

War Risk Insurance 2016

The terms for War Risk Insurance for 2016 are outlined in this circular. The Association will continue the process of streamlining the cover to ensure a comprehensive insurance aimed at reducing costs for Members.

Features for 2016

Sum Insured – to correspond to the Hull & Machinery insurance value and/or any ancillary interests covered. The total sum insured for all interests not to exceed USD 300,000,000 each vessel.

Conditions – most major international conditions for War Risks cover.

Liability Cover (P&I) – includes an independent limit for War Risks P&I which will indemnify Members for claims that are not recoverable from the P&I Club because of the War Risks exclusion contained therein. This is normally up to the sum insured; however a higher limit may be available upon application to The Association.

Blocking & Trapping Inclusion – Total Loss compensation after six months.

Additional Expenses – up to USD 25,000 per day are covered in excess of 7 days, but not recoverable following an agreed total loss or after 180 days has expired, whichever occurs sooner. These are unavoidable expenses following an insured peril.

Loss of Hire – available upon application to The Association with Daily Sum Insured and limit to be agreed in advance. Subject to Additional Premium for breaches of Trading Warranties.

Voyage Frustration (Piracy Loss of Hire) – as per the following wording upon application to The Association and available on an annual basis or for breaches of Trading Warranties.

This is to indemnify the original insured for their Loss of Hire up to the Daily Sum Insured to be agreed by The Association for 180 days

(or to be agreed by The Association) but subject to a limit USD 17,500,000 any one accident or occurrence, in the event of the vessel insured hereunder being prevented and/or delayed from trading as a result of an act of Piracy, for a period in excess of 48 hours.

Also to pay costs or expenses incurred by the original insured in order to prevent or mitigate a claim hereunder but excluding any ransom demands absolutely.

Any subsequent recovery up to the amount of any claims paid hereunder to inure to the benefit of The Association.

Excluding any fines or penalties absolutely or claims that are recoverable from the vessels Protection and Indemnity Club and/or War Risks Insurer(s) and/or other insurance policies in place during the currency of this insurance.

Trading Warranties – see current List of Areas of Perceived Enhanced Risk on page 2-3.

All vessels – subject to Notice of Cancellation, Automatic Termination of Cover, War, Nuclear etc. and Cyber Attack Exclusion Clause 2004-01-01 (W.1.3).

Swedish Flagged Vessels – subject to Swedish Club Outbreak of War Clause (W.7.2).

Cyber Attack Exclusion Clause 2004-01-01 (W.1.3) may be deleted upon application.

Premium

The agreed premium to be paid on 1 January 2016 or as agreed.

List of Areas of Perceived Enhanced Risk "Listed Areas" as of 1 January 2016

The insurance is valid world-wide, however with a General Cancellation Clause of seven days as regards trading warranties, with the following areas currently excluded. Trading to Listed Areas should be reported to the Association before commencement of the voyage. An additional premium, which depends on area and current rate, may be required. A premium indication will be provided at reporting.

Definitions:

Named Countries shall include their coastal waters up to 12 nautical miles offshore, unless specifically stated below.

Named Ports shall include all facilities/terminals within areas controlled by the relevant port authority/ies (or as may be more precisely defined by Insurers) including offshore terminals/facilities, and all waters within 12 nautical miles of such but not exceeding 12 nautical miles offshore unless specifically stated.

Amended:

Indian Ocean / Arabian Sea / Gulf of Aden / Gulf of Oman / Southern Red Sea

Deleted:

NE Borneo, Sulu Archipelago

Africa

- ▶ Nigeria
- ▶ Somalia
- ▶ Eritrea, but only South of 15 degrees North
- ▶ Libya
- ▶ Benin
- ▶ Gulf of Guinea, but only in respect of the area enclosed by
 1. On the northern side the coast of Benin, Togo and Nigeria
 2. On the western side a straight line from the border, on the coast, of Togo and Ghana to position Latitude 3° North, Longitude 1° 10' East

3. On the southern side a straight line from there to position Latitude 3° North, Longitude 8° East
4. On the eastern side a straight line from there to Latitude 4° North, Longitude 8° 31' East and then from there to the border, on the coast, of Nigeria and Cameroon

▶ Togo

Indian Ocean/Arabian Sea/Gulf of Aden/ Gulf of Oman/Southern Red Sea

▶ Waters as defined below

Indonesia/Malaysia

▶ Jakarta

Middle East

- ▶ Saudi Arabia
- ▶ Iraq
- ▶ Israel
- ▶ Lebanon
- ▶ Yemen
- ▶ Iran
- ▶ Syria

South America

▶ Venezuela

Additional information

Indian Ocean /Arabian Sea/gulf of Aden/ Gulf of Oman/Southern Red Sea

The waters enclosed by the following boundaries:

- ▶ On the north-west, by the Red Sea, south of Latitude 15° North
- ▶ on the west of the Gulf of Oman by Longitude 58° East
- ▶ on the east, Longitude 65° East
- ▶ and on the south, Latitude 12° South

excepting coastal waters of adjoining territories up to 12 nautical miles offshore unless otherwise provided.

