



## STEAMSHIP MUTUAL

To the Members

January 2013

Dear Sirs,

NOTICE IS HEREBY GIVEN that a Special General Meeting of the Members of The Steamship Mutual Underwriting Association (Bermuda) Limited (the Association ) will be held at the Registered office of the Association, Clarendon House, 2 Church Street, Hamilton HM-11, Bermuda, at 11:00 hours on Monday, 18<sup>th</sup> February 2013, to consider and if thought fit to pass the following resolution:

### RESOLUTION

#### CLASS 1 RULES

The following resolution is proposed:

THAT with effect from Noon G.M.T. on 20th February 2013, the amendments to the Rules of Class 1 (Protection and Indemnity) of the Association, annexed hereto, and as summarised and explained in the commentary, be adopted.

The principal changes are summarised below

#### Rule 2 Definitions

Policy Period - A separate definition of policy period has been included to provide for policies which commence on a date other than 20 February. This definition is carried into Rule 14 Period of Cover in order to provide for service of notices of termination in respect of policies which do not span the standard 20 February to 20 February policy year.

Seaman - The existing definition in the Rules has been expanded to include a "Seafarer" as defined in the Maritime Labour Convention 2006 for the purposes of cover for repatriation expenses under that Convention.

Rule 9 Joint Members and Assureds - A new provision in Rule 9 i d clarifies the impact on entry of joint members as a whole where the entry of another joint member under the same entry ceases or is terminated. In conjunction with proposed changes under Rule 35 (ii) (see below), this amendment is considered desirable so as to avoid an automatic cessation of cover in relation to all assureds under a joint entry where the entry of one ceases. An additional amendment to Rules 9 i a and 9 v (Fleet Entries) clarifies that Joint Members are liable for premium and all other sums due to the Club in respect of that entry.

Rule 14 Period of Cover – see note above under Rule 2 – Definitions – Policy Period.

Rule 17 Recovery - An amendment to enable Club cover, where agreed by the Managers, to respond directly for liabilities incurred by Members under the Maritime Labour Convention 2006 (which will come into effect from 1 August 2013) in respect of repatriation expenses of Seafarers.

B. 595

**THE STEAMSHIP MUTUAL UNDERWRITING ASSOCIATION (BERMUDA) LIMITED**

Registered Office: Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda

Authorised and Regulated by the Bermuda Monetary Authority and the United Kingdom Financial Services Authority  
(FSA registration number 202762)

**MANAGERS: STEAMSHIP MUTUAL MANAGEMENT (BERMUDA) LIMITED**

WASHINGTON MALL I, PO BOX HM 447, HAMILTON HM BX, BERMUDA

Tel: (441) 295 4502 Fax: (441) 292 8787 Website: [www.simsl.com](http://www.simsl.com)

Rule 25 Liabilities to Persons Covered Risks - A new provision extending cover, where agreed by the Managers, to respond to liabilities in respect of seafarers for repatriation expenses pursuant to Guideline B 2.5 of Regulation 2.5 of the Maritime Labour Convention 2006 (MLC) incurred in the case of abandonment of crew. This may arise, for example, upon the insolvency of an owner. Typically such expenses are likely to fall within the Club's individual retention and so liabilities arising will not be pooled. However in view of the possible aggregation risk arising upon the insolvency of an owner of a large entered fleet of highly staffed vessels, cover for this risk is subject to specific prior agreement by the Managers. Where provided, this cover, unless otherwise agreed by the Managers, will be subject to a USD 3 million per vessel limit.

Rule 25 xxii Deductibles – An amendment to clarify that deductibles erode policy limits, i.e. that the policy limit is calculated from the ground up.

