

CIRCULAR REF: 2010/020

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

**17 AUGUST 2010
SSR/DAW**

CLASS 3 WAR RISKS – SANCTIONS LIMITATION AND EXCLUSION CLAUSE

Members are advised that a change to the conditions on which their ships are entered is required. This arises as a consequence of legislation recently introduced and further legislation anticipated which could, through the use of ships in trades involving Iran and Iranian interests, result in the Association itself becoming subject to the imposition of sanctions. The Class' Reinsurers have also given similar notice in respect of their cover.

In accordance with the provisions of Rule 4.D.8 the Association gives notice of cancellation of cover of all Ships entered in this Class. This notice is effective commencing midnight GMT 17 August 2010, and, on the expiry of seven days thereafter, cover will be cancelled from midnight GMT 24 August 2010.

Cover will be considered as automatically reinstated upon expiry of the notice period, commencing midnight GMT 24 August 2010 subject to the following changes to conditions which will be appended to all Members entries from that date:

“CESSER OF INSURANCE

An Insured Owner shall cease to be insured by the Association in respect of any and all ships entered by him or on his behalf in the event that the Entered Ship is employed by the Insured Owner in a carriage, trade or on a voyage which will thereby in any way howsoever expose the Association to the risk of being or becoming subject to any sanction, prohibition or adverse action in any form whatsoever by any state or international organisation, unless the Managers shall otherwise determine.

CIRCULAR

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

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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The Insured Owner shall in no circumstances be entitled to recover from the Association that part of any liabilities, costs and expenses which is not recovered by the Association under any reinsurance(s) arranged by the Association because of a shortfall in recovery from reinsurers thereunder by reason of any sanction, prohibition or adverse action against them by a state or international organisation or the risk thereof if payment were to be made by such reinsurers. For the purposes of this clause, "shortfall" includes any failure or delay in recovery by the Association by reason of the reinsurers making payment in to a designated account in compliance with the requirements of any state or international organisation."

STEPHEN REBAIR
MANAGER - North Insurance Management Limited
As Managers on behalf of the North of England P&I Association Limited