



CIRCULAR

To the Members

Report on the 609th Meeting of the Board of Directors

On 14 January 2022, the 609th Meeting of the Association's Board of Directors resolved to amend Rule 37 of the Rules of the Association and to introduce a new special clause entitled "WHO Communicable Disease Exclusion Clause" with effect from 20 February 2022.

Change to Rule 37 - Limitation of Coverage

Following the recommendation of the International Group, a new section of Rule 37 (Rule 37.6) will be added whereby the Association is given the right, but not the obligation, to prioritise certified claims and other direct liabilities over uncertified claims.

New Special Clause - WHO Communicable Disease Exclusion Clause

Due to the requirements of the global reinsurance market, there have been changes in the terms and conditions of reinsurance arranged by the Association from the 2022 policy year. A new special clause entitled "WHO Communicable Disease Exclusion Clause" (which replaces the existing Coronavirus Exclusion Clause) and the existing Marine Cyber Exclusion Clause will form part of the contract for all insurance entries, special covers and other additional insurance policies (policies incepting on or after 20 February 2022), except for mutual entries.

The WHO Communicable Disease Exclusion Clause excludes cover for costs and expenses directly arising from the transmission of any communicable disease declared as a Public Health Emergency of International Concern (PHEIC) by the World Health Organization (WHO) or from any fear or threat of such communicable disease, expenses related to quarantine, and other economic losses, etc.

The exclusion applies from the time the WHO declares that an outbreak of a communicable disease is a PHEIC, and will remain in effect even if the WHO rescinds, reverses, or otherwise nullifies its PHEIC declaration. At the moment, therefore, the exclusion will apply in respect of the following six communicable diseases: Swine flu (2009), Polio (2014), Ebola (2014), Zika virus (2016), Ebola (2019) and COVID-19 (2020).

Please see attached extracts of the relevant provisions and let us know if you have any questions on these changes.

Yours faithfully,

The Japan Ship Owners' Mutual Protection & Indemnity Association

Attachment: Changes to Rule 37 and Special Clause for the 2022 Policy Year

Changes to the Rules of the Association for the 2022 Policy Year

RULE 37 LIMITATION OF COVERAGE

Existing Rule(s)	New Rule(s)
New	<p>6 Where the Association has issued any guarantee, undertaking or certificate as referred to in Rule 35.2 or other bail or security by which it undertakes to directly meet or guarantee any relevant liabilities (together the "Direct Liabilities") and claims in respect of Direct Liabilities alone or in combination with other claims may in the sole opinion of the Association exceed any limit(s) on the cover provided by the Association as set out in the Rules or in the Certificate of Entry, the Association may in its absolute discretion defer payment of any such other claims or any part thereof until the Direct Liabilities, or such parts of the Direct Liabilities as the Association may in its absolute discretion decide, have been discharged.</p> <p>To the extent that any claims or liabilities (including any Direct Liabilities) discharged by the Association exceed the said limit(s) any payment by the Association in respect thereof shall be by way of loan and the Member shall indemnify the Association promptly upon demand in respect of such payment and shall assign to the Association to the extent and on the terms that the Association determines in its discretion to be practicable all the rights of the Member under any other insurance and against any third party.</p>

Changes to Special Clauses for the 2022 Policy Year

WHO COMMUNICABLE DISEASE EXCLUSION CLAUSE

Existing Clause(s)	New Clause(s)
New (replacing "CORONAVIRUS EXCLUSION CLAUSE")	<p>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 insurance for any loss, damage, liability, cost or expense directly arising from any transmission or alleged transmission of the Declared Communicable Disease.</p> <p>2 The exclusion in paragraph 1 of this clause will not apply to any liability of the Member otherwise covered by this insurance where the liability directly arises from an identified instance of a transmission of a Declared Communicable Disease and where the Member proves that identified instance of a transmission took place before the date of determination by the WHO of the Declared Communicable Disease.</p> <p>3 However even if the requirements of paragraph 2 of this clause are met, no coverage will be provided under this insurance for any:</p> <ul style="list-style-type: none"> (1) 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; (2) 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;

	<p>(3) loss, damage, liability, cost or expense caused by or arising out of fear of or the threat of the Declared Communicable Disease.</p> <p>4 As used in this clause, 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:</p> <ul style="list-style-type: none">(1) 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(2) 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(3) the disease, substance or agent may, acting alone or in conjunction with other comorbidities, 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. <p>5 This clause shall not extend this insurance to cover any liability which would not have been covered under this insurance had this clause not been attached.</p>
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