Rule 35 Cessation of Membership – The substance of the existing provisions in relation to cessation and termination of membership by reason of sanctions has not materially changed, but the provisions have been restated, amended and re-ordered to add clarity, specifically:

- Insurance by the Club shall cease where the Club is prohibited from insuring the Member, its ship or activity, by reason of sanctions.
- Termination of a Member's entry in accordance with Rule 35 shall not result in termination of the entry of all associated Joint Members unless the Managers so decide.
- The existing provision in Rule 35 vii provided for automatic termination of the entry in the event of employment of a ship by the Member in a sanctions offending voyage or activity. The amendment restates proviso d to existing Rule 35 vii and clarifies that cessation of entry shall relate to the period of the sanctions offending activity.
- Given that swift action may be necessary in order to protect the interests of the Club and the membership as a whole, the Managers are authorised to determine whether a sanctions risk or prohibition is operative, and to serve appropriate notices in writing terminating an entry and/or restricting the provision of cover.

Rule 37 Non Payment of Premium – An amendment to clarify that where an intermediary acting for the Member fails to forward premium to the Club, the Member remains liable for payment of premium. This reflects the position under English law and the Marine Insurance Act 1906, (to which the Club Rules are subject) which provides that the provisions of the Act relating to premium (including Section 53) do not apply in the case of mutual insurance. In addition, a separate amendment makes clear that the rights set out in Rule 37 in relation to non-payment of premium are not exclusive and do not limit the other rights of the Managers set out elsewhere under the Rules, such as those relating to deduction and set-off.

By Order of the Board of  
The Steamship Mutual Underwriting Association (Bermuda) Limited

S. Davis  
Secretary  
31<sup>st</sup> January 2013

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**TABLE OF AMENDMENTS FOR 2013/14 TO THE  
RULES OF CLASS 1 PROTECTION AND INDEMNITY OF  
THE STEAMSHIP MUTUAL UNDERWRITING  
ASSOCIATION (BERMUDA) LIMITED**

In the table below, the proposed new wording is shown in **bold** and underlined and wording to be deleted is shown as [~~xxx~~]. Explanatory notes in italics have been provided for the proposed changes.

<b>Rule</b>		<b>Comment</b>
<b>2</b>	<b>Definitions</b>	
	In these Rules the words and phrases hereinafter set out shall have the following meanings or effects if not inconsistent with the subject or context:	
	<b><u>Policy Period</u></b>	
	<b><u>means such period of time as may cover the effective period of a particular entry.</u></b>	<i>Inclusion of a separate definition of policy period to provide for policies which may commence on a date other than 20 February.</i>
	<b>Seaman</b>	
	means any person, including the Master and apprentices, employed as part of a ship's complement under the terms of a crew agreement or other contract of service or employment to serve on board an Entered Ship, <b><u>and for the purposes of cover under Rules 17 iii and iv and 25ii c (ii) shall include a seafarer, being any person who is employed or engaged or works in any capacity on board a ship to which the Maritime Labour Convention 2006, or equivalent statutory provisions, apply.</u></b>	<i>Definition of Seaman expanded to include "Seafarer" as defined in the MLC for the purposes of cover for repatriation expenses under that Convention</i>
<b>9</b>	<b>Joint Members and Assureds</b>	
<b>i a</b>	If an entry is made in the names of or on behalf of more persons than one (hereinafter referred to as Joint Members) <b><u>each Joint Member shall be bound by the Rules including, without limitation, the provisions of Rule 8, and shall be</u></b> jointly and severally liable to pay <b><u>all calls, contributions, premium and any other sums</u></b> due to the Club in respect of such entry; and the receipt by any one Joint Member of any sums payable by the Club in respect of such entry shall be sufficient discharge of the Club for the same.	<i>An amendment to clarify that Joint Members are liable for premium and all other sums due to the Club in respect of that entry.</i>
<b>b</b>	The cover afforded to Joint Members shall extend only to risks, liabilities, costs and expenses arising out of operations and/or activities customarily carried on by or at the risk and responsibility of ship owners and which are within the scope of the cover provided under the terms, conditions and exceptions provided by these Rules and by the Certificate of Entry.	
<b>c</b>	The conduct of any one Joint Member which is sufficient to bar that Joint Member's right of recovery under the terms, conditions and exceptions provided by these Rules and by the Certificate of Entry shall bar absolutely the rights of recovery of all Joint Members thereunder.	
<b>d</b>	<b><u>If the entry of any Joint Member ceases or is terminated for any reason, the Managers shall have the option, but not the obligation,</u></b>	<i>An amendment to clarify the impact on entry of</i>

