



March 2015

To the Members

War and Piracy

Dear Sirs,

The Club can now provide cover for Hull War risks, full ground up P&I War risks and Kidnap and Ransom (K&R). The attached brochure sets out the details of each.

The objective is to offer these covers to Members on competitive terms and conditions, providing a serious alternative to Members' existing or expiring market covers. The Club is prepared to offer War and K&R cover on conditions which are at least as comprehensive as those presently in place for Members, structured in a way familiar to Owners and Brokers alike. Rating will be determined by the usual considerations including vessel characteristics, safety precautions and trading areas. Additional Premium (AP) areas are presently as listed at the end of this notice.

A sample application form is attached. If you wish to discuss what the Club can offer, please refer to the contact list in the brochure or speak to your usual Club contact.

War listed areas:

Africa

Benin

Eritrea, but only South of 15° N

Gulf of Guinea, but only the waters of the Togolese, Beninese and Nigerian Exclusive Economic Zones north of Latitude 3° N

Libya

Nigeria

Somalia

Togo

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

Waters as defined below

Asia

Pakistan

L.252

STEAMSHIP MUTUAL UNDERWRITING ASSOCIATION LIMITED

Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority

(Registered in England and Wales – Registration number 105461. PRA and FCA registration number 202548)

MANAGERS: STEAMSHIP P&I MANAGEMENT LLP

SPIM is an appointed representative of Steamship Insurance Management Services Limited which is authorised and regulated by the Financial Conduct Authority

(Registered in England and Wales – Registration Number OC376859. FCA registration number 597046)

AQUATICAL HOUSE 39 BELL LANE LONDON E1 7LU

Tel: +44 20 7247 5490 Website: www.steamshipmutual.com

Indonesia / Malaysia / Philippines

Borneo, but only the north east coast between the ports of Kudat and Tarakan inclusive
 The port of Jakarta
 Sulu Archipelago including Jolo, as defined below

Middle East

Bahrain excluding transit
 Iran
 Iraq, including all Iraqi offshore oil terminals
 Israel
 Lebanon
 Saudi Arabia excluding transit
 Syria
 Yemen

South America

Venezuela, including all offshore installations in the Venezuelan EEZ

Definitions:

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

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.

Sulu Archipelago

The area enclosed between:

- a) on the western side, a straight line between Tanjung Bidadari (5°49'·6N, 118°21'·0E) to position 3°32'·0N, 118°57'·0E
- b) on the south eastern side, a straight line from there to position 5°50'·0N, 122°31'·0E, and thence northwards to position 7°06'·6N, 122°31'·0E
- c) on the northern side, a straight line from there to Batorampon Point Light (7°06'·6N, 121°53'·8E)
- d) and on the north western side, a straight line from there back to Tanjung Bidadari.

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

The waters enclosed by the following boundaries:

- a) On the north-west, by the Red Sea, south of Latitude 15° N
- b) on the west of the Gulf of Oman by Longitude 58° E
- c) on the east, Longitude 78° E
- d) and on the south, Latitude 12° S

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

K&R breach areas:

**Area 1:
Indian Ocean/Gulf of Aden**

Transit/breach area shall be: Gulf of Aden, Arabian Sea, Gulf of Oman, and Indian Ocean as an area 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 at Longitude 58° East
- On the east, Longitude 78° East On the south, Latitude 12° South
- Waters between Mozambique and Madagascar (Mozambique channel) south of Latitude 12° South and north of Latitude 27° South.

**Area 2:
Gulf of Guinea**

Gulf of Guinea is deemed to be within 200 nautical miles of the coastlines of Nigeria, Ivory Coast, Ghana, Togo and Benin in any direction.

