

## Circular – December 2022

**Subject: Notice of cancellation in respect of war risks**

**Circular to Assureds (no 001 2022)**

### Background

All parties directly underwriting insurance are ultimately reliant on the support of the global reinsurance treaty market ('treaty market').

The treaty market has determined to impose certain exclusions regarding the current Russian 'special operation' in the Ukraine, which will come into effect at midnight on 31st December 2022, the common renewal date for most reinsurance treaty programmes.

All direct underwriters, including ourselves are therefore in a position where we need to give all our Assureds notice of cancellation in respect of war risks.

Other than the provisions for automatic and immediate cancellation, cover for war risks can always be cancelled with a notice period. Accordingly, we hereby give all Assured's notice of cancellation, effective midnight GMT on 31st December 2022, in respect of all war risk extensions.

For those Assureds with current war risk extensions, cover for war risks will be reinstated at 00.00 GMT on 1 January 2023 subject to the following changes to our terms and conditions as set out under the headings below:

### Territorial and conflict exclusion clause

A new clause will be added that reads as follows:

Excluding all loss, damage, liability, cost or expense

- a. caused by or arising from or in connection with any Russia-Ukraine conflict and/or any expansion of such conflict; or
- b. in any area or territory or territorial waters where Russian armed forces, Russian-backed forces, and/or Russian authorities, are engaged in conflict within the territories (including territorial waters) of the Russian Federation, Belarus, Ukraine and any disputed regions of Ukraine, the Crimean Peninsula and the Republic of Moldova.
- c. arising from capture, seizure, arrest, detainment, confiscation, nationalisation, expropriation, deprivation or requisition for title or use, or the restraint of movement of vessels and cargo in the territories (including territorial waters) of the Russian Federation, Belarus, Ukraine and any disputed regions of Ukraine, the Crimean Peninsula and the Republic of Moldova.

### Definition of war perils

The following additional perils will be defined as war perils:

- a. strikes, locked-out workmen, or persons taking part in labour disturbances, riots or civil commotions
- b. terrorism, or any person acting maliciously or from a political motive
- c. confiscation, nationalisation, expropriation, deprivation or requisition

### Automatic cancellation

A new provision will be added that will cease cover immediately:

Upon the occurrence of any hostile detonation of any nuclear weapon of war, whatsoever or whensoever such detonation may occur.

### Notice of cancellation

The notice of cancellation period will be reduced from seven to three days' written notice

### **In Conclusion**

We only received notice of the requirement to make these changes on 23rd December 2022, so we have had very little time to react.

We will be in touch again, prior to 31st December, with more detailed analysis of the changes.

We would stress that this is an industry wide issue and that our competitors are in an identical situation and issuing notices along similar lines.

**Michael Else and Company Limited, as Managers, E. & O.E.**

**Dated London 24 December 2022**