The ports, places, countries, zones and areas listed shall include all harbours, offshore installations and terminals unless otherwise stated.

Enclosures

- ▶ Enclosure 1: The Swedish Club Outbreak of War Clause (W.7.2).
- ▶ Enclosure 2: Notice of Cancellation, Automatic Termination of Cover, War, Nuclear etc. and Cyber Attack Exclusion Clause (W.1.3).
- ▶ Enclosure 3: Navigational Limitations for Hull War, Strikes, Terrorism and Related Perils Endorsements (JW2005/001A).
- ▶ Enclosure 4: Hull War, Strikes, Terrorism and Related Perils Notice of Cancellation Administration Clause (JW2005/001B) (as and where applicable).
- ▶ Enclosure 5: W10

W.7.2

The following Clause is deemed to form part of any Policy in respect of War and War Interest covers relating to a Swedish flagged vessel.

The Swedish Club outbreak of war clause (War risks)

1982-01-01

Should during the currency of this insurance such a war break out, whereby - in accordance with an Agreement authorized by the Swedish Government and entered into between the National War Risks Insurance Board (hereinafter referred to as the Board) and the Insurer - the Board assumes the liability for the Insurer's war risks insurances in force at the outbreak of this war, then the Insurer's liability for war risks according to this policy will be transferred to the Board. The war risks insurance shall be subject to insurance conditions adopted by the Board.

In so far as the Board is not entitled by the Law on Government War Risks Insurance to assume part or parts of the war risks insurance liability according to the above conditions, the liability of the Insurer for that part will continue during the remaining period of this insurance.

A war casualty affecting the interest covered by this insurance prior to the above mentioned Agreement having become operative and within a period indicated by the Board, shall fall under the liability of the Government provided it has occurred in consequence of preparations application of the Agreement. The aforementioned provisions regarding the liability of the Government shall also apply if the war risks insurance, being in force at the time the casualty occurred, has terminated as a result of the casualty.

At an outbreak of war such as described above the Assured shall notify the Insurer without delay of the position or the current voyage of the vessel. The Assured shall follow the instructions which the Board may issue.

The Assured shall furthermore - both as regards insurances effected for time and as regards voyage insurances - after the outbreak of such a war as said above pay the premium as may be determined by the Board.

Should the war risks liability be transferred to the Board, the Assured is entitled to obtain from the insurer a return of any separate war risks premium, paid to Insurer in respect of the period of time during which, in accordance with the foregoing provisions, the Insurer will not be at risk. However, no right to return of premium shall exist where the war risks insurance is effected for a specific voyage only.

W.1.3

Notice of cancellation automatic termination of cover war, nuclear etc. and cyber attack exclusion clause

2004-01-01

1. Cancellation

Cover hereunder in respect of the risks of war, etc may be cancelled by either the Underwriters or the Assured 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 or to the Underwriters). The Underwriters agree however to reinstate cover subject to agreement between the Underwriters and the Assured 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;
- 2.2 in respect of any vessel, in connection with which cover is granted hereunder, in the event of such vessel 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 countries: 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 This clause shall be paramount and shall override anything contained in this insurance inconsistent therewith

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

- 3.2.1 ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel
- 3.2.2 the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof
- 3.2.3 any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter.
- 3.2.4 the radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter. The exclusion in this sub-clause does not extend to radioactive isotopes, other than nuclear fuel, when such isotopes are being prepared, carried, stored, or used for commercial, agricultural, medical, scientific or other similar peaceful purposes.
- 3.2.5 any chemical, biological, bio-chemical or electromagnetic weapon.

4. Cyber Attack Clause

- 4.1.1 Subject only to clause 4.1.2 below, in no case shall this insurance cover loss damage liability or expense directly or indirectly caused by or contributed to by or arising from the use or operation, as a means for inflicting harm, of any computer, computer system, computer software programme, malicious code, computer virus or process or any other electronic system.
- 4.1.2 Where this clause is endorsed on policies covering risks of war, civil war, revolution, rebellion, insurrection, or civil strife arising therefrom, or any hostile act by or against a belligerent power, or terrorism or any person acting from a political motive, Clause 4.1.1 shall not operate to exclude losses (which would otherwise be covered) 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.

5. Law and Practice

This clause is subject to English law and practice.

Cover in respect of the risks of war, etc. shall not become effective if, subsequent to acceptance by the 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.

Navigational Limitations for Hull War, Strikes, Terrorism and Related Perils Endorsements (JW2005/001A)

1. Navigation provisions

Unless and to the extent otherwise agreed by the Underwriters in accordance with Clause 2, the vessel or craft insured hereunder shall not enter sail for or deviate towards the territorial waters of any of the Countries or places, or any other waters described in the current List of Areas of Perceived Enhanced Risk (listed areas) as may be published from time to time in London by the Joint War Committee.