Yours faithfully,

**STEAMSHIP MUTUAL UNDERWRITING
ASSOCIATION LIMITED**

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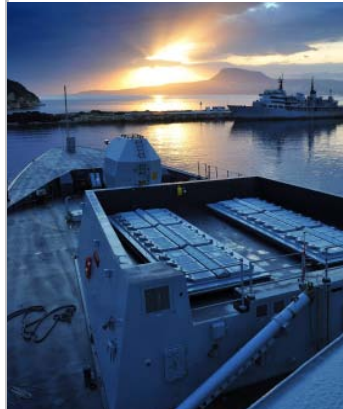
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STEAMSHIP MUTUAL

War Risk and Kidnap & Ransom Covers



Comprehensive Cover.
Exceptional Service.

War Risk and Kidnap & Ransom Covers

The Club can now offer its Members cover for Hull War and P&I War risks, including cover for piracy, and Kidnap & Ransom (K&R). These covers are offered to complement Members' mutual P&I entries and provide streamlined service in the event of a piracy, seizure or war event.

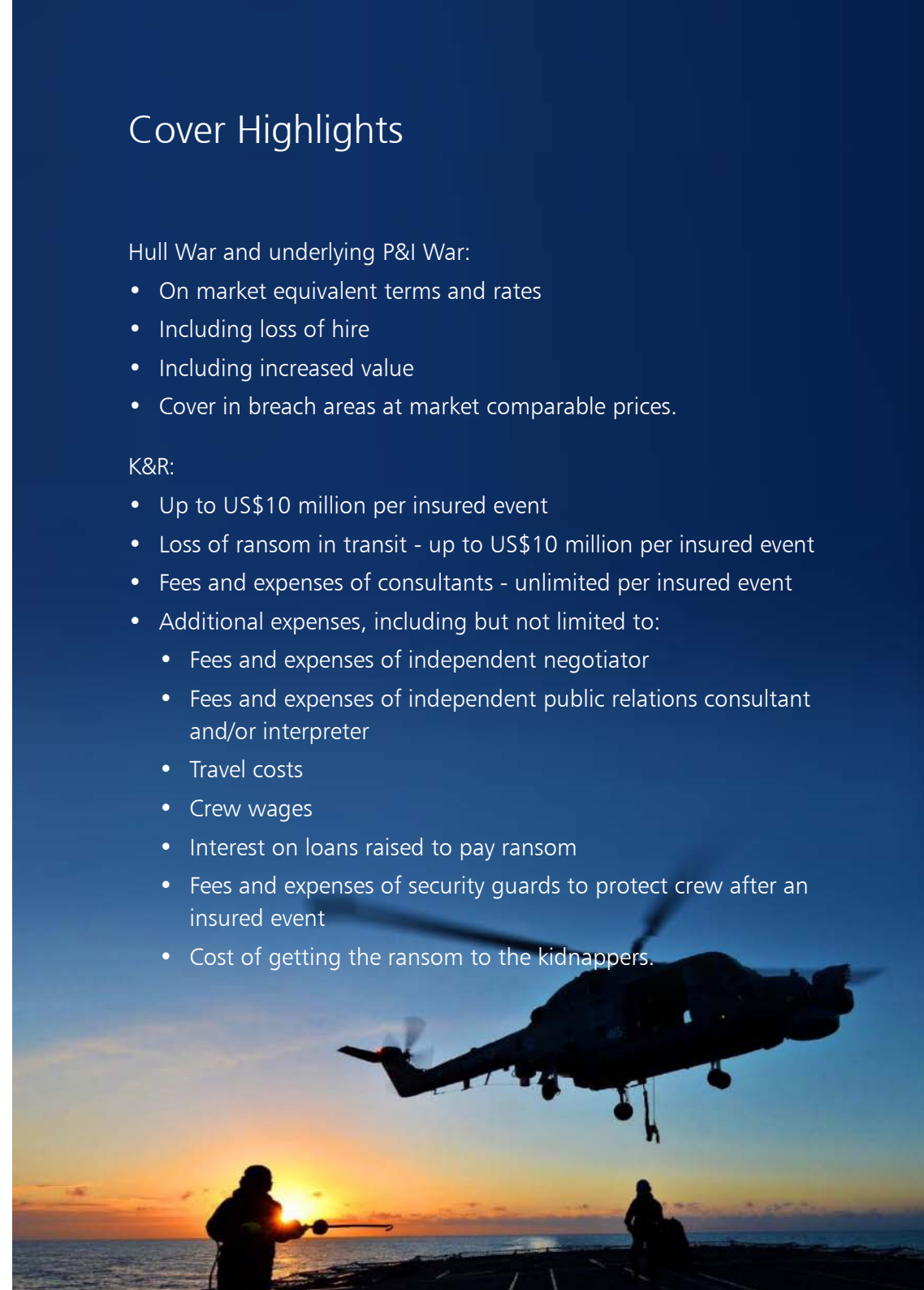
Cover Highlights

Hull War and underlying P&I War:

- On market equivalent terms and rates
- Including loss of hire
- Including increased value
- Cover in breach areas at market comparable prices.

K&R:

- Up to US\$10 million per insured event
- Loss of ransom in transit - up to US\$10 million per insured event
- Fees and expenses of consultants - unlimited per insured event
- Additional expenses, including but not limited to:
 - Fees and expenses of independent negotiator
 - Fees and expenses of independent public relations consultant and/or interpreter
 - Travel costs
 - Crew wages
 - Interest on loans raised to pay ransom
 - Fees and expenses of security guards to protect crew after an insured event
 - Cost of getting the ransom to the kidnapers.



Additional Covers: War, Piracy and Ransom

In order to provide the protection and support that many Owners will need if one of their vessels is seized by pirates, or otherwise subject to hostile act or seizure, the Club can cover:

1. War Risks, which include:
 - a. Hull War risks covering listed high risk or “breach” areas, and war loss of hire, and
 - b. P&I War risks, covering “ground up” liabilities, below the entry point at which normal mutual Club entry provides such protection,

and

2. K&R, covering marine piracy (and K&R loss of hire where required)

