

January 2020

To all Members

**Class 3 - Protection and Indemnity
Endorsements to 2020 policy year Certificates of Entry**

Attached are the endorsements to Class 3 - Protection and Indemnity Certificates of Entry in respect of War Risks P&I cover and Maritime Labour Convention (MLC) 2006.

These endorsements will be applicable where the Member's Certificate of Entry so specifies.

As part of the renewal of the International Group's General Excess of Loss Reinsurance Contract for the policy year 2020/2021, the excess War Risks P&I cover will also be renewed for a period of 12 months, with the costs included in the total rates charged to shipowners.

The terms on which the excess War Risks P&I Cover will be provided for the 2020 policy year are in most respects the same as for the 2019 policy year, including the limit of cover of USD500,000,000.

However, for the 2020/21 policy year there is a change to the definition of the excess. From 2020/21 renewal the excess will be whichever is the less of (a) the proper value of the entered ship (as agreed by the relevant Association) or (b) USD500,000,000.

Therefore, from 2020/21 if the proper value of the ship (for example USDXXX) is less than USD500,000,000, it is that value, USDXXX, which is the excess. If the proper value of the ship is more than USD500,000,000 the excess is USD500,000,000

The effect of this change is that Members who have ships valued individually at more than USD100,000,000 and who do not purchase primary war risks insurance will have a larger gap in their cover for the 2020/21 policy year (to fund for their own account). Members are therefore recommended to review their war risks arrangements to ensure they are aware of their exposures in respect of any ship valued at more than USD100,000,000.

As per the previous policy years, the cover will only respond to claims in excess of the proper value of the entered ship as defined in Clause 5 of the Protection and Indemnity War Risk Clause Endorsement, now deemed not to exceed USD500,000,000, or whatever sum is recoverable from any other policy of insurance in respect of war risks, whichever is the greater.

Members are reminded that where payment by the Club under a guarantee or a certificate is in respect of war risks, Members shall indemnify the Club to the extent such payment is recovered or would have been recoverable under a standard P&I war risk policy.

Yours faithfully
Tindall Riley (Britannia) Limited
Managers

Protection & Indemnity - War Risks Clause Endorsement

Policy Year: 2020/21

Risks Period: noon 20 February 2020 – noon 20 February 2021

It is hereby agreed in accordance with the provisions of Rule 25 that cover is extended to include such losses, liabilities, costs and expenses as would be covered under the Rules of the Association, but for the exclusion of War Risks as set out in Rule 25(1). This extended Protection & Indemnity (P&I) War Risks insurance is subject to a limit in respect of such losses, liabilities, costs and expenses of USD500,000,000 any one ship any one event (see clause 4 below).

This insurance is to pay claims in excess of amounts recoverable under the Ship's or crew war risk P&I policies, subject to a minimum excess of the proper value (see clause 5 below) of the Entered Ship or USD500,000,000 whichever is the lesser any one event. Provided that this condition shall not apply where the entry of the Ship is solely in the name of or on behalf of a charterer other than a charterer by demise or bareboat charterer and provided that the Committee may authorise the payment, in whole or in part, of any claim or part of a claim which falls within such excess if, in its discretion and without having to give any reasons for its decision, it decides that the Member should recover from the Association.

1. This insurance for War Risks under Rule 25(2) shall be subject to the following:

(a) CHEMICAL, BIOLOGICAL, BIO-CHEMICAL, ELECTROMAGNETIC WEAPONS AND COMPUTER VIRUS EXCLUSION CLAUSE:

This clause shall be paramount and shall override anything contained in this insurance inconsistent therewith, and shall be interpreted in accordance with the Association's circular dated 27 March 2003 - International Group of P&I Clubs War Risks P&I Cover.

Clause 1. In no case shall this insurance cover any loss, damage, liability or expense directly or indirectly caused by or contributed to by or arising from:

1.1 any chemical, biological, bio-chemical or electromagnetic weapon;

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

1.3 Clause 1.2 shall not operate to exclude losses (which would otherwise be covered under the terms of this policy) arising from the use of any computer, computer system or computer software programme or any other electronic system in the launch and/or guidance system and/or firing mechanism of any weapon or missile.

(b) TOPIA EXCLUSION CLAUSE

This insurance shall not provide cover for any losses, liabilities, costs or expenses if the provision of such insurance would create a liability for the insured owner under the Tanker Oil Pollution Indemnification Agreement 2006 (or as subsequently amended) (TOPIA) to contribute to the IOPC Supplementary Fund in respect of pollution damage caused by terrorism.

