

**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 Charterers P&I Club Terms and Conditions, 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

Whilst the Charterers P&I Club 2023 Terms and Conditions expressly exclude War Risks (Part II, Clause 13, Section 14 of the policy), most policies include cover specifically documented within the relevant Certificate of Insurance.

Notice Period

The Notice will become effective at midday GMT on 20 February 2024. From this date, war cover will be automatically reinstated with the new Red Sea exclusion area (see below) being specifically documented through an endorsement.



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 under the Charterers P&I Club 2023 Terms and Conditions 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.

As an approximate guide, 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

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

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The MECO Group and Authorised Subsidiaries as Managers
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