

Special Circular to fixed premium P&I Members and Small Craft customers - special extension of cover for communicable disease/coronavirus risks

We refer to [Member Circular 10/2021](#) regarding the amendments to the Rules for 2022. This circular aims to provide additional information on a special extension of cover for communicable disease/coronavirus risks to fixed premium P&I Members and Small Craft customers.

Fixed premium P&I covers reinsured outside the International Group's Pooling Agreement - special extension of cover for communicable disease risks

Similar to last year¹, the market reinsurance contract covering Gard P. & I. (Bermuda) Ltd. and Assuranceforeningen Gard – gjensidig –'s (hereinafter the "Associations") fixed premium P&I business², such as charterers and mobile offshore units and various additional covers arranged as supplement to the standard P&I cover, will contain exclusions for Cyber and Covid risks. However, new for the 2022 policy year commencing on 20 February 2022 is that the Coronavirus Exclusion clause (LMA 5395) has been replaced by the Communicable Disease Exclusion Clause (JL2021-014), attached as Appendix I to this circular. This is the new standard market wording for all marine and energy liability insurance/reinsurance contracts. There is no change to the Marine Cyber Endorsement (LMA 5403).

To harmonize standard terms of cover for fixed premium P&I entries with the governing reinsurance arrangement for the 2022 policy year, the Communicable Disease Exclusion Clause (JL2021-014) and the Cyber Endorsement (LMA 5403) are included in the P&I Rules for Mobile Offshore Units (MOUs), the Terms and Conditions for Additional Covers and in the individual Certificates of Entry for Charterers' P&I risks.

Similar to last year, to meet the needs for protection against Communicable Disease risks, incl. Coronavirus risk, within the fixed P&I segment, the Associations will offer Members and clients in respect of the categories of covers listed below a special extension of cover. The extension of cover (hereinafter referred to as the "Communicable Disease Extension Clause") shall comprise liabilities, losses, costs and expenses falling within the scope of terms of entry agreed but for the Communicable Disease Exclusion Clause (JL2021-014) and is subject to a sub-limit of USD 10 million per ship or vessel per event³.

¹ [Member Circular 16/2020](#)

² Fixed premium P&I covers are reinsured outside the International Group's Pooling Agreement

³ No extension of cover is offered in respect of risks excluded pursuant to the Cyber Endorsement

The Communicable Disease Extension clause shall apply for the following categories of fixed premium covers offered by the Associations:

- Comprehensive Charterers' liability cover
- P&I for Mobile Offshore Units (MOUs)
- Crew cover
- Comprehensive Carriers cover for Shipowners and Charterers
- Extended Crew Cover
- Comprehensive general liability cover for offshore and specialist vessels (CGL)
- Comprehensive general liability cover for MOUs (CGL)
- Divers' cover
- Deviation Cargo Cover

Certificates of entry and/or insurance policies issued for the 2022 policy year in respect of the above covers shall therefore include the following clause:

“COMMUNICABLE DISEASE EXTENSION CLAUSE

Notwithstanding anything contained herein or in the applicable Rules/Terms and Conditions to the contrary, including but not limited to the Communicable Disease Exclusion clause (JL2021-014), the contract of insurance evidenced by this Certificate of Entry/Insurance Policy is extended to include liabilities, losses, costs and expenses falling within the scope of cover pursuant to terms of entry agreed as specified in this Certificate of Entry/Insurance Policy but for the Communicable Disease Exclusion clause (JL2021-014). The Association's/Insurer's liability under this COMMUNICABLE DISEASE EXTENSION CLAUSE shall be limited to USD 10 million per Ship/Vessel per event or the applicable limit set out in this Certificate of Entry/Insurance Policy, whichever is the lesser. All other terms, conditions and limitations of the insurance remain the same.”

No additional premium will be levied in respect of the Communicable Disease Extension for the 2022 policy year.

If you have any questions about the Communicable Disease Extension clause for fixed premium P&I products, please contact [Bjørnar A. Andresen](#), Group Chief Underwriting Officer.

Small Craft customers insured for H&M and/or P&I in Gard Marine & Energy Limited or Gard Marine & Energy Insurance Europe AS – Coronavirus Exclusion Clause, Cyber Endorsement and special extension of cover for Coronavirus risks

Small Craft H&M and P&I insurances are written by either Gard Marine & Energy Limited, Norway branch or Gard Marine & Energy Insurance Europe AS (hereinafter the “Insurers”) and are part of the reinsurance arrangements for Marine & Energy business. Similar to last year, the reinsurance arrangements for Marine & Energy business will contain exclusions for Cyber and Covid risks. As opposed to the fixed premium P&I business, there will be no change in these exclusions for the 2022 policy year⁴.