(c) SANCTIONS CLAUSE

Without prejudice to Rules 5(6) and 20(16), this insurance excludes coverage for liabilities, costs and expenses to the extent that the payment of any claim or the provision of any benefit in respect of those liabilities, costs and expenses would expose the reinsurers hereunder to any sanction, prohibition or any adverse action by a state, international organisation or other competent authority.

2. At any time or times before, or at the commencement of, or during the currency of any Policy Year of the Association, the Association may in its discretion determine that any ports, places, countries, zones or areas (whether on land or sea) be excluded from the insurance provided by this insurance for War Risks under Rule 25(2) ("Prohibited Areas"). Save as otherwise provided by the Association this insurance shall cease in respect of Prohibited Areas at midnight on the seventh day following the issue of notice of such determination in accordance with Rule 25(2) of the Association's Rules. Unless and to the extent that the Committee in its discretion otherwise decides there shall be no recovery from the Association under this insurance in respect of any losses, liabilities, costs and expenses howsoever arising out of any event, accident or occurrence within the Prohibited Areas after such date.
3. Notwithstanding any other term or condition of this insurance, this cover for War Risks under Rule 25(2) may be cancelled by the Association giving seven days' notice (such cancellation becoming effective on the expiry of seven days from midnight of the day on which notice of cancellation is issued by the Association) and the Association may at any time after the issue of notice of such cancellation resolve to reinstate this cover pursuant to Rule 25(2) on such terms and conditions and subject to such limit as the Association in its discretion may determine. Without prejudice to the provisions of Rule 25(2) this insurance is subject to the Institute Notice of Cancellation, Automatic Termination of Cover and War and Nuclear Exclusions Clause – Hulls etc. as shown in Appendix 1.
4. When either a demise, time, voyage, space or slot charterer and/or the owner of the Entered Ship are separately insured for any losses, liabilities, costs and expenses incidental thereto covered under Rule 25(2) of the Association and/or the equivalent Rule of any other association which participates in the Pooling Agreement and General Excess Loss Reinsurance Contract, the aggregate of claims in respect of such losses, liabilities, costs and expenses incidental thereto insured under Rule 25(2) of the Association and/or the equivalent Rule of such other association(s), shall be limited to USD500,000,000 any one ship any one event. If such losses, liabilities, costs and expenses exceed this limit, the liability of the Association in respect of each Certificate of Entry shall be limited to that proportion of the limit that claims recoverable from the Association under that Certificate bear to the aggregate of the said claims recoverable from the Association and from such other association(s), if any.
5. The Committee shall determine whether the Entered Ship was insured for a proper value under the Entered Ship's or crew war risks P&I policies on that Entered Ship. If the Committee determines the amount actually insured to be less than the proper value, the Member shall only be entitled to recover the excess of such proper value.

(Note: In determining whether the Entered Ship was insured for a proper value the Committee will need to be satisfied that the said Entered Ship's or crew war risks P&I policies have been the subject of periodic review in the light of proper advice on market conditions. A proper value will be a figure which is reasonably close to the equivalent of the free uncommitted market value of the Entered Ship at the time of the incident.)

Appendix 1

Institute Notice of Cancellation, Automatic Termination of Cover and War and Nuclear Exclusions Clause – Hulls etc.

1. Cancellation

Cover hereunder in respect of the risks of war, etc may be cancelled by the Association giving seven days' notice (such cancellation becoming effective on the expiry of seven days from midnight of the day on which notice of cancellation is issued to the Member (Insured Owner)). The Association agrees however that they may reinstate cover subject to agreement between the Association and the Insured Owner prior to the expiry of such notice of cancellation as to new rate of premium and/or conditions and/or warranties.

2. Automatic Termination of Cover

Whether or not such notice of cancellation has been given cover hereunder in respect of the risks of war, etc. shall TERMINATE AUTOMATICALLY

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

United Kingdom, United States of America, France, the Russian Federation, the People's Republic of China;

1.2.1 in respect of any ship, in connection with which cover is granted hereunder, in the event of such ship being requisitioned either for title or use.

3. Five Powers War and Nuclear Exclusions

This insurance excludes

3.1 loss damage liability or expense arising from

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

United Kingdom, United States of America, France, the Russian Federation, the People's Republic of China;

3.1.2 requisition either for title or use.

