Club: UK P&I
Circular Date: 04/02/2002
Circular Title: War Risks P&I Cover (Ref: 4/02)

Author: Julia Hearn/Thomas Miller **Date:** 04/02/2002 16:42

February, 2002

Ref: 4/02

TO THE MEMBERS

Dear Sirs

WAR RISKS P&I COVER

At their meeting on 28th January, 2002, the Directors resolved to provide special war risks P&I cover to the Members in accordance with the resolution set out overleaf.

Subject to the terms and conditions of the resolution, this special cover will respond to claims under Rule 2 which would otherwise be excluded by the war risks exclusion in Rule 5E (after the amendment which is proposed at the Special General Meeting on 14th February, 2002).

The limit of this special cover has been increased to US $200 million but, as before, the cover will only respond to claims in excess of the proper value of the entered ship, as defined in Rule 5D, or whatever sum is recoverable from war risks underwriters, whichever is the greater. For ships with a proper value in excess of US $100 million, the proper value will be deemed not to exceed US $100 million for the purposes of this resolution.

The Directors have retained a discretion to pay claims which would fall within the excess.

Yours faithfully

THOMAS MILLER (BERMUDA) LTD.

WAR RISKS P&I COVER
SPECIAL COVER UNDER PROVISO TO RULE 5(E)
TERMS OF DIRECTORS' RESOLUTION OF 28TH JANUARY, 2002

"That in accordance with the proviso to Rule 5E of the Association's Rules, special cover be provided to the Members of the Association for the year commencing at 12 noon GMT on 20th February, 2002 against risks which are excluded from cover solely by virtue of the provisions of Rule 5E. Unless otherwise agreed in writing, such cover shall be subject to all other terms and conditions of an Owner's entry in the Association and shall be provided upon and subject to the following terms and conditions.

(l) The risks covered shall be those set out in Rule 2 of the Association's Rules in accordance with each individual Owner's terms of entry as set out in the relevant Certificate of Entry and any Endorsement thereto.

(2) This special cover shall be subject to an excess of either:

(a) the "proper value" of the entered ship as defined in Rule 5D (which, for the purpose of this resolution only, shall be deemed not to exceed US $100 million), or
(b) the amount recoverable in respect of the claim under any other policy of insurance, whether of war risks or otherwise,

whichever shall be the greater, save that such excess shall not apply where the entry of the ship is solely in the name of or on behalf a charterer other than a charterer by demise or bareboat charterer,

provided that the Directors may authorise the payment, in whole or in part, of any claim or part of a claim which falls within such excess, if in their discretion and without having to give any reasons for their decision they decide that the Owner should recover from the Association.

(3) The limit applying to this special cover shall be US $200 million each vessel, any one accident or such limit as may be applicable to the claim under the Member's individual terms and conditions of entry, whichever shall be the lesser.

(4) At any time or times before, or at the commencement of, or during the currency of any Policy Year of the Association, the Directors may in their discretion determine that any ports, places, countries, zones or areas (whether of land or sea) be excluded from the insurance provided by this special cover. Save as otherwise provided by the Directors this special cover shall cease in respect of such ports, places, countries, zones or areas at midnight on the seventh day following the issue to the Members of notice of such determination in accordance with Rule 41 of the Association's Rules. Unless and to the extent that the Directors in their discretion otherwise decide there shall be no recovery from the Association under this special cover in respect of any claim howsoever arising out of any event, accident or occurrence within the said area after such date.

(5) Whether or not notice has been given under clause (4) above, this special cover shall terminate automatically:

(i) upon the outbreak of war (whether there be a declaration of war or not) between any of the following countries:

United Kingdom, United States of America, France, the Russian Federation, the People's Republic of China and this insurance excludes loss, damage, liability or expense arising from such outbreak of war;

(ii) in respect of any vessel, in connection with which cover is granted hereunder, in the event of such vessel being requisitioned either for title or use and this insurance excludes loss, damage, liability or expense arising from such requisition.

(6) Notwithstanding any other term or condition of this insurance, the Directors may in their discretion cancel this special cover giving 7 days' notice to the Members (such cancellation becoming effective on the expiry of 7 days from midnight of the day on which notice of cancellation is issued by the Association) and the Directors may at any time after the issue of notice of such cancellation resolve to reinstate special cover pursuant to the proviso to Rule 5E on such terms and conditions and subject to such limit as the Directors in their discretion may determine."

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NOTICE

Notice of a Special General Meeting of the United Kingdom Mutual Steam Ship Assurance Association (Bermuda) Limited.

Notice is hereby given that a Special General Meeting of the Members of the Association will be held at 10.30 am on 14th February, 2002 at the offices of Thomas Miller (Bermuda) Ltd, Windsor Place, 18 Queen Street, Hamilton, Bermuda for the purpose of considering and, if thought fit, passing the resolution set out below:

Resolution to propose:

"That with effect from 12 noon Greenwich Mean Time on 20th February, 2002, the amendments to Rule 5E indicated below in bold type be and are hereby adopted:

E. EXCLUSION OF WAR RISKS
The Association shall not indemnify an Owner against any liabilities, costs or expenses (irrespective of whether a contributory cause of the same being incurred was any neglect on the part of the Owner or on the part of the Owner's servants or agents) when the loss or damage, injury, illness or death or other accident in respect of which such liability arises or cost or expense is incurred, was caused by:

i War, civil war, revolution, rebellion, insurrection or civil strife arising therefrom, or any hostile act by or against a belligerent power**, or any act of terrorism.**
ii Capture, seizure, arrest, restraint or detainment (barratry and piracy excepted) and the consequences thereof or any attempt thereat.

iii Mines, torpedoes, bombs, rockets, shells, explosives or other similar weapons of war (save for those liabilities, costs or expenses which arise solely by reason of the transport of any such weapons whether on board the entered ship or not), provided always that this exclusion shall not apply to the use of such weapons either as a result of government order or with the written agreement of the Directors or the Managers where the reason for such use is the avoidance or mitigation of liabilities, costs, or expenses which would otherwise fall within the cover given by the Association.

PROVIDED ALWAYS that:
The Directors may resolve that special cover be provided to the Members against any or all of the risks set out in Rule 2 notwithstanding that those liabilities, costs or expenses would otherwise be excluded by this paragraph (E) and that such special cover should be limited to such sum or sums and be subject to such terms and conditions as the Directors may from time to time determine. **In the event of any dispute as to whether or not an act constitutes an act of terrorism, the decision of the Directors shall be final.**"

By Order of the President
D W R Hunter
Secretary
16th January, 2002

Notes:
1. A Member entitled to attend and vote at this Special General Meeting is entitled to appoint a proxy to attend and, on a poll, to vote in his place. A Form of Proxy is enclosed.
2. The Form of Proxy may be returned by mail or by fax to the Secretary at the postal or fax address shown on the Form of Proxy, but to be valid must be received no later than 12 hours prior to the Meeting.