

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

**17 OCTOBER 2001
WJMD/MA**

PROTECTING & INDEMNITY CLASS WAR RISKS INSURANCE

Members are reminded that the cover provided by the Association in respect of war risks in the P&I Class (Rule 24(b)) is provided on the basis that the protection is intended to pay claims only in excess of amounts recoverable under the member's existing war risks insurances. It is not intended as a substitute for traditional market war risks cover. Proviso (D) of this Rule provides that unless otherwise agreed in writing, cover is conditional upon the Member maintaining a standard Hull War Risks insurance with P&I inclusion clauses for not less than the hull value of the Entered Ship.

The Association wishes to clarify certain aspects of the existing wording and intends to introduce the following changes.

1. The sum insured on any such P&I inclusion clause should be not less than and in addition to the sum insured on hull risks, but in any event not more than US\$ 100,000,000 each accident or occurrence.
2. The sum insured must represent the Proper Value of the Entered Ship. A Proper Value will be a figure which in the determination of the Directors is a figure reasonably close to the equivalent of the free uncommitted market value of the Entered Ship at the time of the occurrence.
3. The Association's liability under this Rule will be subject to an excess equivalent to the Proper Value or the amount recoverable from war risks underwriters whichever is the greater, irrespective of whether or not such underlying war risks P&I cover has been placed by the Member.
4. The Directors will retain an absolute discretion to pay claims within this excess.
5. Ships entered for time or voyage charterers risks are not required to maintain such underlying cover as the Association accepts that there is no equivalent market cover available for such ships.

To give effect to this the Association hereby gives 7 days notice of cancellation as provided for in Rule 24(b). This notice shall run from 2400 hours GMT on 17 October 2001 and from the expiry of this notice period 2400 hours GMT 24 October 2001 cover is automatically reinstated on the basis that the provisions listed above are deemed to be incorporated in the Member's terms of entry.

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

CIRCULAR

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