

**TO THE MEMBERS**

Our Ref: HWRB/C4/2018

27 November 2018

**RATES AND TERMS FOR THE 2019 POLICY YEAR**

Dear Sirs

We are writing to advise Members of the rates which will be charged and the terms and conditions of cover which will apply for the Association's 2019 Policy Year.

**Key points:**

- **10% reduction in Advance Contribution rates for 2019.**
- **Optional War Loss Of Hire cover will continue to be offered.**
- **Contraband / Drugseize 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 onboard (see pages 4 & 11 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.**
- **As in the 2018 Policy Year, US\$150 million of annual aggregate cover across the membership will continue to be provided where the Computer Virus Exclusion Clause does not apply.**

**Advance Contribution Rates**

The Directors have decided that the gross rates of Advance Contribution charged for 2019 will be reduced by 10%. For the 2019 Policy Year, Advance Contribution rates will therefore be as follows:

Passenger ferries:	0.00482%
Cruise ships:	0.00962%
Other ships:	0.002%

The Directors have also decided that the 2019 gross Advance Contribution rates will be discounted by 50% in respect of Hull Interests (Increased Value, Freight and Disbursements). The rates for Hull Interests will be:

Passenger ferries:	0.00241%
Cruise ships:	0.00481%
Other ships:	0.001%

Members are reminded that they should review the entered value of each ship regularly. The entered value must mirror the value under the Entered Ship's marine policy(s), but in no case may Hull Interests exceed 50% of the Agreed Value under the Rules.

The Advance Contribution will be payable in one instalment on 1 February 2019.

**Commission on Advance Contribution**

As in previous years, in the 2019 Policy Year a sliding scale commission on the gross Advance Contribution rates set out above will be allowed to all Members as follows:

<b>Fleet Total Entered Value as at 1 January 2019</b>	<b>Commission</b>
Up to US\$100 million	20%
Between US\$100 million and US\$250 million	25%
Between US\$250 million and US\$500 million	30%
Between US\$500 million and US\$1 billion	40%
Above US\$1 billion	50%

Members are asked to note that the amount of commission will be determined by reference to total entered value as at 0001 hours Greenwich Mean Time on 1 January 2019 and will apply to the whole fleet for the duration of the 2019 Policy Year, regardless of any changes in the total entered value during the year.

Members whose ships trade in the Western Hemisphere only, namely the Americas including the Hawaiian Islands, or whose ships are laid up, are requested to contact the Managers' Agents, Thomas Miller (Isle of Man) Limited, for information on the reduced rates which are available.

### **Additional Premium Areas**

Members are asked to note the Additional Premium Areas determined by the Directors under their powers at Rule 15. These are set out in Appendix A to this Circular.

### **Owners' obligation to declare or suspend Additional Premium Area calls and ship tracking**

Owners are reminded of their obligation under the Association's Rule 25 either to give prior written notice to the Association before their ship enters any Additional Premium Area or to suspend cover. If notice is not given in accordance with Rule 25.1, or, where applicable, Rule 25.2, the Owner shall not be entitled to any recovery from the Association in respect of any claim arising out of events occurring whilst the Entered Ship is in the Additional Premium Area, unless and except to the extent that the Directors decide otherwise. The Association reserves the right to track ships.

The Directors have determined that no return of contribution shall be made for any period of suspension of cover of an Entered Ship in an Additional Premium Area.

### **Premium for Protection and Indemnity Risks**

The rates of Advance Contribution for the 2019 Policy Year set out above include cover for all P&I (war) risks including crew cover under Rule 2 Part C. Members are asked to note the limit on recovery in respect of all risks insured under Rule 2 Part C, which is set out in Appendix A to this Circular.

### **Deductible to be applied to claims for loss caused by Piracy or by Violent Theft**

The Directors have decided that, in accordance with Rule 3.15.2, for the 2019 Policy Year, each and every claim relating to loss caused by piracy or by violent theft by persons from outside an Entered Ship shall be subject to a deductible of US\$30,000.

