

19 January 2010

TO ALL MEMBERS

The Britannia Steam Ship
Insurance Association Limited

Managers
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Dear Sirs

WAR RISKS P&I COVER
Biological and Bio-Chemical Weapons

Members will recollect that in 2004 the International Group Clubs formed a new Pooling facility in order to provide limited cover for certain war and terrorist risks for which there would otherwise be no cover, as a consequence of most War Risk Hull and P&I policies containing a Bio-Chemical Exclusion. The risks covered through the Pooling facility are in respect of the Members' liability:-

1. To pay damages, compensation or expenses in consequence of the personal injury to or illness or death of any seaman (including diversion expenses, repatriation and substitute expense and shipwreck unemployment indemnity), and
2. For the legal costs and expenses incurred solely for the purpose of avoiding or minimising any other P&I liability arising from a bio-chemical event (other than under Rule 19(21) Risks Incidental to Ship Owning.)

The Pooling facility will be continued for the 2010 policy year and the limit of cover will be maintained at US\$30 million in the aggregate each ship any one accident or occurrence or series thereof arising from any one event. The General Endorsement to Certificates of Entry giving effect to this extension of cover is attached.

Yours faithfully
Tindall Riley (Britannia) Limited
Managers

This circular should not be placed in the Binder

War Risks – Rule 25

General Endorsement attaching to all Class 3 Certificates of Entry

Policy Year: 2010

Risks Period: 20 February 2010 – 20 February 2011

It is hereby understood and agreed in accordance with the provisions of Rule 25 that as from noon GMT 20 February 2010 the following will form part of the Terms of Entry:

Biological and Bio-Chemical Weapons Clause

- 1.1 Subject to the terms and conditions and exclusions set out herein, cover is extended to include the liability of the Member:
- (a) in respect of seamen under Rule 19(1), and
 - (b) for legal costs and expenses under Rule 19(20)(A)
- 1.2 where such liability would be recoverable under the Rules and Terms of Entry:
- (a) save for the exclusion of war risks contained in Rule 25; and
 - (b) such liability could not be recovered under any other policy of insurance providing cover to replace that so excluded solely by reason of the operation of an exclusion of losses, liabilities, costs and expenses directly or indirectly caused by or contributed to by or arising from
 - (i) any chemical, biological, bio-chemical or electromagnetic weapon, or
 - (ii) 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,

- 1.3 provided always that the extension of cover set out herein shall not apply to liabilities, costs, losses and expenses arising from:
- (a) explosives or the methods of detonation or attachment thereof;
 - (b) the use of the Entered Ship or its cargo as a means for inflicting harm, unless such cargo is a chemical or bio-chemical weapon;
 - (c) 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.

2 **Excluded Areas**

- 2.1 Unless and to the extent the Committee may in its discretion otherwise decide, there shall be no recovery in respect of any liabilities, costs, losses and expenses directly or indirectly caused by or contributed to by or arising out of any event, accident or occurrence within such ports, places, countries, zones or areas or during such period as may be specified by the Association.
- 2.2 At any time or times before, or at the commencement of, or during the Policy Year, the Association may by notice to the Member specify, change, vary, extend, add to or otherwise alter the ports, places, countries, zones and periods for which there shall be no recovery under the terms of Clause 2.1, from a date and time specified by the Association not being less than 24 hours from midnight on the day the notice is given to the Member.

3. **Cancellation**

Cover hereunder may by notice to the Member be cancelled by the Association from a date and time specified by the Association, not being less than 24 hours from midnight on the day notice of cancellation is given to the Member.

4. **Limit of Liability**

- 4.1 Subject to Clause 4.2 the limit of the liability of the Association under this extension of cover in respect of all claims shall be in the aggregate USD30 million each Ship any one accident or occurrence or series thereof arising from any one event.
- 4.2 In the event that there is more than one entry by any person for cover in respect of biological and bio-chemical weapons as provided herein in respect of the same Ship with the Association and/or any other insurer which participates in the Pooling Agreement or General Excess Loss Reinsurance Contract, the aggregate recovery in respect of all losses, liabilities, costs and expenses arising under such entries shall not exceed the amount stipulated in Clause 4.1 and the liability of the Association under each such entry shall be limited to such proportion of that amount as the claims arising under that entry bear to the aggregate of all such claims recoverable from the Association and any such other insurer.

5. **Deductible**

The deductible shall be the deductible applicable to the relevant cover set out in the Certificate of Entry.

All other terms and conditions to remain unaltered.