

Our Ref: UKWR C1-2013

16 January 2013

TO THE MEMBERS

Dear Sirs

**RENEWAL OF THE ASSOCIATION'S COVER FOR
THE POLICY YEAR COMMENCING 20 FEBRUARY 2013**

We are writing to advise Members of the Directors' decisions on the rates, terms and conditions for the 2013 Policy Year.

ADVANCE CONTRIBUTIONS

At their meeting on 8 January 2013, the Directors agreed a reduction of 7.5% in Advance Contribution rates, which from Noon GMT 20 February 2013 will be as follows:

Entered ships qualifying for Government reinsurance – WW1

Passenger Cruise Ships	Other Ships
Worldwide trading 0.021%	Worldwide trading 0.0087%

Entered ships not qualifying for Government reinsurance – WW2

Passenger Cruise Ships	Other Ships
Worldwide trading 0.02331%	Worldwide trading 0.00944%

The Directors have also decided that:

- the Advance Contribution rates will be discounted by 50% in respect of insurance under Rule 3 (freight, disbursements and/or increased value, premiums and/or other interests).
- the Advance Contribution rates will be discounted by 50% for ships which trade exclusively for the whole Policy Year within one of the following “restricted trading” areas:
 - USA and Canada, excluding Panama Canal transits
 - Australasia
 - Europe, not south of Gibraltar and excluding Mediterranean and Black Sea.
- the Advance Contribution rates will be increased by 50% for those ships requiring Blue Cards for war and terrorism risks as required by Regulation (EC) No 392/2009 (Passenger Liability Regulation (“PLR”)) and/or the 2002 protocol to the Athens Convention. Members will need to specifically apply for this cover.
- the Advance Contribution will be called pro rata daily and will be payable in two instalments, debited on 20 February 2013 and 20 August 2013.

The Directors will keep the level of contribution under review during the Policy Year.

BROKERAGE/COMMISSION

Advance Contribution

If ships are entered in the Association through a broker, brokerage of 20% will be payable on the Advance Contribution rates listed above, less any allowances for Rule 3 or restricted trading discounts. If ships are entered in the Association directly, commission of 20%, calculated on the same basis, will be payable to the Member. The Advance Contribution rates listed above are shown before the application of 20% brokerage / commission.

Additional Premiums

Where Additional Premiums are placed on the Association’s main reinsurance contract, a discount of 30% will be payable. If the ships are entered in the Association through a broker, the discount will be payable to the broker. If the ships are entered in the Association directly, the discount will be payable to the Member.

THE COVER

Maximum Sum Insured

In accordance with Rule 20 the maximum amount for which any one ship or the interests therein may be insured by the Association is USD 950,000,000; or the equivalent in other acceptable currencies, to be determined by USD rates of exchange published in the Financial Times on 20 February 2013.

Protection and Indemnity Cover

The cover for all P&I claims including claims in respect of oil pollution shall be a maximum of USD500,000,000; or the equivalent in other acceptable currencies, to be determined by USD rates of exchange published in the Financial Times on 20 February 2013, but SDR 340 million any one vessel in respect of liability arising from the PLR and/or 2002 protocol to the Athens Convention, provided that the Managers have agreed an application for such cover as is required by the PLR / 2002 Protocol.

The above limit is per each accident or occurrence. This cover is provided under Rule 2 Part C.

ISPS Compliance Clause

The terms and conditions of insurance of every Member shall incorporate and be subject to the following ISPS Compliance Clause:

ISPS Code Compliance Warranty (to be read in conjunction with Rule 4E.2.3)

Unless otherwise agreed in writing between the Insured Owner and the Managers, the Insured Owner warrants that he shall comply with all statutory requirements of the state of the Entered Ship's flag relating to the International Ship & Port Facility Security Code ("the ISPS Code")

PROVIDED ALWAYS that:-

- (i) neither this clause nor Rule 4E.2.3 shall apply if the Insured Owner shall prove that the failure to comply with any statutory requirements of the state of the Entered Ship's flag relating to the ISPS Code and/or the failure at all times to maintain the validity of any statutory certificates issued by or on behalf of the Entered Ship's flag in relation to the ISPS Code arose without the fault of the Insured Owner or the managers of the Entered Ship; and
- (ii) the Directors may authorise payment of a claim, either in whole or in part, which would otherwise be excluded by the provisions of this clause, if in all the circumstances the Directors shall in their sole discretion see fit.

ADDITIONAL PREMIUM AREAS AND PREMIUMS

The Additional Premium Areas, which have been determined by the Directors under Rule 19.3, are shown below. Additional Premiums to be charged for calls to Additional Premium Areas should be agreed with the Managers.

Additional Premium Areas

In accordance with Rule 19 the following places, countries, zones and areas (whether land or sea) shall continue to be Additional Premium Areas with effect from Noon GMT 20 February 2013.

(note: **bold** headings are for ease of reference only)

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

Africa

Benin

Eritrea (South of 15° N)

Gulf of Guinea, but only in respect of the area enclosed by:

On the northern side the coast of Benin and Nigeria;

On the western side a straight line from the border, on the coast of Benin and Togo to position Latitude 3° North, Longitude 1° 38' E;

On the southern side a straight line from there to position Latitude 3° North, Longitude 8° East;

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.

Libya

Nigeria

Somalia

Indonesia / Malaysia

Balikpapan (South East Borneo)

North East Coast of Borneo, between and including Kudat and Tarakan

Jakarta

Sumatra (Sumatra), but only the North Eastern coast between 5° 40' N and 0° 48' N

Middle East

Iran

Iraq

Israel

Lebanon

Saudi Arabia

Syria

Yemen

Philippines

Sulu Archipelago including Jolo

Information: UKHO have provided parameters for the Sulu Archipelago as follows:-

From Tanjung Bidadari (5° 49'• 6N, 118° 21'• 0E) along the east coast of Sabah to Tanjung Bagahak Light (4° 56'• 5N, 118° 38'• 3E); thence south-eastwards to Pulau Matakang Light (4° 34'• 6N, 118° 57'• 0E); thence southwards to position 3° 32'• 0N, 118° 57'• 0E; thence north-eastwards to position 5° 50'• 0N, 122° 31'• 0E; thence northwards to position 7° 06'• 6N, 122° 31'• 0E; thence westwards to Batorampon Point Light (7° 06'• 6N, 121° 53'• 8E); thence west-south-westwards to Tanjung Bidadari.

South America

Venezuela

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

The waters enclosed by the following boundaries:

On the north-west, by the Red Sea, south of Latitude 15° N;

On the west of the Gulf of Oman by Longitude 58° E;

On the east, Longitude 78° E; and

On the south, Latitude 12° S

excepting coastal waters of adjoining territories up to 12 nautical miles offshore unless otherwise provided, and subject to the conditions that the Entered Ship does not approach within 50 nautical miles of the north coast of Somalia, or within 100 nautical miles of the Socotra Archipelago, or within 200 nautical miles of the east coast of Somalia.

Members' attention is drawn to the terms of Rule 29 (Additional Premiums). The Owner of an Entered Ship is required to give the Association written notice before an Entered Ship proceeds to an AP area. If notice is not given as required, the Entered Ship has no cover while in the AP area. The notices required under Rule 29 should be given to the Managers either at the address above or by email to ukwr@thomasmiller.com.

Yours faithfully

THOMAS MILLER WAR RISKS SERVICES LIMITED
Managers

Copies of this Circular and other publications, including the Association's Rules, can be viewed and/or downloaded from the Association's website at www.ukwarrisks.com