	<b><u>to terminate the entry of any and all other Joint Members as from the date of cessation of the entry of the Member aforesaid, or from any other date which the Managers may in their absolute discretion decide.</u></b>	<i>joint members as a whole where the entry of another joint member ceases or is terminated. In conjunction with proposed changes under Rule 35 (ii) (see below), this amendment is considered desirable so as to avoid an automatic cessation of cover in relation to all assureds under a joint entry where the entry of one ceases.</i>
<b>ii</b>	<b>Affiliates</b>	
	When an entry is made by a Member cover provided under these Rules and by the Certificate of Entry may be extended, subject to the written agreement of the Managers, to any person associated or affiliated with that Member;	
	<i>Provided that:</i>	
<b>a</b>	such cover shall only extend to a liability which would have been incurred by the Member if the claim concerning that liability had been made against the Member;	
<b>b</b>	such cover shall not extend to any amount which would not have been recoverable from the Club by that Member had such claim been made or enforced against that Member;	
<b>c</b>	to the extent that the Club indemnifies such associated or affiliated persons under such cover it shall not be under any further liability and shall not make any further payment to any person whatsoever, including the said Member, in respect of the claim so indemnified;	
<b>d</b>	the conduct of that Member or any associated or affiliated person which is sufficient to bar that person's rights of recovery under the terms, conditions and exceptions provided by these Rules and by the Certificate of Entry shall bar the rights of recovery of all persons thereunder.	
<b>iii</b>	<b>Assureds</b>	
	Unless otherwise agreed in writing by the Managers, any party whatsoever and howsoever insured by the Club shall be bound by all the terms, conditions and exceptions provided by these Rules and by the Certificate of Entry evidencing such insurance.	
<b>iv</b>	<b>Claims between Joint Assureds</b>	
	There shall be no recovery out of the funds of the Club in respect of any liability, costs and expenses arising out of or as a result of any claim, dispute or difference between any Joint Members, affiliates and/or any others insured to any extent under one entry.	
<b>v</b>	<b>Fleet Entries</b>	
	Where more than one ship is entered by one or more Members and the Managers agree in writing that those ships will be treated as a single fleet for underwriting purposes, those Members, if more than one, shall be jointly and severally liable for all and any obligations arising under these Rules as to payment of <b><u>all calls, contributions, premium and any other sums due to the Club</u></b> , and for the purpose of same shall be deemed to be a single Member and the entered ships deemed to be entered on the single Member's behalf.	<i>An amendment to clarify that Joint Members are liable for premium and all other sums due to the Club in respect of that entry.</i>
<b>14</b>	<b>Period of Cover</b>	
<b>i</b>	The cover afforded by the Club shall begin at the time stated in the Certificate of Entry for the commencement of the cover and continue until noon of 20 February next following (unless otherwise agreed at	

