

27 March 2003
TO ALL MEMBERS

**The Britannia Steam Ship
Insurance Association Limited**

Managers
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Sent by fax / email

Dear Sirs

**International Group of P&I Clubs
War Risks P&I Cover**

The Association issued a circular informing Members of the Special P&I War Risks cover for the 2003/04 policy year on 30 January 2003.

Due to changes in the available reinsurance the terms of the cover were changed for 2003/04. The reinsurance changes were notified to the International Group only shortly before the renewal and the International Group has been seeking to clarify two issues.

1. Chemical, Bio-Chemical, Electromagnetic Weapons and Computer Virus Exclusion Clause

This clause is new for 2003/04 and has been introduced as a result of the introduction of similar clauses in almost all reinsurance policies to avoid undue aggregation of risk.

The clause reads as follows:-

This clause shall be paramount and shall override anything contained in this insurance inconsistent therewith

1. In no case shall this insurance cover loss damage liability or expense directly or indirectly caused by or contributed to by or arising from
 - 1.1 any chemical, bio-chemical or electromagnetic weapon.
 - 1.2 the use or operation, as a means for inflicting harm, of any computer virus.

a vessel with a proper value of more than USD100m, the deemed underlying excess shall be USD100m.

Further we understand that this policy will be in excess of all other policies placed by owners for vessels' or crew war risks P&I. We do not believe that corporate general liability umbrellas placed on behalf of organisations of which shipping forms a part are underlying policies hereon (even if they might include some war and terrorism cover).

We believe reinsurers understand that Club boards may exercise their discretion as to what constitutes the proper value of an entered vessel, but the payment of claims under this policy remains subject to the criteria above and the Claims Co-operation Clause."

Members are recommended to seek similar clarifications to those set out above from the underwriters of their underlying War Risks cover.

Members should note that they are deemed to have underlying cover with conditions equivalent to the Association's cover given under Rule 25(2) (War Risks P&I) equal to at least the proper value of the ship. Furthermore this cover is excess of any cover which the Member has actually taken out which covers the risk, unless the cover is a corporate general liability umbrella cover. A corporate general liability umbrella cover is difficult to define and it is important that any Member who considers that he has such a cover should inform the Managers so that the position can be clarified.

Yours faithfully
For Tindall Riley (Britannia) Limited
Managers

**This circular should not be placed in the Binder
A similar circular will be sent by other members of the International Group**