These covers, whether taken together as a “package” or individually selected, are all available from the Club. They complement the covers already provided to Members under normal mutual entry.

Background: P&I Cover on Typical International Group Terms

The position (without any of these additional covers) is as follows:

- Members entered in the Club (and in other International Group (IG) Clubs) already have P&I war risks cover for liabilities of up to US\$500 million, arising from “war risks” as defined in the Rules, but only in excess of underlying cover for such risks. The underlying cover for P&I war risks is normally provided as part of their vessels’ Hull War policies.
- Broadly, therefore, P&I war risks cover as provided by all IG Clubs sits above the limits of an underlying cover on the same or similar terms, which is usually included in the vessel’s Hull War policy.
- Under normal mutual P&I entry piracy is not excluded as a war risk – notwithstanding the fact that piracy is the most common violent hostile act which Owners are likely to experience. Normal cover for P&I liabilities arising from acts of piracy is therefore available to Members under their mutual Club entry. However, since this cover is for liabilities within the scope of Club Rules, it does not include loss of or damage to hull. Furthermore, liabilities covered by the IG Clubs generally result from incidents for which the shipowner bears responsibility at law or under contract. It is unlikely therefore that an IG Club will pay any ransom to free a hijacked vessel, because the vessel’s release will concern (and reduce claims upon) the Hull or Hull War insurers (depending on which Hull policy covers the piracy risk) rather than the Club, and because in some or most cases an Owner will not be legally liable for a piracy attack.

The Club’s provision of additional covers for War, Piracy and Ransom, in conjunction with entry in the Club on normal mutual terms, avoids the conflicts that can arise when different insurers provide different insurances, all or most of which may come into play following an act of war or piracy.