	the time of entry).	
<b>ii</b>	Save where the Club has exercised any right to terminate an entry as otherwise provided in these Rules, the cover shall continue from Policy Year to Policy Year unless:	
<b>a</b>	notice shall have been given in writing by either the Member to the Managers or the Managers to the Member <b><u>not later than 2 calendar months prior to the expiry of the Policy Period</u></b> <del>not later than noon GMT on 20 December in any year</del> , that the insurance specified in the notice is to cease, in either of which events the insurance shall cease at the end of the then current Policy <del>Year</del> <b><u>Period</u></b> ; or	<i>An amendment to provide for notice of termination in respect of policies which do not span the standard 20 February to 20 February policy year.</i>
<b>b</b>	the Managers shall have given notice at any time before noon GMT on <b><u>the date of expiry of the Policy Period</u></b> <del>20 February</del> that the terms of the insurance by the Club for the next Policy Year relating to premium and/or deductibles are to be changed including any general increase in premium, in which event, unless terms are agreed between the Member and the Managers before noon GMT on <b><u>the date of expiry of the Policy Period</u></b> <del>20 February</del> immediately following such notice, the insurance shall thereupon cease; or	<i>An amendment to clarify notice provisions in respect of policies which do not span the standard 20 February to 20 February policy year.</i>
<b>c</b>	the Managers by 30 days' notice in writing to a Member at any time terminate the entry in respect of any ship.	
<b>iii</b>	An entered ship shall not be withdrawn from the Club at any other time or in any other manner except with the consent of the Directors.	
<b>17</b>	<b>Recovery</b>	
	If any Member shall become liable in damages or otherwise or shall incur any liabilities, costs or expenses as hereinafter set out in Rules <b>25</b> and <b>28</b> , in respect of a ship which was entered in the Club at the time of the casualty or event giving rise to such liabilities, costs or expenses, such Member shall be entitled to recover, out of the funds of the Club, the amount of such liabilities, costs or expenses to the extent and upon the terms, conditions and exceptions provided by these Rules and by the Certificate of Entry;	
	<i>Provided always that:</i>	
<b>i</b>	Unless the Directors otherwise determine, it shall be a condition precedent of a Member's right to recover from the funds of the Club in respect of any liabilities, costs or expenses that he shall first have paid the same out of funds belonging to him absolutely and unconditionally and not by way of loan or otherwise;	
<b>ii</b>	The Member shall have no right to recovery from the Club in respect of any liabilities, costs or expenses where the Directors determine that the reimbursement or any payment in respect thereof exposes the Club to the risk of being or becoming subject to any sanction, prohibition or adverse action in any form whatsoever by any State or International Organisation; unless the express terms of such sanction, prohibition or adverse action permit payment of any sums due from the Club to the Member into a blocked account, in which event payment by the Club into that account shall discharge the Club from all liability to the Member howsoever arising in respect of the claim to which such payment relates.	
<b>iii</b>	Notwithstanding the provisions of Rule <b>17 i</b> , where a Member has failed to discharge a legal liability to pay damages or compensation for personal injury, illness or death of any Seaman, the Club shall discharge or pay such claim on the Member's behalf directly to such Seaman or dependant thereof.	
<b>iv</b>	<b><u>Notwithstanding the provisions of Rule 17 i, where a Member has failed to discharge a legal liability to pay repatriation expenses payable under any statutory enactment giving effect to the Maritime Labour Convention 2006 or equivalent statutory provisions, the Club shall discharge or pay such claim on the Member's behalf directly to such Seaman or dependant thereof,</u></b>	<i>An amendment to enable Club cover, where agreed by the Managers, to respond directly for liabilities incurred by Members under the</i>

