

**CIRCULATED TO ALL P&I CLASS MEMBERS, BROKERS AND DIRECTORS
ATTENTION INSURANCE DEPARTMENT**

**1 JANUARY 2002
WJMD/MA**

COVER FOR TERRORISM

The International Group Pooling Agreement is to be amended for the 2002 policy year so as to exclude any act of terrorism. Presently Rule 24 would exclude such an act in certain circumstances where for example bombs, explosives or weapons of war were used and the effect of the amendment is to exclude acts of terrorism from any cause. The Directors will retain a right to decide whether or not any act constitutes an act of terrorism.

As a consequence all entries for 2002 will be subject to the following war risks exclusion. The new wording is in Bold

Save as provided in Rule 24(2) there shall be no recovery from the Association 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 Member or on the part of the Member's servants, or agents) when the loss or damage, injury, illness or death or any other accident in respect of which such liability arises or costs or expenses is incurred, was caused by:

(a) war, civil war, revolution, rebellion, insurrection or civil strife arising therefrom, any hostile act by or against a belligerent power, or any act of terrorism;

Provided always that in the event of any dispute as to whether or not any act constitutes an act of terrorism, the decision of the Directors shall be final.

(b) capture, seizure, arrest, restraint or detainment (barratry and piracy excepted) and the consequences thereof or any attempt thereat;

(c) mines, torpedoes, bombs, rockets, shells, explosives or other similar weapons of war provided that this exclusion shall not apply to liabilities, costs or expenses which arise solely by reason of:

(i) the transport of any such weapons whether on board the Entered Ship or not, or

(ii) the use of such weapons, either as a result of government order or with the written agreement of the Managers or the Directors, 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.

CIRCULAR

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The intention is that any claim resulting from such an act of terrorism will be covered under the excess war risks P&I insurance provided by the Association under Rule 24(2) subject to a limit of US\$100,000,000 any one event or such lower sum as set out in the certificate of entry. Members are reminded however that they are required to maintain an underlying war risks cover equivalent to the "proper value" of the Entered Ship. Such war risk covers should include the risk of terrorism, but members are advised to check with the underwriters concerned.

WJM DOUGLAS

MANAGER - North Insurance Management Limited

As Managers on behalf of the North of England P&I Association Limited