

Our Ref: UKWR C1-2025

20 January 2025

TO THE MEMBERS

Dear Sir/Madam

RENEWAL OF THE ASSOCIATION'S COVER FOR THE POLICY YEAR COMMENCING 20 FEBRUARY 2025

We are writing to advise Members of the decisions made by the Directors of the Association and UK P&I Club N.V. ("UKNV") on the rates, terms and conditions for the 2025 Policy Year.

Key points:

- **A Discretionary Continuity Credit will be made to renewing Members who have maintained their entry for the entire 2024 Policy Year.** A total of US\$2.9m will be paid from reserves, and each Member's total return will be determined by their insured values. See page 2 of this Circular for further details.
- The **Rule changes** proposed at the Association's Special General Meeting on 14 January 2025 were agreed. Please see pages 15 of this Circular for further details.
- **Optional War Loss of Hire cover will continue to be offered.** Please see pages 5-6 and 10-12 of this Circular for further details.
- **Contraband / Drug seize cover will continue to be offered.** This optional insurance covers loss of hire when a ship is detained or seized, when drugs or other contraband are discovered on board. Please see pages 7 and 13-14 of this Circular for further details.
- **The Chemical, Biological, Bio-Chemical and Electromagnetic Weapon and Radioactive Contamination and Nuclear Risks Exclusion Clauses** will not apply to the first US\$50 million of claims in the annual aggregate across the membership.
- **The Computer Virus Exclusion Clause** will not apply to the first US\$50 million of claims in the annual aggregate across the membership.
- Cover incorporates LMA5395, the **Coronavirus Exclusion Clause**, which is outlined on page 5 of this Circular.

Members are reminded that under the fronting arrangement between the Association and UKNV, the latter will issue contracts of insurance for ships which are flagged in EEA countries. The Association's [Circular C4-2020](#) contains further details.

ADVANCE CONTRIBUTIONS

At their meeting on 15 January 2025, the Directors reviewed the financial position of the Club including the performance of the current Policy Year, and decided on the rates for the 2025 Policy Year. They agreed that the Advance Contribution rates will no longer be published however will be as expiry, subject to Underwriters' discretion for additional risk factors. A similar decision was also taken by UKNV, which will underwrite all EEA risks.

The Directors also decided that:

- the Advance Contribution rates will be discounted by 50 per cent 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 per cent 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 per cent 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 one instalment, debited on 20 February 2025.

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

DISCRETIONARY CONTINUITY CREDIT

The Directors have decided that at this renewal due to the strength of our capital position a return to the membership will be made by way of payment of a Discretionary Continuity Credit on the following basis:

A total of US\$2.9 million will be returned to Members who have maintained an entry throughout the 2024 Policy Year and whose entries are renewed and maintained in full for the 2025 Policy Year. The Discretionary Continuity Credit will be determined by reference to Members' individual insured values and is not otherwise linked to the level of premiums paid by each Member. The Managers will be contacting Members regarding the level of their return on an individual basis.

BROKERAGE/COMMISSION

Advance Contribution

If ships are entered in the Association through a broker, brokerage of 30 per cent will be payable on the Advance Contribution rates, less any allowances for Rule 3 or restricted trading discounts. If ships are entered in the Association directly, commission of 30 per cent, calculated on the same basis, will be payable to the Member.

Additional Premiums

Where Additional Premiums are placed on the Association's main reinsurance contract, a commission or brokerage of 40 per cent will be payable. If the ships are entered in the Association through a broker, the brokerage will be payable to the broker. If the ships are entered in the Association directly, the commission will be payable to the Member.

THE COVER

Maximum Sum Insured

In accordance with Rule 18, the maximum amount for which any one ship or the interests therein may be insured by the Association is USD 1,000,000,000 or the equivalent in other acceptable currencies, to be determined by USD rates of exchange published in the Financial Times on 20 February 2025, other than for Russia, Ukraine and Belarus.

Protection and Indemnity Cover

Other than for Russia, Ukraine and Belarus, the cover for all P&I claims including claims in respect of oil pollution shall be a maximum of USD 500,000,000 or the equivalent in other acceptable currencies, to be determined by USD rates of exchange published in the Financial Times on 20 February 2025, 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.

Please see below for maximum sums insured for Russia, Ukraine and Belarus.

Russia, Ukraine & Belarus

Market wide losses suffered across the international treaty reinsurance market during 2022 from the Russia/Ukraine conflict led to a significant reduction in capacity in the marine war reinsurance market for the Russia, Ukraine, Belarus ('RUB') Additional Premium areas for the 2025 Policy Year.