2. Breach of navigation provisions

- a) If the Insured wishes to secure continuation of coverage under this insurance for a voyage which would otherwise breach Clause 1, it shall give notice to Underwriters and shall only undertake such voyage if it agrees with the Underwriters any amended terms of cover and any additional premium which may be required by the Underwriters.
- b) In the event of any breach of any of the provisions of Clause 1, the Underwriters shall not be liable for any loss, damage, liability or expense arising out of or resulting from an accident or occurrence otherwise covered under this insurance during the period of breach, unless notice of such breach is given to the Underwriters as soon as practicable and any amended terms of cover and any additional premium required by them are agreed.
- c) The absence of prior notice shall not affect the cover under this insurance but it is a condition of this insurance that the Insured is bound to declare to the Underwriters all breaches of the provisions of Clause 1.
- d) If Clause 2(c) is deleted, continuation of coverage under this insurance is conditional upon notice to the Underwriters being given prior to the vessel or craft entering the listed areas.

3. Revisions to list of areas of perceived enhanced risk

- a) In the event that revisions to the List of Areas of Perceived Enhanced Risk are published by the Joint War Committee, these revisions shall not take effect for the purposes of Clause 1 and Clause 2 hereof unless the Underwriters shall have given 7 days notice of cancellation to the Insured for amendment of the listed areas.
- b) If a vessel or craft remains in the territorial waters of a Country or place after such Country or place has been added to the listed areas under Clause 3(a), the Underwriters shall not be liable for any loss, damage, liability or expense arising out of or resulting from an accident or occurrence otherwise covered under this insurance after expiry of that 7 day period unless notice is given to the Underwriters before the end of that 7 day period and any amended terms of cover and any additional premium required by them are agreed before the expiry of this period.

JW2005/001A 20 June 2005
A Joint Committee of the IUA and LMA

and as and where applicable:

Hull War, Strikes, Terrorism and Related Perils Notice of Cancellation Administration Clause (JW2005/001B)

Where Underwriters wish to give notice of cancellation (herein "Notice") in accordance with the terms of the insurance (to which this clause is attached) for the purpose of amending the terms conditions warranties and/or rates, it is agreed as follows:

1. The Notice shall be given by the Leading Underwriter only (on behalf of all Underwriters subscribing to this insurance).
2. The Notice shall identify the policy (by number / Unique Market Reference [UMR], principal Assured, and Interest insured) to which the Notice applies.
3. Where the Notice is given through the broker, the Notice shall be deferred by three working days to enable the broker to transmit the Notice to the Assured(s), mortgagee(s) and other parties to whom the broker has an obligation to transmit the Notice.
4. If the Notice is given for the purpose of amending the listed areas applicable under the Navigation Limitations for War, Strikes, Terrorism and Related Perils (herein "War Risks"):
 - 4.1. where the insurance covers both (a) War Risks and (b) marine and/or other non-war risks, the Notice shall only apply to the cover for War Risks;
 - 4.2. the insurances will be considered as automatically reinstated upon expiry of the Notice, subject to the said listed areas being amended in line with the changes outlined in the Notice;
 - 4.3. in the absence of notice in writing having been received from the Assured prior to the expiry of the Notice,
 - 4.3.1. the Assured shall be deemed to have agreed to such amendment of the said listed areas,
 - 4.3.2. the insurance will be automatically reinstated upon expiry of the Notice subject to such amendment of the said listed areas, and
 - 4.3.3. such amendment shall be deemed to have been endorsed upon and form part of the insurance;
 - 4.4. where the listed areas applying to this insurance prior to the Notice have been the subject of any deletion amendment limitation or restriction, such deletion amendment limitation or restriction
 - 4.4.1. shall continue to apply mutatis mutandis to the new listed areas, but
 - 4.4.2. shall not apply to any port(s) and/or place(s) and/or area added in consequence of the Notice;
 - 4.5. notwithstanding the foregoing, should the insurance already be subject to navigation limitations so limiting the area of trading that any port(s) and/or place(s) and/or area to be added in consequence of the Notice would not in any case have been a permitted port(s) of call or area of trading, the insurance shall not be subject to the Notice.
5. If this clause is endorsed upon any policy or contract of reinsurance, the terms "Assured" and "insurance" shall be deemed to be amended to read "Reassured" and "reinsurance" respectively.

W.10 Sanction Limitation and Exclusion Clause

2014-09-30

No insurer shall be deemed to provide cover and no insurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that insurer or any of its reinsurers to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, the United Kingdom, the United States of America, France, the Russian Federation, the People's Republic of China or any State where the insurer or any of its reinsurers has its registered office or permanent place of business.