	<b><u>provided that the Club has previously agreed to cover such risks in accordance with Rule 25 ii c (ii).</u></b>	<i>Maritime Labour Convention 2006 (which will come into effect from 1 August 2013) in respect of repatriation expenses of Seafarers.</i>
	<i>Provided always that:</i>	
<b>a</b>	<b><u>In respect of legal liability to pay damages or compensation for personal injury, illness or death,</u></b> the Seaman or dependant has no enforceable right of recovery against any other party and would otherwise be uncompensated;	<i>This proviso does not apply to repatriation expenses. There is a distinction between treatment of personal injury/illness/death compensation as opposed to repatriation expenses, because there may be multiple tortfeasors in respect of injury/death claims, whereas failure to pay repatriation expenses is likely to be a bilateral matter between the member and its crew.</i>
<b>b</b>	The amount payable by the Club shall not be subject to set off of any amount due to the Club and, subject to <b>c</b> below, shall under no circumstances exceed the amount which the Member would otherwise have been able to recover from the Club under the Rules and Member's terms of entry;	
<b>c</b>	Where the Club is under no liability to the Member to pay claims, by reason of the retrospective cancellation of cover pursuant to Rule <b>37</b> for non-payment of amounts due to the Club, the Club will nevertheless discharge or pay claims in accordance with sub-paragraph <b>iii and iv</b> (above) of this Rule, to the extent only that such liability has arisen from an event occurring prior to the date when notice of such cancellation has been given, and otherwise subject to and in accordance with the Rules and applicable terms of entry.	
<b>d</b>	Any payment made by the Club pursuant to this Rule <b>17 iii and iv and Rule 25 ii c (ii)</b> is made as agent only of the Member, and the Member shall be liable to reimburse the Club for the full amount of such payment.	
<b>iv</b>	Any liability costs or expenses (other than those arising in respect of oil pollution) incurred by the Club or by any other party to the Pooling Agreement in respect of an entered ship arising from any one casualty or event, including any claim in respect of liability for the removal or non-removal of any wreck, shall be treated for the purposes of these Rules as if they were one claim;	
<b>v</b>	If less than the full tonnage of a ship is entered in the Club, the Member shall be entitled only to recover such proportion of its claim as the entered tonnage bears to the full tonnage;	
<b>vi</b>	In no case whatsoever shall interest be paid on sums due from the Club.	
<b>25</b>		
<b>i</b>	<b>Liabilities to Persons</b>	
	Liabilities, costs and expenses as set out in Rule <b>25 ii</b> and in respect of the categories of persons set out in Rule <b>25 iii</b> :	
<b>a</b>	arising by operation of law; or	
<b>b</b>	arising under any contract including any collective agreement approved in writing by the Managers prior to the event giving rise to the claim,	

	and upon such terms as the Managers may require.	
<b>ii</b>	<b>Covered Risks</b>	
<b>c</b>	<b>Repatriation Expenses:</b>	
<b>(i)</b>	in respect of persons on board an entered ship in consequence of a casualty thereto, or consequent on illness or injury to such persons; <b>or</b>	
<b>(ii)</b>	<b><u>if agreed by the Managers, on such terms as to payment of premium or otherwise as they may require, in respect of a Seaman, arising under Guideline B. 2.5 of Regulation 2.5 of the Maritime Labour Convention 2006 or equivalent statutory provisions; or</u></b>	<i>A new provision extending cover, where agreed by the Managers, to respond to liabilities in respect of seafarers pursuant to the Maritime Labour Convention 2006 (which will come into effect from 1 August 2013) for repatriation expenses incurred in the case of abandonment of crew, which may arise, for example, upon the insolvency of an owner. Typically such expenses are likely to fall within the Club's individual retention and so liabilities arising will not be pooled. However in view of the possible aggregation risk arising upon the insolvency of an owner of a large entered fleet of highly staffed vessels, cover for this risk is subject to specific prior agreement by the managers.</i>
<b>(iii)</b>	in any other case where the Managers in their discretion determine that such expenses have been necessarily and reasonably incurred;	
<b>25</b>		
<b>xxii</b>	<b>Deductibles <u>and Policy Limits</u></b>	
	Unless otherwise agreed:	
<b>a</b>	any liabilities, costs and expenses recoverable under Rule 25 shall be limited to the excess of stipulated deductibles; <b>and</b>	
<b>b</b>	<b><u>Any policy limits shall apply to the total amount of any claim, inclusive of deductibles.</u></b>	<i>An amendment to clarify that deductibles erode policy limits, i.e. that the policy limit is calculated from the ground up.</i>
	Deductibles to be applied to particular claims will be on the basis agreed between the Managers and Members as part of the terms and conditions upon which the entry of the ship is either accepted or continued. In the absence of contrary notification from the Club, the deductibles applicable to any particular entry at the end of any policy year shall be deemed to continue to apply to that entry in the next policy year.	
<b>35</b>	<b>Cessation of Membership</b>	<i>The substance of the existing provisions in relation to cessation and</i>

