Steamship Mutual

Rules 2025/26

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CLASS 1
PROTECTION AND INDEMNITY

1

These Rules are subject to the Memorandum and Articles of Association of the Steamship Mutual Underwriting Association (Europe) Limited.

2 Definitions

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:

Cargo

means goods, including materials used for the packing of goods, in respect of which an Owner enters into a contract of carriage, but excluding containers or other equipment owned or leased by the Owner;

Club

References in these Rules to the "Club" shall be treated as references to the Steamship Mutual Underwriting Association (Europe) Limited, save that references to the Club in Rule 47 of Class 1 and Rule 23 of Class 2 shall be treated as references to the Steamship Mutual Underwriting Association (Europe) Limited, the Managers as defined below, Steamship Mutual Underwriting Association Limited, Steamship Mutual Underwriting Association (Bermuda) Limited, The Steamship Mutual Trust, and Steamship Mutual (Emergency) Limited, and in each case their respective branch offices and subsidiaries;

Consortium Agreement

an agreement or arrangement, which shall have been approved in writing by the Club, for the reciprocal exchange or sharing of cargo space on the Entered Ship and Consortium Ships;

Consortium Claim

such liabilities, costs and expenses which are covered pursuant to the terms and conditions of the Rules of the Club and the relevant Certificate of Entry arising out of the carriage of cargo in whole or in part on a Consortium Ship operating under a Consortium Agreement, pursuant to which the Entered Ship is also employed;

Consortium Ship

a vessel, feeder vessel or space thereon, not being the Entered Vessel, employed to carry cargo under a Consortium Agreement;

Container

includes trailer, flat, pallet, tank, or any other equipment the function of which is the containment or transport of cargo during carriage;

Contributing Tonnage

means the gross tonnage of a ship, or other agreed tonnage upon which, according to the terms of entry of the ship, contribution is paid to the funds of the Club;

Convention Limit

in respect of a ship, the limit of liability of the owner of that ship for claims (other than claims for loss of life or personal injury) at the Overspill Claim Date, calculated in accordance with Article 6 paragraph 1(b) (but applying 334 Units of Account to each ton up to 500 tons) of the International Convention on Limitation of Liability for Maritime Claims 1976 (the "Convention") and converted from Special Drawing Rights into United States Dollars at the rate of exchange conclusively certified by the Club as being the rate prevailing on the Overspill Claim Date, provided that

(a) where a ship is entered for a proportion (the "relevant proportion") of its tonnage only, the Convention Limit shall be the relevant proportion of the limit of liability calculated and converted as aforesaid, and

	(b) each ship shall be deemed to be a seagoing ship to which the Convention applies, notwithstanding any provision in the Convention to the contrary;
Directors	means the Board of Directors for the time being of the Club;
Effects	means personal property, documents, navigational or other technical instruments and tools brought on board, or being taken to or from, the Entered Ship by a Seaman or Supernumerary, but excluding cash, valuables or any other article which in the opinion of the Managers is not an essential requirement for a Seaman;
Entered Ship	means a ship which has been entered in the Club for any of the risks enumerated herein in the manner hereinafter provided;
Fleet Entry	means the entry of more than one Ship by one or more Members where it is agreed by the Managers that those ships shall be treated as a single fleet for underwriting purposes;
Group Excess Loss Reinsurance Contract	means the excess loss reinsurance contract entered into by the parties to the Pooling Agreement;
Group Reinsurance Limit	the amount of the smallest claim (other than any claim arising in respect of oil pollution) incurred by the Club or by any other party to the Pooling Agreement which would exhaust the largest limit for any type of claim (other than any claim arising in respect of oil pollution) from time to time imposed in the Group Excess Loss Reinsurance Contract;
Hague and Hague-Visby Rules	means respectively the International Convention for the Unification of Certain Rules relating to Bills of Lading signed at Brussels on 25 August 1924 and that Convention as amended by the Protocol signed at Brussels on 23 February 1968;
Hull Policies	means the Policies effected on the Hull and Machinery of a ship, including Excess Liability Policies;
Laid Up	means out of service and that the entry of a vessel may qualify for a return of premium in accordance with Rule **33**;
Managers	means Steamship P&I Management LLP, the appointed managers of the Club, their Limassol service company Steamship Insurance Agency (Europe) Limited and their London service company, Steamship Insurance Management Services Limited;
Member	means every owner of a ship or part of a ship or any person or entity who effects an entry for insurance in the Club;
Memorandum and Articles	means the Memorandum and Articles of Association of the Steamship Mutual Underwriting Association (Europe) Limited, dated 4 September 2019 and every modification thereof for the time being in force;
Overspill Call	a call levied by the Directors pursuant to Rule **39 v** for the purpose of providing funds to pay part of an Overspill Claim;
Overspill Claim	that part (if any) of a claim (other than any claim or part of a claim arising in respect of oil pollution) incurred by the Club or by any other party to the Pooling Agreement under the terms of entry of a ship which exceeds or may exceed the Group Reinsurance Limit;

