2004 policy year) the following terms of entry will apply.

1. Where there is more than one Owner's Entry or Charterer's Entry in respect of an Entered Ship with the Association or any other P&I Association which participates in the reinsurance arrangements of the International Group of P&I Clubs, the aggregate of all claims following an event brought against the Association and/or such other Association shall be limited to US\$400,000,000. In these circumstances, the limit of liability shall be such proportion of US\$400,000,000 as the claims recoverable under an Owner's Entry or Charterer's Entry in the Association bear to the aggregate of all the said claims recoverable under all Owner's Entries and Charterer's Entries in respect of that Ship with this or any other Association.

**CIRCULAR**

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NORTH OF ENGLAND P&I ASSOCIATION LIMITED 100 The Quayside, Newcastle upon Tyne, UK, NE1 3DU  
Telephone: +44 (0) 191 2325221 Fax: +44 (0) 191 2610540 [www.nepia.com](http://www.nepia.com)

The North of England Protecting and Indemnity Association Limited. Registered in England No. 505456. Registered Office above  
Hong Kong: Room 2503, COSCO Tower, 183 Queen's Road, Central, Hong Kong Telephone: +852 25446813 Fax: +852 25424424  
Greece: 5-7 Aghiou Nikolaou, GR 185 37 Piraeus, Greece Telephone: +30 210 4283038 Fax: +30 210 4280920.  
Singapore: 80 Anson Road, #26-04 Fuji Xerox Towers, Singapore 079907 Telephone: +65 64110160 Fax: +65 62240160.  
Tokyo: Akiyoshi Kyobashi Building, 8th Floor, 1-17-2 Kyobashi, Chuo-ku, Tokyo, Japan 104-0031 Tel: +81 (3) 5159 5373 Fax: +81 (3) 5250 0003  
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## 2. Exclusion of chemical, bio-chemical and electromagnetic weapons and computer viruses

The Association shall not be liable for any losses, liabilities, costs or expenses directly or indirectly caused by or contributed to by or arising from:-

any chemical, bio-chemical or electromagnetic weapon;

the use or operation, as a means for inflicting harm, of any computer virus.

### International Group Reinsurance Costs

The Association's Renewal Circular to Members dated December 2002 reported that the Association would be applying a General Increase of 25% plus any additional International Group Reinsurance costs, details of which were not then available. The cost of this reinsurance has now been established and the applicable rates per gross ton are as follows.

<b>Category</b>	<b>2003/2004 Rates</b>	<b>Increase</b>
Dry Cargo	US\$0.2857	US\$0.088
Dirty Tanker	US\$0.6723	US\$0.186
Other Tanker	US\$0.3324	US\$0.096
Passenger	US\$0.6841	US\$0.306
Chartered Tankers	US\$0.1122	US\$0.037
Chartered Dries	US\$0.0563	US\$0.022

These rates incorporate the cost of P&I war risks insurance for the new limit of US\$ 400,000,000. Chartered tankers and chartered dries will also pay a further reinsurance cost of 8.25% of original premium, an increase of 1.25%.

WJM DOUGLAS

MANAGER - North Insurance Management Limited

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