		<i>termination of membership by reason of sanctions has not materially changed, but the provisions have been restated, amended and re-ordered to add clarity.</i>
<b>i</b>	A Member shall cease to be a Member and shall cease to be insured by the Club in respect of any and all ships entered by him upon the happening of any of the following events:	
<b>ia</b>	in the case of an individual upon his death;	
<b>ib</b>	in the case of a corporation if it be wound up or dissolved;	
<b>ic</b>	if it ceases to have any ship entered in the Club;	
<b>id</b>	in the case of an individual if he becomes bankrupt, subject to a receiving order, or makes any arrangement or composition with his creditors generally or by reason of mental disorder becomes incapable of conducting his affairs;	
<b>ve</b>	in the case of a corporation if it is placed in receivership or seeks protection from its creditors, reorganisation or rehabilitation pursuant to any applicable laws, or if a creditor takes uncontested possession of any of its assets pursuant to any security interest therein;	
<b>f</b>	<b><u>Where by virtue of any sanction, prohibition or adverse action in any form whatsoever by any State or International Organisation, the Club is prohibited from insuring that Member.</u></b>	<i>This provision clarifies that Membership shall cease where the Club is prohibited from insuring the Member by reason of sanctions etc.</i>
	<del>Save that</del> <b><u>Provided that:</u></b>	
<b>(i)</b>	in respect of <del>id</del> and <del>ve</del> above the Managers shall be entitled in their absolute discretion to agree that a Member may be entered upon such terms and conditions as they see fit; <b><u>and</u></b>	
<b>(ii)</b>	<b><u>if any Member ceases to be insured by the Club by operation of this Rule 35 i a – f in respect of the ships entered by it, the entry and insurance of all other Joint Members entered pursuant to Rule 9 i shall continue notwithstanding, unless the Managers, in their discretion, decide to terminate such entry and insurance on behalf of the other Joint Members, or any of them, either on the date of cessation of entry of the Member to which this Rule 35 i a – f applies or such other date which the Managers may in their absolute discretion decide.</u></b>	<i>This amendment clarifies that termination of a Member's entry in accordance with this Rule 35 shall not result in termination of the entry of all associated Joint Members unless the Managers so decide.</i>
<b>ii</b>	<b><u>If the insurance of a ship by the Club is prohibited by any State or International Organisation, or if any ship is employed by the Member or permitted to be employed by the Member in a carriage, trade or on a voyage which will thereby in anyway howsoever expose the Club to the risk of being or becoming subject to any sanction, prohibition or adverse action in any form whatsoever by any State or International Organisation, there shall be no insurance by the Club of such ship or in respect of such carriage, trade or voyage from the date when such prohibition becomes effective or when such insurance becomes sanctionable activity.</u></b>	<i>The existing provision in Rule 35 vii provided for automatic termination of the entry in the event of employment of a ship by the Member in a sanctions offending voyage or activity. This amendment restates proviso d to existing Rule 35 vii and clarifies that cessation of entry shall relate to the period of the sanctions offending activity.</i>
	<b><u>In the event of any dispute as to such prohibition or as to whether the ship has been so employed, the Managers' decision shall be final.</u></b>	<i>Given that a swift decision may be necessary, the Directors</i>