The Association's reinsurance cover for ships calling to these areas is subject to lower sub-limits than the rest of the cover. The Association will offer cover on the following basis:

- Limit USD 150,000,000 (inclusive of WLOH/CLOH) per ship.
- War P&I limit of USD75,000,000 or total insured value of the ship, whichever is the greater, up to a maximum of USD150,000,000. The total insured value of the ship is as set out in the Certificate of Entry.

This cover may be subject to an aggregate limit. Such limits or other restrictions will be advised at the time of quoting any Additional Premium for the call.

Members who may be impacted by these sub-limits should contact the Managers to discuss further.

The usual procedures for notifying the Managers of the intention to call to these AP areas, and the existing due diligence and sanctions checking requirements remain unchanged.

Members are reminded that, as per Rule 28, for any AP calls not insured through the Association, the Association must be informed in advance of the call so that cover can be suspended in the usual manner. This applies to all AP areas, including Russia, Ukraine and Belarus.

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 Appendix A)

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 Appendix A 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.

AMENDMENTS TO THE ASSOCIATION'S RULES

Members are asked to note that the changes to the Association's Rules as proposed at the Special General Meeting on 16th January 2024 were adopted. Please see the summary at Appendix C to this Circular for further details.

CLARIFICATION OF COMPUTER VIRUS EXCLUSION (RULE 4.3 REFERS)

The Managers wish to advise that the exclusion within Rule 4.3 relating to computer viruses shall not operate to exclude or limit losses (which would otherwise be covered under the terms of this policy) 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.

For the 2025 Policy Year, the exclusion clause will include the following provision:

"1.3 To the extent not excluded by this clause any loss otherwise covered by this policy will not be prejudiced by the involvement of the use or operation of any computer, computer system, computer software programme or any other electronic system."

CORONAVIRUS EXCLUSION CLAUSE

For the 2025 Policy Year, the terms and conditions of insurance of every Member shall incorporate and be subject to the following Coronavirus Exclusion Clause:

This clause shall be paramount and shall override anything contained in this insurance inconsistent therewith.

This insurance excludes coverage for:

1) any loss, damage, liability, cost, or expense directly arising from the transmission or alleged transmission of:

- a) Coronavirus disease (COVID-19);
- b) Severe Acute Respiratory Syndrome Coronavirus 2 (SARS-CoV-2); or
- c) any mutation or variation of SARS-CoV-2;

or from any fear or threat of a), b) or c) above;

2) any liability, cost or expense to identify, clean up, detoxify, remove, monitor, or test for a), b) or c) above;

3) any liability for or loss, cost or expense arising out of any loss of revenue, loss of hire, business interruption, loss of market, delay or any indirect financial loss, howsoever described, as a result of any of a), b) or c) above or the fear or the threat thereof.

All other terms, conditions and limitations of the insurance remain the same.

OPTIONAL ADDITIONAL COVER

War Risks Loss of Hire Insurance

The Association will continue to offer War Loss of Hire Insurance for the 2025 Policy Year. This is an optional additional insurance, which Members will specifically need to request. It is offered under Rule 2 Part G and subject to the wording set out in Appendix A to this Circular, the Rules otherwise remaining unchanged. Application forms are available from the Managers.

Annual premium rates will be the same as the gross Advance Contribution rates set out on the second page of this Circular and will be calculated on the total sum insured for loss of hire.

Coverage will, unless otherwise requested, be for 90 days at the declared daily rate any one occurrence, limited to 90 days in any one Policy Year with longer (or shorter) periods available on application.

Members are asked to note that War Loss of Hire has two sections, the cover under Section B has been expanded for the forthcoming Policy Year:

Section A: War Loss of Hire from Physical Damage: this responds in the event of physical damage from a covered war peril;

and

Section B: War Loss of Hire - Special Risks: this responds without the need for physical damage if during the period covered by this Insurance the Entered Ship is

- (a) delayed by reason of capture, seizure, arrest, restraint or detainment, or any attempt thereof by:
 - (i) any terrorist or any person acting maliciously, or from a political motive, or
 - (ii) piracy, barratry or violent theft by persons from outside the Entered Ship
- (b) detained or diverted by reason of war, warlike operations, civil war, revolution, rebellion, insurrection, civil strife, any hostile act by or against a belligerent power, or by conditions brought about as a result of the foregoing;

Therefore, 'Section B: War Loss of Hire - Special Risks' would now respond to ships captured, seized, arrested, restrained or detained due to a war, such as seen for the ships trapped in Ukraine. The Association's Detention cover under Rule 2B would also respond in these circumstances and the interaction between these rules is detailed later in this Circular.