Coronavirus extension

In addition to the categories of covers under fixed premium P&I listed above, there will also be a special extension of cover for liabilities, losses, costs and expenses falling within the scope of terms of entry agreed but for the Coronavirus Exclusion clause (LMA 5395) for all Small Craft P&I risks.⁵

The Insurers' liability under the special extension shall be limited to USD 10 million per Ship/Vessel per event. Certificates of entry issued for the 2022 policy year in respect of Small Craft P&I risks shall therefore include the following clause:

⁴ For Small Craft H&M the Loss of Hire – Communicable Disease Exclusion Clause (Cefor Form 2020/284) will apply for the interests LOH/LOH War. Otherwise, we refer to the [Special Circular Small Craft February 2021](#)

⁵ No extension of cover will be provided for Small Craft H&M risks

“CORONAVIRUS EXTENSION CLAUSE

Notwithstanding anything contained herein or in the applicable Rules/Terms and Conditions to the contrary, including but not limited to the Coronavirus Exclusion clause, the contract of insurance evidenced by this Certificate of Entry/Insurance Policy is extended to include liabilities, losses, costs and expenses falling within the scope of cover pursuant to terms of entry agreed as specified in this Certificate of Entry/Insurance Policy but for the Coronavirus Exclusion clause. The Insurer's/Association's liability under this CORONAVIRUS EXTENSION CLAUSE shall be limited to USD 10 million per Ship/Vessel per event or the applicable limit set out in this Certificate of Entry/Insurance Policy, whichever is the lesser. All other terms, conditions and limitations of the insurance remain the same.”

No additional premium will be levied in respect of the Coronavirus Extension for the Small Craft P&I risks for the 2022 policy year.

If you have any questions about the exclusions for Cyber and Covid risks or the Coronavirus Extension for Small Craft customers, please contact [Audun Pettersen](#), Chief Underwriting Officer, Arendal.

Yours faithfully,
GARD AS



Rolf Thore Roppestad
Chief Executive Officer

APPENDIX I

**ENDORSEMENT EXCLUDING A COMMUNICABLE DISEASE FOLLOWING
A PUBLIC HEALTH EMERGENCY OF INTERNATIONAL CONCERN (PHEIC)**

(for use on marine liability and energy liability contracts)

1. In the event that the World Health Organization ('WHO') has determined an outbreak of a **Communicable Disease** to be a Public Health Emergency of International Concern (a '**Declared Communicable Disease**'), no coverage will be provided under this (re)insurance for any loss, damage, liability, cost or expense directly arising from any transmission or alleged transmission of the **Declared Communicable Disease**.
2. The exclusion in paragraph 1 of this endorsement will not apply to any liability of the (re)insured otherwise covered by this (re)insurance where the liability directly arises from an identified instance of a transmission of a **Declared Communicable Disease** and where the (re)insured proves that identified instance of a transmission took place before the date of determination by the WHO of the **Declared Communicable Disease**.
3. However even if the requirements of paragraph 2 of this endorsement are met, no coverage will be provided under this (re)insurance for any:
 - A. liability, cost or expense to identify, clean up, detoxify, remove, monitor, or test for the **Declared Communicable Disease** whether the measures are preventative or remedial;
 - B. liability for or loss, cost or expense arising out of any loss of revenue, loss of hire, business interruption, loss of market, delay or any indirect financial loss, howsoever described, as a result of the **Declared Communicable Disease**;
 - C. loss, damage, liability, cost or expense caused by or arising out of fear of or the threat of the **Declared Communicable Disease**.
4. As used in this endorsement, **Communicable Disease** means any disease, known or unknown, which can be transmitted by means of any substance or agent from any organism to another organism where:
 - A. the substance or agent includes but is not limited to a virus, bacterium, parasite or other organism or any variation or mutation of any of the foregoing, whether deemed living or not, and
 - B. the method of transmission, whether direct or indirect, includes but is not limited to human touch or contact, airborne transmission, bodily fluid transmission, transmission to or from or via any solid object or surface or liquid or gas, and
 - C. the disease, substance or agent may, acting alone or in conjunction with other co-morbidities, conditions, genetic susceptibilities, or with the human immune system, cause death, illness or bodily harm or temporarily or permanently impair human physical or mental health or adversely affect the value of or safe use of property of any kind.
5. This endorsement shall not extend this (re)insurance to cover any liability which would not have been covered under this (re)insurance had this endorsement not been attached.

All other terms, conditions and limitations of this (re)insurance remain the same.

JL2021-014

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For and on behalf of an entity of the Gard group comprising, inter alia; Gard P. & I. (Bermuda) Ltd, Assuranceforeningen Gard - gjensidig - and Gard Marine & Energy Limited. Gard AS is registered as an insurance intermediary by the Norwegian Financial Supervisory Authority. Company Code : 982 132 789