		<i>have agreed that in the event of dispute the Managers shall determine whether a sanctions risk or prohibition is operative.</i>
<b>iii</b>	<b><u>Notwithstanding and without prejudice to Rules 35 i f and ii above, the Managers may, on such notice in writing as they may decide, terminate, or determine that there shall be no cover under the entry, or any part of it, or any part of any other cover arrangement of a Member and/or the entry of any vessel where the provision of cover to or in respect of a vessel and/or a Members' continuing entry or cover will expose, or may in the opinion of the Managers expose, the Club or any of its Members to the risk of being or becoming subject to any sanction, prohibition or adverse action in any form whatsoever by any State or International Organisation.</u></b>	<i>This amendment restates for clarity the existing provisions in Rule 35 vi and proviso c which enable termination of an entry or part thereof on notice to the Member where continued entry may expose the Club or its Members to the risk of sanctions. Given that a swift decision may be necessary, the Directors have agreed that the Managers are authorised to make the relevant determination and to give the relevant notice in writing.</i>
<del><b>vi</b></del>	<del>Notwithstanding and without prejudice to Rule 35 vii below, if the Directors, on such notice in writing as they may decide, terminate the entry of a Member where the provision of cover to or in respect of a vessel and/or the Member's continuing entry will expose or may, in the opinion of the Directors, expose the Club or any of its Members to the risk of being or becoming subject to any sanction, prohibition or adverse action in any form whatsoever by any State or International Organisation.</del>	
<del><b>vii</b></del>	<del>Notwithstanding and without prejudice to Rule 35 vi above, unless the Directors shall in their discretion otherwise determine, if any ship (whether or not entered in the Club) is employed by the Member in a carriage, trade or on a voyage which will thereby in any way howsoever expose the Club to the risk of being or becoming subject to any sanction, prohibition or adverse action in any form whatsoever by any State or International Organisation.  In the event of any dispute as to whether the ship has been so employed, the Directors' decision shall be final.</del>	
	Provided that:	
<b>(a)</b>	If the cesser of Membership and of insurance be occasioned by any of the events specified in Rule 35 i sub-paragraphs <del>i a</del> to <del>vii f</del> above, such Member, its estate, legal, personal representatives, trustees in bankruptcy or liquidator as the case may be, shall be and remain liable for contributions in respect of the Policy Year during the currency of which the event occurred, pro rata only to the period beginning with that Policy Year and ending upon the happening of such event; but the Club shall thereupon cease to be liable for any claims under these Rules and in respect of such ship or ships arising by virtue of any incident or occurrence occurring after the happening of any such specified events in sub-paragraphs <del>i a</del> to <del>vii f</del> above, or for any claims directly or indirectly arising because of such specified event(s), and nothing done by the Club subsequent to any such specified event shall constitute a waiver of the Club's rights under this sub-paragraph,	<i>Logical amendments to numbering</i>

	unless the Club shall thereafter have expressly, in writing to the Member, accepted liability for such claim.	
(b)	nothing in the foregoing proviso (a) shall prejudice the Managers' rights, under Rule 37, to terminate or rescind cover, and to require payment of premium as herein provided.	
e	<del>In relation to Rule 35 vi above, the Directors may agree to terminate only that part of the entry, and/or the entry of only those vessels and/or that part of any other cover arrangement which will expose or may in the opinion of the Directors expose, the Club and/or any of its Members to the risk of being or becoming subject to any sanction, prohibition or adverse action in any form whatsoever by any State or International Organisation.</del>	
d	<del>In relation to Rule 35 vii above, the Managers may agree that the cessation of cover thereunder will apply only to that part of the entry and /or that part of any other cover arrangement related to, and/or to the entry of only those vessels employed by the Member in, a carriage, trade or on a voyage which will thereby in any way howsoever expose the Club to the risk of being or becoming subject to any sanction, prohibition or adverse action in any form whatsoever by any State or International Organisation.</del>	
e(c)	In relation to Rule 35 <del>vii</del> ii and iii, when the risk of any such sanction, prohibition or adverse action ceases, insurance by the Club in respect of any and all ship(s) entered by the Member, or in respect of any other cover arrangement of a Member, may in the Managers' discretion be reinstated.	<i>Logical amendment to numbering</i>
<b>37</b>	<b>Non Payment of Premium and Other Sums</b>	
<b>i</b>	<b><u>Irrespective of whether entered as a special and/or fixed premium entry under Rule 4 or a mutual entry under the Rules including those relating to payment of premium under Rules 10, 11, 12 and 39, a Member and, if applicable, any Joint Members or Assureds and/or Members liable for payment of sums under Rule 9 v, shall be directly liable for fixed premium, mutual premium, additional premium and overspill calls, as applicable, together with any other sums due to the Club under these Rules, regardless whether such payments may customarily be paid and accepted through intermediaries, and Section 53(1) of the English Marine Insurance Act, 1906, shall not apply.</u></b>	<i>An amendment to clarify that where an intermediary acting for the Member fails to forward premium to the Club, the Member remains liable for payment of premium. This reflects the position under English law and the Marine Insurance Act 1906, (to which the Club Rules are subject) which provides that the provisions of the Act relating to premium (including Section 53) do not apply in the case of mutual insurance.</i>
<b>ii</b>	<b><u>Where sums due from the Club to a Member are paid to any intermediary, acting on behalf of and/or nominated by the Member, payment by the Club to that intermediary shall discharge the liability of the Club to the Member in respect of such sums.</u></b>	
<b>iii</b>	If a Member fails to pay when due and demanded by the Managers any amounts due from him to the Club, the Managers shall be entitled in the exercise of their absolute discretion, <b><u>and without prejudice to any other rights available to them under the Rules:</u></b>	<i>An amendment to make clear that the rights set out in Rule 37 in relation to non-payment of premium are not exclusive and do not limit the other rights of the Managers set out elsewhere under the Rules such as those</i>