Overspill Claim Date	in relation to any Overspill Call, the time and date on which the incident or occurrence giving rise to the Overspill Claim occurred in respect of which the Overspill Call is made or, if the Policy Year in which such incident or occurrence occurred has been closed in accordance with the provisions of Rule **39 vi a** and **b**, noon GMT on 20 August of the Policy Year in respect of which the Club makes a declaration under Rule **39 vi c**;
Owner	means an owner, owners in partnership, owners holding separate shares in severalty, part owner, mortgagee, trustee, charterer, operator or manager of a ship;
Passenger	means any person carried on board the entered ship pursuant to a contract for carriage;
Policy Period	means such period of time as may cover the effective period of a particular entry;
Policy Year	means the year from noon Greenwich Mean Time on 20 February to noon Greenwich Mean Time on 20 February next ensuing;
Pooling Agreement	means the agreement to which the Club is a party between various Members of the London Group of P&I Clubs dated 18 September 1975 and any amendment, variation or substitution thereof;
Seaman	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, and for the purposes of cover under Rules **17 iii** and **25 ii 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;
Ship	means any ship, boat, hydrofoil, hovercraft or other description of vessel (including a lighter, barge or similar vessel howsoever propelled but excluding (a) a unit or vessel constructed or adapted for the purpose of carrying out drilling operations in connection with oil or gas exploration or production and (b) a fixed platform or fixed rig) used or intended to be used for any purpose whatsoever in navigation or otherwise on, under, over or in water or any part of such ship, boat, hydrofoil, hovercraft or other description of vessel or any proportion of the tonnage thereof or any share therein, including any ship, boat, hydrofoil, hovercraft or other description of vessel under construction;
Statutory Obligations	includes any direction, obligation or liability imposed by enactment decree, order or regulation having the force of law;
Supernumerary	means a relative of a Seaman or any other person whom a Member has agreed to maintain or carry on board an Entered Ship (except a passenger) and including persons (other than Seamen) engaged under articles of agreement;
Tonnage	means the gross tonnage of a ship as certified or stated in the Certificate of Registry or other official document relating to the registry of the ship; and 'Ton' refers to the unit of such tonnage;
Towage	means any operation in connection with the holding, pushing, pulling, moving, escorting, guiding of, or standing by, a ship or object.

3 Scope of Cover

i The terms upon which a Member is entered in the Club are set out in the Rules and any Certificate of Entry for that Member.

ii The risks against which a Member is insured by entry in the Club are set out in Rule **25** and are always subject to the conditions, exceptions, limitations and other terms set out in the remainder of these Rules and any Certificate of Entry for that Member.

iii The cover set out in these Rules may be excluded, limited, modified or otherwise altered by any special terms which have been agreed in writing between a Member and the Managers.

iv A Member may, in accordance with Rule **4 i**, be insured against risks other than those set out in Rule **25** where such special terms have been agreed in writing between the Member and the Managers. Unless otherwise expressly agreed such special insurance shall be subject to the conditions, exceptions, limitations and other terms set out in the remainder of these Rules.

