

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

**22 NOVEMBER 2002
JPC/DW**

US TERRORISM RISK INSURANCE BILL 2002

This legislation is likely to come into effect on the 3rd December 2002 and could have very serious consequences for P&I Clubs and their members.

In particular, the Act compels the Club to provide you with insurance against a terrorist attack (as defined) up to the limit of ordinary P&I Club cover. This is a risk that is un-reinsurable and, even with the Federal assistance offered, one that could bankrupt the Club. Clearly the premium for such a risk will inevitably be very high.

When the Act comes into effect, we will be obliged to offer you the cover at whatever premium we deem appropriate, though you are not, of course, obliged to accept it. This premium will probably amount to several million dollars per vessel. Accordingly, on or around 3rd December 2002, you will receive a notice to pay an additional premium if you wish to take advantage of the additional cover provided under the Act. If you decline to pay this additional premium by the due date your ordinary P&I cover and the existing special War Risks P&I cover in respect of terrorism will continue as at present. You will not then be liable for the additional premium requested.

You will find attached a brief memorandum which explains in more detail the reasons why this step is having to be taken.

JP CRICHTON

**JOINT MANAGING DIRECTOR - North Insurance Management Limited
As Managers on behalf of the North of England P&I Association Limited**

CIRCULAR

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