

TO THE MEMBERS

Our Ref: HWRB/C5/2009

7 December 2009

Dear Sirs

WAR LOSS OF HIRE INSURANCE

This is to confirm that, as advised in Circular C6/2009, with effect from 1 January 2010, the Association will continue to offer War Loss of Hire insurance for ships entered in the Association.

This is an optional additional insurance, which Members will need specifically to request. Application forms are available from the Managers' Agents.

War Loss of Hire premium will be debited at the gross Advance Contribution rate but commissions will not be payable on War Loss of Hire premiums.

For the 2010 Policy Year, the Association's War Loss of Hire cover will include cover for hire lost if a ship is seized by pirates.

Additional Premium declarations will be charged at a rate 2.5 times that levied on the ship's hull value, but commission will not be payable. Should Members wish the Additional Premium declarations to exclude piracy risks then the rate will reduce to the same rate as that levied on the ship's hull value. Annual cover must be purchased for Additional Premium cover to be available.

Members who wish to purchase this additional coverage should contact the Managers' Agents in the normal manner advising the number of days' cover required and the daily indemnity rate. The Association offers 90 days' cover per vessel as standard for any one occurrence and in the Policy Year aggregate, with longer indemnity periods available if required.

Coverage is only available provided that any single ship's hull, hull interests and loss of hire values combined do not exceed \$400 million.

This optional additional insurance is offered under Rule 2F and is subject to the attached wording, the Rules otherwise remaining unchanged.

Yours faithfully,

THOMAS MILLER (BERMUDA) LTD
Managers

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

War Risks Loss of Hire Insurance

under Rule 2 Part 2F [Optional Additional Insurance]

1. The cover provided by the Insurance is subject to the terms and conditions set out in paragraphs 1 to 15 inclusive and is divided into two sections, section A and section B.

Section A

2. This part of the Insurance shall indemnify the Owner 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 14 consecutive periods of 24 hours or part thereof in respect of any one occurrence provided that :-
 - (i) such damage to the Entered Ship occurs during the period of entry of the ship in the Association; and
 - (ii) repairs if actually carried out in respect of damage are completed within twelve months of the expiry of this Insurance.
3. In such circumstances the Association shall indemnify the Owner for each 24 hours period or part thereof during which the Entered Ship is so deprived or prevented, not exceeding a further 90 days in respect of any one occurrence or in the aggregate.
4. This part of the Insurance will not indemnify the Owner 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.
5. 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.

Section B

6. This part of the Insurance shall pay the Owner an amount equivalent to the daily Charter Hire or part thereof attributable to any period of delay caused to the Entered Ship during the period covered by this Insurance by the capture, seizure, arrest, restraint or detainment, or any attempt thereof of the Entered Ship during the period covered by this Insurance by:
 - (a) any terrorist or any person acting maliciously, or from a political motive, or
 - (b) piracy, barratry or violent theft by persons from outside the Entered Ship.
7. This part of the Insurance shall cover a maximum of 90 days of delay resulting from any one occurrence and in the aggregate during the period of this Insurance.
8. The daily sum recoverable under this part of the Insurance shall be US\$[●] per day or the daily amount of Charter Hire during the period of delay, whichever is the less.
9. From each claim under this part of the Insurance there shall be deducted an amount equivalent to any Charter Hire payable for the period in respect of which the claim is made and which is received by the Owner before any such claim is paid by the Association.
10. 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 part of the Insurance which is received by the Owner after payment of the claim by the Association.
11. If an Owner is entitled to claim Charter Hire from any 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 and the Owner shall assign its rights thereto to the Association.
12. The provisions of Rule 3.14 shall not apply to this part of the Insurance.

Terms applicable to both Section A and Section B cover

13. 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 44 in respect of any dispute or difference between the Owner and the Association.

14. The Association hereby gives notice under Rule 13 that the Insurance shall not continue from Policy Year to Policy Year but shall terminate at 2400 hours on 31 December 2010.
15. In this document “Insurance” shall mean the insurance as set out in paragraphs 1 to 15 inclusive; “Charter Hire” shall mean the amount of hire payable to the Owner under the terms of a time charterparty applicable to the period of delay ignoring the application of any off hire clause; and the words “Owner”, “Entered Ship”, “Association” and “Policy Year” shall bear the meanings set out in Rule 48 of the Association’s Rules.

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

The insurance provide 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.