v A Member is only insured against loss, damage, liability or expense incurred by it which arise:

a out of events occurring during the period of entry of a Ship in the Club; and

b in respect of the Member's interest in the entered Ship; and

c in connection with the operation of the Ship by or on behalf of the Member,

and otherwise only as provided pursuant to Rule **25 xiii d** in respect of cargo liabilities when a Member is entered for such cover.

vi A Member who has entered its Ship in the Club for insurance against any of the aforesaid risks shall, subject to paragraph vii below, pay contributions to the Club in accordance with Rules **10, 11** and **12**.

vii A Member may, in accordance with Rule **4 ii**, be insured against any of the aforesaid risks upon the special terms that its cover shall be subject to such limit or limits as the Managers may determine, and that it is liable to pay a fixed premium to the Club, provided that this has been expressly agreed in writing between the Member and the Managers.

4 Special and Fixed Premium Entries

The Managers may, notwithstanding the provisions of the Memorandum and Articles of the Club or of these Rules,

i at any time and in their absolute discretion accept entries upon special terms as to contribution, limit, nature and extent of risks covered and/or otherwise howsoever, including any risks excluded under these Rules.

ii accept entries on terms that a Member pays a fixed premium only and that its cover shall be subject to such limit or limits as the Managers may determine.

5 Directors

i The business of the Club shall be managed by the Board of Directors who shall exercise the powers given them by the Memorandum and Articles of Association.

ii The Directors may delegate any of their powers to sub-committees consisting of such member or members of their body as they think fit. Any sub-committee so formed shall in the exercise of any power so delegated conform to any regulations that may from time to time be imposed upon it by the Directors.

iii The Directors, or subject to any regulations imposed upon it as aforesaid, any sub-committee, may from time to time vest in the Managers such of the powers vested in the Directors or delegated to such sub-committees as the case may be, as the Directors or such sub-committee shall think fit, and such powers may be exercisable for such period and upon such conditions and subject to such restrictions and generally upon such terms as the Directors or such sub-committee, as the case may be, may determine.

iv Whenever any power is delegated to or vested in the Managers by virtue of or pursuant to these Rules, such power may, subject to any terms, conditions or restrictions contained in these Rules, be exercised by any servant or agent of the Managers or their London representatives to whom the same shall have been delegated or sub-delegated.

6 Entry

i An Owner who wishes to enter any Ship for insurance in the Club shall apply for such entry in such form and in such manner as the Managers may from time to time require.

ii An Owner who so applies for insurance or negotiates any changes to or renewal thereof shall make to the Club a fair presentation of the risk in compliance with Part 2 of the English Insurance Act 2015, including disclosure:

a of every material circumstance which the Owner knows or ought to know; or

b providing sufficient information to place the Club on notice of the need to make further enquiry for the purposes of revealing those circumstances; and

c in which every material representation as to a matter of fact is substantially correct, and every representation as to a matter of expectation or belief is made in good faith;

save that Section 8 of the Act shall have no application and Rule **6 v b** shall apply irrespective of whether any breach of the duty of fair presentation is innocent, deliberate or reckless.

. iii Before any application for entry is accepted, the Managers shall agree in writing the terms and conditions that are to apply to the entry, including those concerning premiums, date of commencement and scope of cover and the other terms and conditions on which the ship is to be accepted.

iv The provisions of this Rule apply throughout the period of entry of the Ship in the Club and the Member shall immediately disclose to the Club any material change in any material particulars and information or any material alteration in the risk relating to such entry.

v a If the Managers determine that the nature of the risk has materially changed since the ship was entered; or

b If the Member fails to comply with the obligations under sub-paragraphs ii or iv of this Rule,

the Managers shall be entitled, without prejudice to any other right or remedy of the Club, in their absolute discretion by notice in writing to:

(i) terminate the entry of such ship or Member from the commencement of the Policy Year or such later date as they may decide, or

(ii) amend or vary the terms of such entry as they think fit.