In non-Additional Premium areas, cover extends to Section B risks, whether or not a ship has suffered damage necessitating time off-hire for repairs.

For loss of hire Additional Premium, Members can elect whether to maintain this Section B cover or exclude Section B cover at a lower rate.

A 7 day deductible will apply (0 days for Section B risks).

For some time now Additional Premium declarations to certain Additional Premium areas have been charged at a rate 2.5 times that levied on the ship's hull value, with the option for the Member to exclude Section B in order to reduce the rate. This option to exclude Section B will remain available to Members. With immediate effect, the areas where War Loss of Hire including Section B: War Loss of Hire – Special Risks will be charged at a rate 2.5 times that that levied on the ship's hull value are as follows:

- Benin
- Gulf of Guinea
- Nigeria
- Somalia
- Togo
- Venezuela
- Indian Ocean / Arabian Sea / Gulf of Aden / Gulf of Oman / Southern Red Sea
- Russia
- Ukraine
- Belarus

Full descriptions and coordinates of all Additional Premium areas are as per [Circular C3/2023](#).

Should Members wish the Additional Premium declarations to exclude Section B risks then the rate will be the same rate as that levied on the ship's hull value. Annual cover must be purchased for Additional Premium cover to be available.

Additional Premium declarations, including Section B: War Loss of Hire, for areas other than as listed above will be charged at the same rate as the ship's hull value, and Section B War Loss of Hire will be included at no extra premium.

Members who wish to purchase this additional coverage should contact the Managers in the normal manner, advising the number of days' cover required and the daily indemnity rate.

There will be a maximum combined single limit of USD 1,000,000,000 for hull, hull interests and loss of hire amounts (other than for Russia, Ukraine and Belarus, where the limits shall be as above).

Members are asked to note that no commissions will be allowed on loss of hire premiums, whether on Advance Contribution amounts, or for Additional Premiums.

Contraband / Drug seize cover

The Association will also offer insurance which covers hire lost when a ship is detained or seized when drugs, or other contraband, are discovered on board. This is an optional additional insurance, offered under Rule 2 Part G. The cover wording can be found at Appendix B to this Circular. Members who are interested in purchasing this cover should contact the Managers for further details. Members do not have to purchase war loss of hire cover to purchase this additional cover.

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 2024.

(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

Cabo Delgado – the territorial sea of Mozambique and Tanzania enclosed by the following boundaries:

To the north, from Mnazi Bay at 10°19.6'S, 40°18.9'E to high seas point at 10°10.3' S, 40°34.44' E.

To the south, from Baía do Lúrio at 13°30'S, 40°31.6'E to high seas point 13°29.97' S, 40°49.7' E.

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

On the west, from the coast of Togo 6° 06'45" N, 1°12'E, south to

High seas point 0° 40'S, 3° 00' E

And then east to Cape Lopez Peninsula, Gabon 0°40'S, 8° 42'E.

Libya

Nigeria

Somalia

Sudan

Togo

Europe

Sea of Azov and Black Sea waters plus inland waters as defined below:

- 1) Sea of Azov and Black Sea waters enclosed by the following boundaries:
 - a) On the west, around Romanian waters, from the Ukraine-Romania border at 45° 10.858'N, 29° 45.929'E to high seas point 45° 11.235'N, 29° 51.140'E
 - b) thence to high seas point 45° 11.474'N, 29° 59.563'E and on to high seas point 45° 5.354'N, 30° 2.408'E
 - c) thence to high seas point 44° 46.625'N, 30° 58.722'E and on to high seas point 44° 44.244'N, 31° 10.497'E
 - d) thence to high seas point 44° 2.877'N, 31° 24.602'E and on to high seas point 43° 27.091'N, 31° 19.954'E
 - e) and then east to the Russia-Georgia border at 43° 23.126'N, 40° 0.599'E
- 2) All inland waters of Ukraine, including inland waters within Crimea and other Ukrainian territories under Russian control
- 3) Inland waters of Russia within the following areas:
 - a. River Don, from Sea of Azov to vertical line at 41° E
 - b. River Donets, from River Don to Ukraine border
- 4) All inland waters of Belarus south of horizontal line at 52° 30' N

Middle East

Iran
Iraq
Israel
Lebanon
Oman (Musandam Governorate)

Persian or Arabian Gulf and adjacent waters including the Gulf of Oman and waters west of the line from Oman's territorial limit off Cape al-Hadd at 22°42.5'N, 59°54.5'E northeast to the Iran-Pakistan border at 25°10.5'N, 61°37.5'E excepting coastal waters of adjoining territories up to 12 nautical miles offshore unless otherwise provided.

