

**Re Indian Ocean, Gulf of Aden and Southern Red Sea
War Risks Notice of Cancellation**

Background

Following repeated attacks by Houthi rebels on commercial shipping in the Southern Red Sea the reinsurance market has determined that it is no longer able to provide war risks cover to ships trading within or through the Red Sea.

Notice of Cancellation (“The Notice”) in respect of war risks was issued by reinsurers on Friday 9 February 2024 and notwithstanding the 72 hour notice provision in respect of war risks standard within the market and contained in the AURORA Policy the Notice will become effective at midday GMT on 20 February 2024.

Impact

There has already been a considerable increase in the cost of hull additional war risk insurance premiums (AWRP) for vessels trading through the Red Sea; the Notice from the reinsurance market impacts marine liability policies such as Charterers Liability, Yacht P&I and Owners P&I Risks. We understand that Notice is currently being served throughout the marine market.

War Cover

The AURORA P&I Policy commencing 1 July 2023 excludes War Risks (Clause 68 of the policy); some policies have Excess P&I War Risks Cover specifically added (Clause 39 of the policy). If excess war cover has been added to the policy this is specifically documented within the relevant Certificate of Insurance.

The AURORA P&I Yacht Policy commencing 1 July 2023 excludes War Risks (Clause 44); some policies have Excess P&I War Risks Cover specifically added (Clause 27). If excess war cover has been added to the policy this is specifically documented within the relevant Certificate of Insurance.

Notice Period

The Notice will become effective at midday GMT on 20 February 2024. Notice is provided in accordance with Clause 39 of the AURORA P&I Policy commencing 1 July 2023 and Clause 27 of the AURORA P&I Yacht Policy commencing 1 July 2023. Cover will be automatically reinstated following the notice period with the new Red Sea exclusion area (see below) specifically documented.



The Exclusion Area Indian Ocean, Gulf of Aden and Southern Red Sea Excluded Area

No cover is provided for liabilities, losses, damages, costs or expenses otherwise covered by Clause 39 of the AURORA P&I Policy commencing 1 July 2023 and Clause 27 of the AURORA P&I Yacht Policy commencing 1 July 2023 that occur within the waters specifically mentioned below.

Indian Ocean, Gulf of Aden and Southern Red Sea.

The waters enclosed by the following boundaries:

- a) on the northwest, by the Red Sea, south of Latitude 18°N
- b) 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
- c) 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
- d) 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.

An approximate guide of the area covered by the Notice of Cancellation is visually represented below.





Prospective Cover

We are working with our risk carrier, Great Lakes Insurance SE and their reinsurers to see whether a risk transfer solution can be provided at an additional premium for Insured vessels transiting the affected region.

Further Queries

This is provided for information only. We have identified very few policies of insurance that would specifically permit trading within the region impacted. Those policies will receive a specific notice of cancellation and an endorsement reinstating cover subject to the Indian Ocean, Gulf of Aden and Southern Red Sea Excluded Area. Otherwise, the new exclusion will appear in policies as they are considered for renewal.

Should you have any queries please contact your usual Underwriting contact at AURORA. Contact details are listed below:

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