### **War Risks Loss of Hire Insurance**

The Association will continue to offer War Loss of Hire Insurance for the 2019 Policy Year.

This is an optional additional insurance, which Members will specifically need to request. It is offered under Rule 2F and subject to the wording set out in Appendix B to this Circular, the Rules otherwise remaining unchanged.

Premium rates will be the same as the gross Advance Contribution rates set out earlier in this Circular and will be calculated on the total sum insured for loss of hire. Coverage will normally be for 90 days at the declared daily rate any one occurrence, limited to 90 days in any one Policy Year with longer periods available on application. In non-Additional Premium areas, cover extends to piracy 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 cover or exclude piracy risks at a lower rate. A 14 day deductible will apply (0 days for piracy risks).

Additional Premium declarations will be charged at a rate 2.5 times that levied on the ship's hull value. 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 advising the number of days' cover required and the daily indemnity rate. There will be a combined single limit of US\$400 million for hull, hull interests and loss of hire amounts. 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 / Drugseize cover**

The Association will continue to 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 2F. The cover is available on a stand-alone basis and Members do not have to purchase war loss of hire cover to purchase this additional cover. Cover is provided on an annual premium basis with the rate being unaffected by calls to, or transits of, Additional Premium areas. No deductible is applicable to this cover.

Annual Rates for 2019 are as follows:

Passenger ferries:	0.0482%
Cruise ships:	0.0962%
Other ships:	0.02%

*(Rates are charged on insured loss of hire amounts)*

The Directors have decided that the terms and conditions of insurance of every Member shall incorporate and be subject to all the clauses set out in Appendix C attached to this Circular, effective on and from 0001 hours Greenwich Mean Time on 1 January 2019.

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](http://www.hellenicwarrisks.com).*

*Members are asked to note the details of the office of the Managers' Agents in the Isle of Man:*

*Thomas Miller (Isle of Man) Limited  
2nd Floor, Samuel Harris House  
St George's Street  
Douglas  
Isle of Man  
IM1 1AJ*

*Telephone: +44 (0)1624 645 210  
E-mail: [hwr@thomasmiller.com](mailto:hwr@thomasmiller.com)*

**APPENDIX A TO THE ASSOCIATION'S CIRCULAR C4/2018  
dated 27 November 2018**

The following decisions were made by the Directors of the Association at their meeting on Monday, 19 November 2018, to take effect from 0001 hours Greenwich Mean Time on 1 January 2019:

**Laid Up Returns, Rule 30**

- (1) The minimum period during which an Entered Ship must be and remain unemployed and laid up (other than for the purposes of repair and maintenance) in any safe port or place outside Additional Premium Areas before the Owner shall be entitled to a return of the Contributions payable by him shall be 90 consecutive days.
- (2) If any Entered Ship shall be so laid up the Owner shall be entitled to a return of Contributions in such amount as reduces his Contributions in respect of the laid up period to 65% of the net world-wide trading rate (including commission).

Such return of Contributions shall be allowed for the whole period that the Entered Ship is so laid up.

**Additional Premium Areas, Rule 15**

The following ports, places, countries, zones or areas (whether of land or sea) shall be Additional Premium Areas:

**Africa**

Benin

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

On the northern side the coast of Benin, Togo and Nigeria

On the western side a straight line from the border, on the coast, of Ghana and Togo to position Latitude 3° North, Longitude 1° 10' East

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

Togo

**Middle East**

Iran

Iraq

Israel

Lebanon

Saudi Arabia

Syria

Yemen

**South America**

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 15° N  
on the west of the Gulf of Oman by Longitude 58° E  
on the east, Longitude 65° 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.

The named countries shall include their coastal waters up to 12 nautical miles offshore, unless specifically varied above. The ports, places, countries, zones and areas listed shall include all harbours, offshore installations and terminals unless otherwise provided.