Saudi Arabia (Gulf Coast)
Saudi Arabia (Red Sea Coast) excluding transits
Syria
United Arab Emirates
Yemen

Russia

Russia

South America

Guyana, but only calls to offshore installations in the Guyanese EEZ beyond territorial waters
Venezuela

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 18° N

On the northeast, from the Yemen border at 16°38.5'N, 53°6.5'E to high seas point 14°55'N, 53°50'E

On the east, by a line from high seas point 14°55'N, 53°50'E to high seas point 10°48'N, 60°15'E, thence to high seas point 6°45'S, 48°45'E

And on the southwest, by the Somalia border at 1°40'S, 41°34'E, to high seas point 6°45'S, 48°45'E

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

All areas above 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.

The named countries shall include their coastal waters up to 12 nautical miles offshore, unless specifically varied above. The named ports shall include all facilities/terminals within areas controlled by the relevant port authority/ies (as or may be more precisely defined) including offshore terminals/facilities and all waters within 12 nautical miles of such but not exceeding 12 nautical miles offshore unless specifically stated.

Members' attention is drawn to the terms of Rule 28 (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 28 should be given to the Managers 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

**APPENDIX A TO THE ASSOCIATION'S CIRCULAR C1
dated 16 January 2025**

**War Risks Loss of Hire Insurance
under Rule 2 Part G "Optional Additional Insurance"**

1. The cover provided by the Insurance is subject to the terms and conditions set out in paragraphs 1 to 20 inclusive and is divided into two sections, section A and section B.

Section A: War Loss of Hire from Physical Damage

2. If, in consequence of damage to the Entered Ship covered under the Rules of the Association, the Entered Ship be wholly or partly deprived or prevented from earning hire or reward for a period in excess of 7 consecutive periods of 24 hours in respect of any one occurrence provided that:-

- a) such damage to the Entered Ship occurs during the period of entry of the ship in the Association; and
- b) repairs if actually carried out in respect of damage are completed within twelve months of the expiry of this Insurance.

this insurance shall pay the Owner for each 24 hour period or part thereof during which the Entered Ship is so deprived or prevented as per (i) and (ii) as follows:

- (i) Subject to the Managers' agreement, the daily sum recoverable under this part of the Insurance shall be US\$ [to be agreed] per day whether the Entered Ship is on charter or not.
 - (ii) This part of the Insurance shall cover a maximum of 90 days, or such other period as the Managers agree, resulting from any one occurrence or in the aggregate during the period of this Insurance.
3. There shall be no recovery under this part of the Insurance in respect of any period during which the Entered Ship is captured, seized, arrested, restrained or detained as a result of any terrorist or any person acting maliciously or from a political motive, piracy or violent theft by persons from outside the Entered Ship or detained or diverted by reason of war, warlike operations, civil war, revolution, rebellion, insurrection, civil strife, any hostile act by or against a belligerent power, or by conditions brought about as a result of the foregoing.
 4. The Owner shall effect, or cause to be effected, all repairs (temporary or permanent) with due diligence and dispatch. The Association shall have the right to require the Owner to incur any expense which would reduce the Association's liability under this part of the Insurance, provided such expense is for the Association's account.
 5. The Association will be entitled to any Charter Hire or other contractual reward or payment in respect of the period for which a claim has been paid by the Association under this part of the Insurance whenever such payment is received by the Owner.
 6. If an Owner is entitled to claim Charter Hire from any time charterer or claim any contractual reward or payment from any other charterer for the period in respect of which the claim is made under this part of the Insurance the Association shall be entitled to exercise rights of subrogation in respect of such hire or other sums and the Owner shall assign its rights thereto to the Association.

Section B: War Loss of Hire

7. If, during the period covered by this Insurance, the Entered Ship is:
- (a) delayed by reason of capture, seizure, arrest, restraint or detainment, or any attempt thereat by:
 - (i) any terrorist or any person acting maliciously, or from a political motive, or
 - (ii) piracy, barratry or violent theft by persons from outside the Entered Ship
 - (b) detained or diverted by reason of war, warlike operations, civil war, revolution, rebellion, insurrection, civil strife, any hostile act by or against a belligerent power, or by conditions brought about as a result of the foregoing;

this Insurance will pay, subject to the terms which follow, the amounts set out below in respect of any delay caused by such an event.