		<i>relating to deduction and set-off.</i>
<b><u>i-a</u></b>	By notice in writing, to terminate the entry with the Club of any or all ships entered by or on behalf of such Member in respect of any policy year to which the Member's default relates with effect from the beginning of that policy year. In such circumstances the Club shall:	
<b><u>a (i)</u></b>	Return to the Member any premium paid for that policy year, after deduction of any sums already paid by the Club and of any sums for which the Club is or thereafter may become liable in respect of the said ships for that year (including but not limited to any claim, reimbursement, reinsurance cost, or fee);	
	<i>Provided always that:</i>	
	If the total amount of the sums already paid and/or which may become payable by the Club exceeds any premium paid for that policy year, the Member shall be and remain liable for the difference.	
<b><u>b-(ii)</u></b>	Not be liable for claims in relation to the said ships arising by virtue of events occurring in any policy year to which the termination of entry relates.	
<b><u>ii-b</u></b>	By notice in writing, to terminate the entry with the Club of any or all ships entered by or on behalf of the Member in respect of the policy year to which the Member's default relates, with effect from the date given in such notice which shall be in the Managers' absolute discretion.	
	In such circumstances, the Club shall:	
<b><u>a-(i)</u></b>	Be entitled, in respect of any or all ships entered at any time during the policy year in respect of which entry has been terminated under this Rule, to that proportion of all Premiums and calls as the actual period of entry in respect of any such ships bears to the policy year;	
<b><u>b-(ii)</u></b>	Not be liable in respect of claims in relation to the said ships arising by virtue of any event during the Policy Year to which the Member's default relates occurring after the date of termination.	
	<i>Provided always that in relation to this Rule 37:</i>	
	If a Member fails to pay when due and demanded by the Managers any amounts due from him to the Club in respect of more than one ship entered in the Club, the Managers shall be entitled, in their absolute discretion, to exercise any of the options set out in this Rule 37 in respect of any such ship, and shall not be bound to exercise their discretion in the same manner in respect of each ship.	
	Further, and without prejudice to its rights under this Rule, the Club shall have a contractual lien over each ship owned by the Member and/or in the same and/or associated ownership, management or control, whether entered in the Club or not, for outstanding premiums and any other sums whatsoever due to the Club in respect of that ship or any other ship entered by the same Member. That lien shall be without prejudice and in addition to any other rights of the Club, howsoever arising, including any maritime lien or right in rem available by statute or other law of any jurisdiction. The Club shall be entitled to enforce its contractual lien hereunder in any jurisdiction in accordance with the local law of such jurisdiction. Such lien shall continue in force notwithstanding that the entry of the ship has terminated until all sums due to the Club have been paid.	