Additional Covers: One Provider

By providing supplementary covers for War, Piracy and Ransom, the Club brings its own approach to these risks, as one comprehensive insurer under one roof. In many cases this will avoid potential conflict between underwriters, improving effectiveness and consistency in handling what can be difficult and sensitive incidents. With the support of experienced and first class reinsurers, the Club offers a full range of competitively rated insurances which address the needs of Owners when confronted with these risks.

Additional Covers: Hull War

This cover is offered by the Club on terms and conditions including those presently available to Members under their existing placements (including, for example, Institute, American Institute, Nordic and German clauses) i.e. the usual industry standard terms in the markets where these covers are placed as well as additional conditions if required. The pricing for the cover, including transit through listed areas, is designed to be competitive and comparable in terms of structure to the Member’s existing placement. It accommodates not only the core risks of loss or damage to hull/property through war risks but also increased value, loss of hire, and various other risks as insured under current market policies. The Hull War cover may be extended to cover loss of income or loss of hire caused by physical loss or damage from a war risks peril. The Club will work with Members and their brokers to ensure that Club Hull War cover dovetails with Members’ Hull policies in the same way as their existing Hull War insurance.

Additional Covers: Underlying P&I War

Underlying P&I War cover is available from the Club as an adjunct to Hull War cover. Most commercially placed Hull War policies include cover for P&I War liabilities on the same limits. As indicated above, IG Clubs provide insurance in excess of those limits.

When the Club provides additional Hull War cover, “ground up” P&I War risks will also be included up to hull limits (in addition to existing cover for such risks, with a limit of US\$500 million in excess of hull limits).

Thus, the Club itself will insure the full stretch of P&I war risks up to the applicable limits. This reduces duplicated cost and avoids potential conflict between different insurers underwriting different layers of the same risk.



The premium for Hull War (including P&I War) cover is of course received by the Club and contributes to the Club's overall reserves. Many Members will appreciate the fact that these covers are available from their Club and that any surpluses will accrue for its benefit. Piracy and related claims, although violent and distressing, are comparatively rare and the Club's cover for these risks is comprehensively reinsured by first class underwriters at Lloyd's (and elsewhere).

Additional Covers: Kidnap & Ransom

Most loss causing incidents which fall within the scope of War cover generally are the result of piracy. This includes shorter seizures and interventions than in the Gulf of Aden and Indian Ocean, which are now an increasing feature in the Gulf of Guinea and surrounding areas. Hull War and K&R policies have several features that can overlap, including most obviously the payment of ransom itself (when included in general average or paid as a sue and labour expense). Most Hull War policies provide for a deemed loss of a vessel after 12 months under seizure and many Owners seek a shorter deeming period, such as six months. In either case, K&R cover provides the customary means i.e. ransom by which claims for a total loss under the Hull War policy are avoided.

K&R is a specialist insurance and Owners who take such cover benefit from expert claims assistance in most aspects of negotiation and payment of ransom following seizure of vessel or crew. The Club's K&R cover is on terms that include not only ransom reimbursement and the delivery of ransom, but also loss in-transit, various benefits to victims including cover for injury and treatment, repatriation and financial loss, as well as legal costs and associated expenses.

Furthermore, if K&R cover is taken up, Owners may be able to achieve significant reductions in the cost of Hull War insurance (in high risk or "breach" areas). The Club's reinsurance arrangements are backed by Travellers, who are highly experienced K&R underwriters. Specialist response consultants (the Olive Group) are available for every covered incident involving piracy or seizure. The Club's K&R cover provides Members with the reassurance of direct access to experts, a Club approach towards claims management and cover for ransom and ancillary costs. The K&R cover can also be extended to cover loss of income caused by detention of a ship by pirates, kidnappers or hijackers.

When this cover is provided by the Club in conjunction with the additional Hull War and P&I War policies described earlier, there can be considerable economies of scale and efficiency, as well as pricing advantages. Individual terms for these covers will take account of the usual underwriting factors and of course a consideration of the security measures which Members have in place to reduce and manage the risk of piracy and related perils.