8. Subject to the Managers' agreement, the daily sum recoverable under this part of the Insurance shall be US\$ [*to be agreed*] per day whether the Entered Ship is on charter or not.
9. This part of the Insurance shall cover a maximum of 90 days, or such other period as the Managers agree, resulting from any one occurrence or in the aggregate during the period of this Insurance.
10. Where the Entered Ship undergoes repairs necessitated by any of the events set out in paragraph 7 above and the period of cover set out in paragraph 9 has been exhausted prior to such repairs taking place, the Owner may, to the extent that the Directors in their discretion decide, also recover under this part of the Insurance at the rate set out in paragraph 8 for the period during which the Entered Ship undergoes such repairs but this period shall not exceed 30 days.
11. Where the Entered Ship is under time charter the period covered by this part of the Insurance shall commence at the time and date of the period for which Charter Hire ceases to be paid by the Entered Ship's time charterers.
12. The Association will be entitled to any Charter Hire or other contractual reward or payment in respect of the period for which a claim has been paid by the Association under this part of the Insurance whenever such payment is received by the Owner.
13. If an Owner is entitled to claim Charter Hire from any time charterer or claim any contractual reward or payment from any other charterer for the period in respect of which the claim is made under this part of the Insurance the Association shall be entitled to exercise rights of subrogation in respect of such hire or other sums and the Owner shall assign its rights thereto to the Association.
14. In the event the Entered Ship is delayed, detained or diverted in accordance with paragraphs 7(a) and (b) for a period exceeding 90 days, or such other period as the Managers agree under this Section B, and the Owner seeks further recovery in respect thereof under Rule 2 Part B (Detention or Diversion Expenses) the Rule 2B claim:
- a) shall not be subject to any deductible under Rule 2B.8.2; and
 - b) in the case of Detention any recovery shall be calculated in accordance with Rules 2B.4 to 2B.8.

15. This part of the Insurance may be reinstated subject to the approval of the Managers.
16. The provisions of Rule 4.22 shall not apply to this part of the Insurance.

Terms applicable to both Section A and Section B Cover

17. This Insurance is subject to the Association's Rules, unless expressly stated otherwise in this document, including, but not limited to, the submission by the parties to the jurisdiction of the English High Court of Justice in accordance with the terms of Rule 46 – "Disputes" in respect of any dispute or difference between the Owner and the Association.
18. In the event the Entered Ship is detained or diverted in accordance with Rule 2 Part B (Detention and Diversion Expenses) and the Owner seeks recovery in respect thereof, any Additional Premiums due to the Association, including but not limited to premium due for the period of such detention or diversion in respect of any cover under Section A and Section B, shall be payable to the Association in full and no proportion of that Additional Premium will be recoverable by the Owners under Rule 2 Part B or otherwise.
19. The Association hereby gives notice under Rule 16 – "Notice of Termination" that the Insurance shall not continue from Policy Year to Policy Year but shall terminate at noon G.M.T. on 20 February 2025 unless otherwise agreed by the Managers.
20. In this document "Insurance" shall mean the insurance as set out in paragraphs 1 to 20 inclusive; and the words "Owner", "Entered Ship", "Association" and "Policy Year" shall bear the meanings set out in the Definitions of the Association's Rules.

Explanatory Note – not forming part of the terms of the War Risks Loss of Hire Insurance

The insurance provided by this additional insurance is subject to the Rules of the Association including those relating to the declaration of Additional Premium Areas. Where an Additional Premium Area is declared, the Association is likely to impose different Additional Premiums for Section A and Section B cover. Members may, in accordance with the Rules of the Association, give notice of suspension of insurance in respect of either Section A or Section B cover and pay the Additional Premium to maintain whichever Section of the additional insurance they wish to preserve. Notice of suspension could also be given for both Sections if Members wish.

**APPENDIX B TO THE ASSOCIATION'S CIRCULAR C1
dated 16 January 2025**

**Contraband Loss of Hire Insurance
Under Rule 2 Part G "Optional Additional Insurance"**

1. The cover provided by this insurance is subject to the terms and conditions set out in paragraphs 1 to 18 inclusive. Cover is provided on a worldwide basis and, for this insurance only, includes cover in Additional Premium Areas within the annual premium chargeable hereunder.
2. If, in consequence of the discovery, or suspicion, of the presence on board of Contraband but excluding illegal or unlicensed military, security and paramilitary goods, equipment, arms, ammunition and related material belonging to, or in the possession of, armed security engaged by the Owner or charterer, the Entered Ship is delayed during the period covered by this insurance by reason of seizure, arrest, restraint, detainment or confiscation, or any attempt thereat, by any:
 - (i) Government, public or local authority, or
 - (ii) port or customs authority