Members' attention is drawn to the terms of Rule 25 (Additional Premium). The notices required under Rule 25 should be given to the Managers' Agents.

**Commissions on Additional Premiums**

Where Additional Premiums are placed on the main reinsurance contract, a commission of 20% will continue to be paid to Members on Additional Premiums in respect of ships that proceed to, are in, or remain within Additional Premium Areas, excluding loss of hire Additional Premiums, where no commission is payable.

**Limit on Recovery under the P&I cover**

The limit on recovery in respect of all risks insured under Rule 2 Part C (the P&I section of the Rules), shall be US\$400 million each Entered Ship. In respect of passenger liability cover for cruise ships, this limit will apply in respect of any one accident or series of accidents arising out of one event.

**Exclusion of Radioactive Contamination and Nuclear Risks (Rule 3.2) and the Chemical, Biological, Bio-chemical and Electromagnetic Exclusion Clause are both subject to the following provisions for the 2019 Policy Year:**

*The above referenced exclusions are only to apply once claims on the Association which would otherwise have been excluded by these clauses have exceeded US\$50,000,000 in the aggregate, and provided always that the exclusions in the Radioactive Contamination and Nuclear Risks Clause shall not apply to any loss, damage, liability, costs or expenses arising out of or in consequence of the emission of ionising radiations from, or the radioactive, toxic explosive or other hazardous or contaminating properties of "excepted matter", as defined in the Nuclear Installations Act 1965 or any amendments thereto or regulations made thereunder, being carried as cargo on the entered vessel.*

**Chemical, Biological, Bio-chemical and Electromagnetic Exclusion Clause**

An Owner is not insured for any loss, damage, liability or expense directly or indirectly caused by, or contributed to by, or arising from any chemical, biological, bio-chemical, or electromagnetic weapon.

**Computer Virus Exclusion Clause**

*This clause is only to apply once claims on the Association, which would otherwise have been excluded by this clause, have exceeded US\$150,000,000 in the aggregate.*

1.1 In no case shall this insurance cover loss damage liability or expense directly or indirectly caused by or contributed to by or arising from the use or operation, as a means for inflicting harm, of any computer virus.

1.2 Clause 1.1 shall not operate to exclude or limit losses (which would otherwise be covered by the Association) 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.

**APPENDIX B TO THE ASSOCIATION'S CIRCULAR C4/2018  
dated 27 November 2018**

**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 18 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 hour 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. If, during the period covered by this Insurance, the Entered Ship is delayed by reason of capture, seizure, arrest, restraint or detainment, or any attempt thereof 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

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.



7. 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.
8. 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.
9. Where the Entered Ship undergoes repairs necessitated by any of the events set out in paragraph 6 above and the period of cover set out in paragraph 8 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 7 for the period during which the Entered Ship undergoes such repairs but this period shall not exceed 30 days.
10. 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.
11. 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.
12. 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 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.
13. This part of the Insurance may be reinstated subject to the approval of the Managers.
14. There shall be no recovery under this part of the 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 part of the 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 part of the Insurance.
15. The provisions of Rule 3.15 shall not apply to this part of the Insurance.

**Terms applicable to both Section A and Section B cover**

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 44 in respect of any dispute or difference between the Owner and the Association.
17. 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 2019.

18. In this document “Insurance” shall mean the insurance as set out in paragraphs 1 to 18 inclusive; 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 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 C TO THE ASSOCIATION'S CIRCULAR C4/2018  
dated 27 November 2018**

**Contraband Loss of Hire Insurance**

**Under Rule 2 Part F 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, detention 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 US\$ [*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 Rules 3.11.1 (a) and (b).
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 3.3, 3.5, 3.6 and 25 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 44 in respect of any dispute or difference between the Owner and the Association.
17. 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 GMT on 31 December 2019.
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 Rule 48 of the Association's Rules and "Additional Premium Area" shall bear the meaning set out in Rule 15 of the Association's Rules.