vi The Managers shall be at liberty, without giving any reason, to refuse any application for entry of a ship in the Club from any Owner whether or not that Owner is already a Member of the Club.

vii The Member, or any Owner who applies for entry in the Club:

a Consents to and authorises the disclosure by the Managers to any club which is a party to the Pooling Agreement of any report of any survey or inspection of an Entered Ship, or Ship proposed to be entered, or audit of the Member's management systems undertaken on behalf of the Club, either pursuant to an application for entry, or after entry in, the Club, including the disclosure of any report of any survey or inspection or audit undertaken in any prior policy year;

b Waives any rights or claims against the Club and/or the Managers of whatsoever nature arising in respect of or relating to the contents of or opinions expressed in any report of any survey or inspection or audit so disclosed.

Provided always that:

(i) The report of any survey or inspection or audit may only be disclosed to another club when an application for entry is made thereto; and

(ii) The disclosure of the report of any survey or inspection or audit shall be for the limited purpose only of that club considering an application to enter such ship for insurance.

(iii) The report of any such survey or inspection or audit may in any event be disclosed by the Club in accordance with the terms of any legally enforceable order.

viii A notice or other document required to be served on a Member under these Rules or the Memorandum and Articles of Association of the Club may be served as the Managers decide, either personally, or by sending it through the post in a pre-paid letter, or by courier, facsimile, or email or other electronic communication addressed to the Member. The Member agrees that any such address shall be that notified to the Club by the Member or its servants or agents appearing in the records of the Club.

A notice or document directed to be served on the Member shall, with respect to any Joint Members, affiliates and any others insured to any extent under the Member's entry, be given to which of such persons is named first in the Register of Members and a notice or document so given shall be sufficient service upon all such Joint Members, affiliates and any others insured under the Member's entry.

7 Certificate of Entry

i As soon as reasonably practicable after the acceptance of an application for entry of a Ship for insurance in the Club, the Managers shall issue to the Member in respect of such Ship a Certificate of Entry in such form as they may from time to time determine which may include, among other things:

a the names of the Members on whose behalf the Ship has been entered and their interest in that Ship;

b the date of the commencement of the period of insurance; and

c the terms and conditions, including any limitations to cover, on which the ship has been accepted for insurance.

ii If at any time there shall be a variation in the terms of entry relating to an entered Ship, the Managers shall, as soon as reasonably practicable thereafter, issue to the Member in respect of such a Ship an endorsement slip, in such form as they may from time to time determine, stating the terms of such variation and the date from which such variation is to be effective.

iii Every Certificate of Entry and every endorsement slip issued as aforesaid shall be conclusive evidence and binding for all purposes as to the commencement of the period of insurance, as to the terms and conditions on which the ship has been entered for insurance, and as to the terms of any variation and the date from which such variation is to be effective; provided that in the event that any Certificate of Entry or any endorsement slip shall in the opinion of the Managers contain any error or omission, the Managers may in their discretion issue a new Certificate of Entry or a new endorsement slip which shall be conclusive evidence and binding as aforesaid.

iv To the extent that these Rules and any Certificate of Entry or other policy document issued hereunder are subject to the English Insurance Act 2015, from its entry into force, the following Sections of the Act shall be excluded and have no application save to the extent provided in the case of Section 13A with the effects as set out in sub-paragraphs **a-e** below:

Excluded provisions - Effect

a Section 10 - All warranties must be strictly complied with and in the event of breach, the Club's liability is discharged from the date of such breach irrespective of whether such breach is subsequently remedied.

b Section 11 - The Club shall be entitled to exercise any rights provided in these Rules arising in consequence of the Member's non-compliance with the applicable terms of entry and the Rules tending to reduce the risk of loss of a particular kind, or at a particular location or time. The Club shall be so entitled notwithstanding that such non-compliance could not have increased the risk for the loss which actually occurred in the circumstances in which it occurred.

c Section 13 - In the event that a fraudulent claim is made by any party insured hereunder the Club shall be entitled to terminate the policy in respect of all parties insured pursuant to that entry or any of them as the Managers so decide in their absolute discretion.

d Section 13A - No claim shall be brought against the Club for breach of the implied term that the Club will pay to the Member any sums due in respect of a claim within a reasonable time save where or to the extent that any breach is deliberate or reckless.

e Section 14 - The contract evidenced by these Rules and the Certificate of Entry requires the Member and the Club to observe the duty of utmost good faith and non-observance by one party shall entitle the other to avoid the policy.