this insurance will pay, subject to the terms which follow, the amounts set out below in respect of any delay caused by such an event.
3. Subject to the Managers' agreement, the daily sum recoverable under this insurance shall be USD [to be agreed] per day whether the Entered Ship is on charter or not.
4. The insurance shall cover a maximum of 90 days' delay, or such other period as the Managers agree, resulting from any one occurrence or in the aggregate during the period of this insurance.
5. Where an Owner is entitled to recover a daily sum by reason of events set out in clause 2 he shall, in addition, be entitled to recover any costs or expenses which are directly caused by such events up to an amount equivalent to the maximum limit of cover provided in respect of delay, such expenses to include but not be limited to the costs of transshipment, crewing (including repatriation and substitution expenses), bunkers, demurrage, warehousing, substitute chartering, cargo liabilities, legal expenses, port expenses and the cost of providing security (such as letter of credit charges) to obtain the release of a vessel but excluding:
 - (i) any fines, penalties or other impositions,
 - (ii) any sum paid in consideration of or for the release of the Entered Ship, and
 - (iii) any cost or expense which is recoverable from any other insurance or would be recoverable in circumstances set out in Rule 4.15 – "Double Insurance".
6. Where the Entered Ship is under time charter the period covered by this insurance shall commence at the time and date of the period for which charter hire ceases to be paid by the Entered Ship's time charterers.
7. The Association will be entitled to any charter hire in respect of the period for which a claim has been paid by the Association under this insurance in respect of delay which is received by the Owner after payment of the claim by the Association.

8. If an Owner is entitled to claim charter hire from any time charterer for the period in respect of which the claim is made under this insurance, the Association shall be entitled to exercise rights of subrogation in respect of such hire and the Owner shall assign its rights thereto to the Association.
9. This insurance may be reinstated subject to the approval of the Managers.
10. There shall be no recovery under this insurance if the event in respect of which a claim would otherwise arise also results in the Entered Ship becoming an actual or constructive total loss under the Rules of the Association. In the event that a claim under this insurance has been paid prior to the Entered Ship becoming an actual or constructive total loss there shall be deducted from any claim in respect of the actual or constructive total loss a sum equivalent to any claim paid under this insurance.
11. There shall be no recovery under this insurance if the Owner, or any of the Owner's managers, superintendents or shore management knew of, or is successfully prosecuted as being knowingly involved in, the carriage of Contraband which led to the seizure, arrest, restraint, detainment or confiscation referred to in paragraph 2 above. In the event that a claim under this insurance has been paid prior to the establishment of such knowledge or prior to the successful prosecution, the amount paid by the Association will be repayable by the Owner.
12. It is warranted that where the Entered Ship is newly acquired, newly bareboat chartered or redelivered, the Owner will search the ship for Contraband immediately on acquisition, delivery or redelivery.
13. It is warranted that the Owner shall take all reasonable steps to prevent the Entered Ship or its cargo being used for the purpose of carrying Contraband.
14. It is warranted that the Owner is signatory either to the Sea Carrier Initiative Agreement or the Customs-Trade Partnership Against Terrorism agreement with the United States of America's Customs Authorities unless the Managers otherwise agree.
15. The provisions of Rules 4.12 – "Seizure by a country where the Entered Ship is owned, registered or managed", 4.10 – "Exclusion of Claims arising out of criminal or other proceedings", 4.11 – "Ordinary Judicial Process" and 28 – "Additional Premiums" shall not apply to this insurance.
16. This insurance is subject to the Association's Rules, unless expressly stated otherwise in this document, including, but not limited to, the submission by the parties to the jurisdiction of the English High Court of Justice in accordance with the terms of Rule 46 – "Disputes" in respect of any dispute or difference between the Owner and the Association.
17. The Association hereby gives notice under Rule 16 – "Notice of Termination" that the insurance shall not continue from Policy Year to Policy Year but shall terminate at noon G.M.T. on 20 February 2025 unless otherwise agreed by the Managers.
18. In this document "insurance" shall mean the insurance as set out in paragraphs 1 to 18 inclusive; "Contraband" shall mean any object, including drugs, which is unlawful to import, export, produce or possess; and the words "Owner", "Entered Ship", "Association", "Managers" and "Policy Year" shall bear the meanings set out in the Definitions of the Association's Rules, and "Additional Premium Area" shall bear the meaning set out in Rule 19 – "Constitution of Additional Premium Areas" of the Association's Rules.

**APPENDIX C TO THE ASSOCIATION'S CIRCULAR C1
dated 16 January 2025**

**Amendments to the Association's Rules agreed at the Special General Meeting
held on 14 January 2025**

The Rule changes as agreed at Special General Meeting on 14 January 2025 are detailed in the following table. The Rule changes take effect from 20 February 2025 for the 2025 Policy Year.