3.2 In no case shall this insurance cover liabilities, losses, costs or expenses (irrespective of whether a contributory cause of the same being incurred was any neglect on the part of the Insured Owner or his servants or agents) when the loss or damage, injury, illness or death or other accident in respect of which such liability arises or loss or cost or expense is incurred, was directly or indirectly caused by or arises from:

- a) ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel,
- b) the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof,
- c) any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter,
- d) the radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter,

other than liabilities, losses, costs or expenses arising out of carriage of "excepted matter", (as defined in the Nuclear Installations Act 1965 of the United Kingdom or any regulations made thereunder), as cargo in an Insured ship and agreed by the Managers in writing.

4. Law and Practice

This clause shall be governed by and construed in accordance with the law of England and Wales and each party agrees to submit to the exclusive jurisdiction of the Courts of England and Wales.

Cover in respect of the risks of war, etc shall not become effective if, subsequent to acceptance by reinsuring underwriters and prior to the intended time of attachment of risk, there has occurred any event which would have automatically terminated cover under the provisions of this clause.

Protection & Indemnity – MLC 2006

Policy Year: 2020/21

Risks Period: noon 20 February 2020 – noon 20 February 2021

MARITIME LABOUR CONVENTION EXTENSION CLAUSE 2016

It is hereby agreed that cover is extended in accordance with Rule 19 (3) to include the risks set out below:

1. Subject only to the other provisions of this MLC Extension (“the Extension”), the Association shall discharge and pay on the Member’s behalf under the 2006 Maritime Labour Convention as amended (MLC 2006) or domestic legislation by a State Party implementing MLC 2006:
 - a) Liabilities in respect of outstanding wages and repatriation of a seafarer together with costs and expenses incidental thereto in accordance with Regulation 2.5, Standard A2.5 and Guideline B2.5; and
 - b) Liabilities in respect of compensating a seafarer for death or long-term disability in accordance with Regulation 4.2, Standard A4.2.1 and Guideline B4.2.
2. The Member shall reimburse the Association in full:
 - a) any claim paid under paragraph 1(a) save to the extent that such claim is in respect of liabilities, costs or expenses recoverable under Rule 19(1)(G)(Repatriation); and
 - b) any claim paid under paragraph 1(b) save to the extent that such claim is in respect of liabilities, costs or expenses recoverable under Rule 19(1)(Liabilities in respect of Seamen)
3. There shall be no payment under paragraph 1(a) or paragraph 1(b) if and to the extent that the liability, cost or expense is recoverable under any social security scheme or fund, separate insurance or any other similar arrangement.
4. The Association shall not discharge or pay any liabilities, costs or expenses under paragraph 1(a) or paragraph 1(b), irrespective of whether a contributory cause of the same being incurred was any neglect on the part of the Member or the Member’s servants or agents, where such liabilities, costs or expenses were directly or indirectly caused by or contributed to by or arise from:
 - a) Any chemical, biological, bio-chemical or electromagnetic weapon
 - b) The use or operation, as a means for inflicting harm, of any computer, computer system, computer software programme, computer virus or process or any other electronic system
5.
 - a) The Extension may be cancelled in respect of War Risks by the Association on 30 days’ notice to the Member (such cancellation becoming effective on the expiry of 30 days from midnight of the day on which notice of cancellation is issued).

- b) Whether or not such notice of cancellation has been given the Extension hereunder shall terminate automatically in respect of the War Risks:
 - i) Upon the outbreak of war (whether there be a declaration of war or not) between any of the following:
 - ii) United Kingdom, United States of America, France, the Russian Federation, the People's Republic of China;
 - iii) In respect of any ship, in connection with which cover is granted hereunder, in the event of such ship being requisitioned either for title or use.
 - c) The Extension excludes loss, damage, liability or expense arising from:
 - i) The outbreak of war (whether there be a declaration of war or not) between any of the following: the UK, the USA, France, The Russian Federation, the People's Republic of China;
 - ii) Requisition for title or use.
6. The Extension shall be subject to Rules 5(6) and 20(16)(Sanctions) and Rule 23(1)(General Exclusion).
7. Without prejudice to paragraph 5, cover under the Extension shall cease 30 days after notice of termination in accordance with either Regulation 2.5, Standard A2.5.2.11 or Regulation 4.2, Standard A4.2.1.12.
8. Any dispute arising out of or in connection with the Extension shall be resolved in accordance with Rule 44(Disputes and Differences).
9. For the purpose of the Extension:

“Member” means any insured party who is liable for the payment of calls, contributions, premium or other sums due under the terms of entry.

“Seafarer” shall have the same meaning as in MLC 2006.

“War Risks” means the risks set out in Rule 25(1)(General Exclusion).