8 Members

i Every Owner who enters any ship in the Club shall (if not already a Member) be and become a Member of the Club as from the date of the commencement of such entry. Each Member is bound by the Memorandum and Articles of Association of the Club and by these Rules.

ii Every Member of the Board of Directors, whilst holding office as such, shall ex-officio be a Member of the Club.

iii Whenever the Club agrees to accept the entry of a ship by way of reinsurance of any insurer, the insurer reinsured by the Club shall be and become a Member of the Club provided that, unless otherwise agreed by the Club, it shall not be entitled to attend any General Meeting of the Club, Annual or Special, or vote on any resolutions at any such Meeting.

iv All contracts of insurance with the Club shall be deemed to be subject to and incorporate all the provisions of these Rules except to the extent otherwise expressly agreed in writing with the Managers.

v Each Member or other person whose application for insurance or reinsurance is accepted shall be deemed to have agreed both for itself and its successors and each of them that both it and they and each and all of them will be subject to and bound by and will perform their obligations under the Rules, Memorandum and Articles of Association of the Club and any contract of insurance with the Club.

vi Membership shall not be transferable or transmissible.

9 Joint Members and Assureds

i a If an entry is made in the names of or on behalf of more persons than one (hereinafter referred to as Joint Members) each Joint Member shall be bound by the Rules including, without limitation, the provisions of Rule **8**, and shall be jointly and severally liable to pay all calls, contributions, premium and any other sums 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.

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 shipowners 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.

c 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.

d If the entry of any Joint Member ceases or is terminated for any reason, the Managers shall have the option, but not the obligation, 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.

Affiliates

ii Should a claim in respect whereof a Member is insured by the Club under these Rules and by the Certificate of Entry be made or enforced through an associated or affiliated person (other than a Joint Member), and excluding any charterer, (except bareboat or demise) of the Entered Ship, the Club shall, if so requested by the Member in writing, indemnify such associated or affiliated person against any loss which as a consequence thereof such person shall have incurred in that capacity;

Provided that:

a such right of indemnity 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 such right of indemnity 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;

c to the extent that the Club indemnifies such associated or affiliated persons hereunder 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;

d 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.

Assureds

iii 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.

Claims between Joint Assureds

iv 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.

Fleet Entries

v 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 all calls, contributions, premium and any other sums due to the Club, and for the purposes of the same shall be deemed to be a single Member and the entered ships deemed to be entered on that single Member's behalf.

10 Contributions

i Unless entered under Rule **4 ii** as a fixed premium entry or upon special terms which otherwise provide, the Members or persons who have entered ships for insurance, shall severally and not jointly mutually insure each other as hereinafter set out against liabilities, costs and expenses which they or any of them may become liable to pay or may incur in respect of any entered ship, and for this purpose each such Member or person shall contribute to the funds or other obligations of the Club as required:

a to meet all such claims, liabilities, costs, expenses and other outgoings (whether incurred, accrued or anticipated) as the Board of Directors determine necessarily and properly fall on the Club;

b to establish, maintain or accumulate such reserve or reserves as the Directors may deem necessary, expedient or prudent;

c without prejudice to the generality of paragraph **b** above, to accumulate such funds as may be necessary to establish and maintain any solvency margin, guarantee fund or other fund as may be required of the Club by any governmental or other legislation or regulation.

ii Such contributions to the funds of the Club shall be levied upon and paid by the Members as Mutual Premium, Additional Premium and Overspill Calls in accordance with the provisions of Rules **11, 12,** and **39**.