Limits

Under each policy separate limits are available by agreement.

How to Apply

You can apply for War Risk and Kidnap & Ransom Covers using either the application form in the Rules and Covers section of our website, alternatively please contact one of the Underwriting Team listed in this booklet.

For further information please contact

European Syndicate

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www.steamshipmutual.com

London • Hong Kong • Piraeus • Rio De Janeiro



HULL WAR RISKS / KIDNAP & RANSOM / LOSS of HIRE / EARNINGS EXTENSION

APPLICATION FORM

SECTION 1

Assured (name and address)

Capacity (Owner, Bareboat Charterer, Manager, etc.)

Co-Assured (name and address)

Capacity (Owner, Bareboat Charterer, Manager, etc.)

Vessel Details

Vessel Name:	<input type="text"/>
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Agreed Insured Value: (Indicate as appropriate)	Hull Machinery:	<input type="text"/>
	Increased Value:	<input type="text"/>
	Loss of Hire Daily Amount:	<input type="text"/>
	Loss of Hire Limit: (days)	<input type="text"/>
	Loss of Hire Sum Insured:	<input type="text"/>

IMO / Lloyd's No:	<input type="text"/>
Flag:	<input type="text"/>

Vessel Type:	<input type="text"/>
Gross Tonnage:	<input type="text"/>

Year Built:	<input type="text"/>
DWT:	<input type="text"/>

Number of Officers:	<input type="text"/>
Number of Crew:	<input type="text"/>

Nationality of Officers:	<input type="text"/>
Nationality of Crew:	<input type="text"/>

Vessel's minimum freeboard during transit:	<input type="text"/>
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Laden:	<input type="text"/>
Ballast:	<input type="text"/>

Metres:	<input type="text"/>
Metres:	<input type="text"/>

Vessels Maximum Safe Speed during transit:	<input type="text"/> knots
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Has the Assured or any Co-Assured suffered any war related loss in the last 5 years on any vessels owned and/or managed and/or chartered? If so please provide full details:	Yes / No	<input type="text"/>
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Name of Assured to be Premium Invoicee	<input type="text"/>
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Name of Assured to be Claim Payee	<input type="text"/>
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Name and Address for Correspondence	<input type="text"/>
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Telephone Number	<input type="text"/>
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SECTION 2

Details of Call:

Country and Port of Departure:			
Estimated Date of Departure from Port:			
Country and Port of Destination:			
Any additional port calls whilst in breach area? If so please specify:	Yes / No		
Estimated number of days in breach area:	Days		
Will the vessel be laden or in ballast?	Laden / Ballast		
Will there be a return voyage?	Yes / No		
Will the vessel be laden or in ballast for the return voyage?	Laden / Ballast		
Will the vessel be carrying arms / ammunition or military equipment as cargo?	Yes / No		

SECTION 3

Security Measures:

Will there be armed or unarmed guards on board the vessel for the entire transit in the breach area? If so, please specify:	Yes / No		Armed / Unarmed	
Name of security company:				
Website of security company:				
Where will the guards embark / disembark?	Embark			
	Disembark			
Does the vessel have Razor Wire fitted for the entire transit in the breach area?	Yes / No			
Is the vessel equipped with a citadel?	Yes / No			
Are the crew properly trained to use the citadel?	Yes / No			
Any other additional security measures implemented? If so, please specify:	Yes / No			

SECTION 4

Kidnap & Ransom Coverage (If Required):

Limit of Cover required per Insured Event:	USD 5m		USD 7m		USD 10m	
Loss of Hire:	Amount per day					
	Limit (days)					
Has the Assured or Co-Assured suffered any Kidnap & Ransom related loss in the last 5 years on any vessels owned and/or managed and/or chartered? If so, please provide full details:	Yes / No					

Further information applicable to the application

Name:		Company:		Date:	
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Please return this application form to your Underwriting contact

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