UK War Risks – Rules Review and Refresh : Summary Table of Changes

Rule	Changes	Effect
Definitions	<p>(a) These now include definitions of Freight and Disbursements and Increased Value. This is there to assist in the drafting.</p> <p>(b) The words “all valuables” have been deleted from the definition of Effects</p>	Clarifies what is valuable
Rule 1 Introductory Rule 1.2	This Rule has been deleted. The substance of the original Rule 1.2 is repeated in Rule 1.3 which has been amended to apply to all relevant circumstances.	Rule is no longer required as it is now encompassed in Rule 1.3
Rule 1.5	This is a new Rule. It is to assist the understanding of the Rules by emphasising that cover under all Parts of Rule 2 and 3 are subject to all relevant exclusions, warranties and conditions. It also refers to cover under Rule 1.6 (see below).	No material change
Rule 1.6	The present Rules (Rule 4A.2) allow for the possibility of the Club providing cover for KER even to ships which have not been accepted by the Board of Trade under the reinsurance arrangements with HMG. As provisions in relation to KER in Rule 4A have been moved to Appendix A, this head of cover has been introduced by Rule 1.6.	Repositioned to a more appropriate section of the Rules
Rule 2 Part A – Hull & Machinery Rule 2A.4	Consistent with the structural changes, the exclusion of risks covered by hull policy (Rule 4B) is added as an express exclusion and so entitled.	No material change
Rule 2A.2.6	The perils have been amended to include barratry expressly.	Widens cover to include barratry expressly
Rule 2A.11	A new provision under which the Insured Owner’s rights of recovery cannot exceed 125% of the hull value, thereby guarding against excessive valuations.	Adds a protection for the benefit of the Association

Rule	Changes	Effect
Part B – Detention & Diversion expenses Rule 2B.3	As part of the structural changes, all specific exclusions relevant to the risk have been included in the Section Exclusions.	No material change
Rule 2B.7	The provisos (Rule 2B.5.1 and 2) adding an obligation on the Member to give credit in respect of claims made for damage have been deleted on the basis that the cover should reflect that damage and detention are distinct heads of loss. Detention covers running expenses incurred whilst the ship is detained by the listed war perils which result in a loss of opportunity for the ship to earn income. This is distinct from loss or damage to the property or Hull and Machinery. There is no commercial purpose for deducting damage losses from detention losses..	In principle widens the cover available
Rule 2B.8.3	Clarification that an Owner need only give credit on a time basis capped at the amount that would be recoverable from the Association for such time pursuant to Rules 2B.5, 2B.6, 2B.7 and not give credit for aggregate hire, other reward or payment received for the same period if they exceed the amount recoverable from the Association under Rules 2B.5, 2B.6, 2B.7. Deductible always to apply.	Aligns recovery from the Association with commercial expectations
Part C – P&I Risks 2C.5.1	Clarification of cover for liabilities arising from captured and detained crew which arise from crew employment contracts or applicable collective bargaining agreements	Aligns recovery from the Association with commercial expectations
Rule 2C.7	The reference to a pooling agreement (Rule 2C.6) is an anachronism stemming from a period when the Club was part of the so called “London Pool” and has been deleted.	No material change
2C.15.1	The exception of barratry from cover for capture, seizure, arrest, restraint or detainment and the consequences thereof or any attempt thereat has been removed.	Widens cover to include barratry expressly

Rule	Changes	Effect
2C.15.6	The perils have been amended to include barratry expressly	Widens cover to include barratry expressly
Rule C.18	Crew liabilities are excluded where these are recoverable under a social security or similar statutory government scheme. Discretion to the Directors has been added.	Increases flexibility
Part G – Optional Additional Insurance Rule 2G.1	This is amended so as to simplify the giving by the Club of additional covers.	Increases flexibility
Freight and Disbursements and/or Increased Value Rule 3.2.6 and Rule 3.7	The perils have been amended to include barratry expressly	Widens cover to include barratry expressly
Rule 4.6 Imprudent conduct	The imprudent conduct Rule (Rule 4D.5) has been replaced by an express obligation on the Insured Owner to take steps to protect its interests as it should had there been no insurance provided by the Club. Where there is a potential breach of warranty, the Directors have the power to pay claim and in whole or in part at their discretion.	Softens the exclusion
Rule 4.8.2	The warranty that the Entered Ship will not enter or leave a port known to be blockaded has been deleted. The obligation to sue and labour rule should suffice to cover those cases where the Insured Owner deliberately exposes the Entered Ship to risk.	Should result in no practical change
Rule 4.10 Exclusion of Claims arising out of criminal or other proceedings	Exclusion in relation to fines and penalties has been recast to clarify that it extends to all infringements of the criminal or other local law. It also specifies that the exclusion in relation to criminal process will “whatever the reason or motive for such action”. These words ought	A potential narrowing of the existing cover however discretion remains

