

JAKARTA TO YIELD 39 DUTCH VESSELS

British Underwriters Obtain an Agreement for Part of Seized K. P. M. Fleet

By EDWARD A. MORROW

The Indonesian Government has reached an agreement with British underwriters for the release of approximately thirty-nine Dutch ships valued at \$33,720,000 that it seized last Dec. 5.

The vessels formed part of the ninety-six-ship K. P. M. (Royal Packet Line) fleet that accounted for 70 per cent of Indonesian inter-island shipping. They were seized as part of a campaign of expropriation engendered by Dutch refusal to hand over West New Guinea to Indonesian control.

The seizure posed a serious potential blow to Lloyd's and to other British insurers. Brokers reported that these companies were responsible for 40 per cent of the insurance on the thirty-nine ships or more than \$13,000,000, covered under war risk policies.

The entire K. P. M. fleet was insured for \$78,000,000 last October under a trading warrant that included Indonesia and covered war risks with the usual clauses.

However, the policy contained a provision that in the event of seizure or capture, if the vessels were not released within four months a total loss would be payable to the owners but underwriters would thereupon assume rights of subrogation.

Insurance men said they believed it was this clause that had persuaded the Indonesian Government to return the vessels. Under the subrogation provision the underwriters succeed to the rights in law and equity of the former owners.

A spokesman for the Indonesian delegation to the United Nations confirmed that his Government would release the vessels. A decree to this effect was issued last week, he said. It was understood that the vessels would be kept out of Indonesian trade.