Rule	Changes	Effect
	to resolve issues as to whether criminal proceedings are, in reality, simply the exercise of an executive or political act resulting in the detention of the ship. For cases where there may be some doubt as to questions of motive, the Directors still have the power in their discretion to make payments.	
Rule 4.11 Ordinary Judicial Process	Amendments to the Rule (Rule 4E.7) are intended to clarify and improve the existing wording without necessarily widening the exclusion.	No material change
Rule 4.14 Exclusion of Sums Insurable under P&I Rules	The exclusion of liabilities covered by a UK P&I Club cover (Rule 4E.8) is amended so as to clarify that piracy, barratry or violent theft by a person from outside an Entered Ship is covered by the Club.	Neutral but brings the Rules up to date with commercial practice
Rule 5.15.3.2	Rule has been amended to remove piracy and barratry from the double insurance exclusion	Clarification of cover
Rule 4.17	This provision was previously in the Appendices but now included in Rule 4. The Directors have been given an additional power to determine that a ship is a CTL, thereby bringing the cover to an end. A similar provision is in the cesser Rule 32.3.7.	
Rule 4.18.7 Obligations with regard to claims	The consequences for a breach of an Insured Owner's obligations with regard to claims has been amended (e.g. Rule 4E.12.5) by explicitly making compliance conditions precedent to cover. Breaches would, therefore, prima facie result in the cover being excluded but on the basis that the Directors still have a discretion to pay in whole or in part notwithstanding any such breach.	Potential tightening of the cover for the protection of the Association, but brings the cover in line with market practice
Rule 8 Fair Presentation of Risk (and fleet entry/joint &	The fair presentation obligation on the Member to disclose what he "could with reasonable diligence ascertain" has been amended to read "ought to have known". The new wording is more consistent with the Insurance Act 2015.	No material change

Rule	Changes	Effect
several liability for premium) Rule 8.1		
Rule 8.1	Additional words have been added to emphasise that the obligation to make a fair presentation attaches when the cover is varied to allow entry into an AP area.	Clarifies the position
Rule 8.2	This is a new fleet entry rule.	Neutral but brings the Rules up to date with commercial practice
Rule 8.3	To supplement the fleet entry rule in Rule 8.2, this new Rule provides that all owners entered under a fleet cover are to be jointly and severally liable for premium.	Tightening of credit control in the event that one ship owner within a fleet defaults
Rule 14 Period of Insurance	Amended to reflect the fact that entries will often not commence on 20 February. There has also been added a provision making it clear that, in the case of a mid-year entry, the Rules in the relevant Policy Year will be applicable to any claim.	Neutral but brings the Rules up to date with commercial practice
Rule 16.4 Notice of Termination	The Rule makes it explicit that the Insured Owner cannot withdraw a ship from the Club except by giving notice not later than 20 January, unless the Managers agree.	Clarifies the existing position
Rule 17.3 Orders, Prohibitions and Directions	Existing wording (Rule 18.4) has been supplemented by including a warranty that the Members must comply with the orders and directions of the Club.	A clarification of the cover
Rule 28.1.1 & 2 Additional Premiums	The order of these provisions has been reversed, recognising that principal reason for the applicability of the Rule will be a decision of the Directors rather than Special Premium Notice in relation to King's Enemy Risks.	No material change

Rule	Changes	Effect
Rule 28.3	The amendment is intended to clarify the times at which notice of being in an AP area must be given	No material change
Rule 30.2 Closing of Policy Years	A new Rule which confers on the Directors the power to close a Policy Year even if further claims are anticipated or in existence.	Slight widening of Directors' powers
Rule 30.3.3	An express power to transfer any excess funds to reserves.	Clarifies the powers of the Directors.
Rule 44 Exercise of Powers	A new Rule which clarifies the basis of the authority of the Managers and the manner in which a discretion exercised.	Good governance
Rule 46 Disputes	This is a new proposed disputes rule. It abolishes the adjudication procedure. It establishes the jurisdiction of the English High Court as the default dispute mechanism. However, except for the Club's claims for unpaid premium, either the member or the club can opt to refer a dispute to arbitration . It also provides that any arbitrators should be members of the LMAA or King's Counsel practice in the Commercial Court.	Streamlines and modernises the mechanism for disputes in line with commercial practice
Rule 47 Notices	The notices provision has been extensively amended in order to bring it up to date with modern ways of communicating.	Amended to be brought up to date with current practices