11 Basis of Contribution

i Before the commencement of a Policy Year the Directors shall determine whether there shall be a general increase in the premium rating of all Members and if so its amount.

ii At the beginning of each policy year the Managers shall, unless the entry has been accepted upon special terms which otherwise provide, agree the Mutual Premium in respect of the relevant ship to be paid by a Member taking into account any general increase determined by the Directors and all other matters which the Managers may consider relevant.

iii Such Mutual Premium shall be levied on and paid by the Member during the relevant Policy Year and in such subsequent years and in such instalments as the Directors may from time to time determine.

iv A ship entered in the course of a Policy Year shall pay a daily pro-rata proportion of the Mutual Premium to the beginning of the next policy year.

v The Managers may require a vessel to contribute to Mutual Premium on a minimum tonnage.

vi Ships entered upon terms that any of the risks specified in the Rules are excluded may receive such rebate of Mutual Premium as may be agreed by the Managers at the time such exclusions take effect.

vii If, at any time before the final instalment of Mutual Premium in respect of a policy year has become payable, it shall appear to the Directors unlikely that the whole of such Mutual Premium is required for the purposes set out in Rule **10**:

a the Directors may resolve to reduce the amount of Mutual Premium payable in respect of that Policy Year; and

b the liability of a Member under paragraph ii of this Rule to pay Mutual Premium shall be reduced accordingly.

viii In the event of any Member making default in payment of any contribution due from it to the Club, the same shall (subject to the provisions as to any entries on special terms) be paid by such of the other Members entered rateably in proportion to the contributions last due from them respectively and payment may be enforced by the Club. Each Member who may for the time being be entitled to receive from the Club any payment in respect of any loss, claim or demand, shall bear and contribute to the proportion thereof due in respect of any ship or ships entered by it, including the ship in respect of which the loss, claim or demand arises.

12 Additional Premium

At any time or times during or after the end of each Policy Year (but not after such Policy Year has been closed) the Directors may decide to levy from the Members who have or have had ships entered for insurance in respect of that year, unless its entry has been accepted upon special terms which otherwise provide, one or more Additional Premiums. Such Additional Premium or Premiums shall be paid by each Member, at such time or times and at such rate or at such percentage of the Mutual Premium already paid, as the Directors may decide.

13 Proration of Premium

A Member shall be liable for contribution in respect of an entered ship to the premiums levied by the Club for the current Policy Year pro rata only to the period beginning with that Policy Year and ending at noon on the day upon which the ship was legally transferred by bill of sale or other formal document whereby the ownership was legally transferred, provided that notice in writing is given to the Managers within one month after the happening of that event.

14 Period of Cover

i 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).

ii 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:

a notice shall have been given in writing by either the Member to the Managers or the Managers to the Member not later than two calendar months prior to the expiry of the Policy Period, 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 Period; or

b the Managers shall have given notice at any time before noon GMT on the date of expiry of the Policy Period 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 the date of expiry of the Policy Period immediately following such notice, the insurance shall thereupon cease; or

c the Managers by 30 days' notice in writing to a Member at any time terminate the entry in respect of any ship.

iii 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.

15 Release Calls

i Upon the entry of a Member ceasing in respect of an entered Ship, the Managers may demand, at any time in their absolute discretion after the date of the said cessation of entry, an amount to release the Member from liability for further mutual and/or additional premium in respect of the said ship, other than Overspill Calls. The Directors may at their sole and absolute discretion lay down or revise from time to time terms as to levying of release calls and the said amount shall be assessed in accordance with those terms. The amount assessed shall be immediately payable by the Member on demand to the Managers without deduction or set off. However, the Managers may, in their absolute discretion at any time accept a guarantee, including a guarantee or other security required by the Managers in replacement for one already provided:

(i) In an amount;

(ii) In a form; and

(iii) From a bank,

approved by the Managers, to be provided within such period as specified by them to secure payment of such instalments of mutual and/or additional premium as may be levied in respect of the said ship until each of the years in which the ship was entered in the Club has been closed. The provision of such guarantee, or any replacement guarantee or other security required by the Managers on their approved terms, shall not release the Member from any liability in respect of Overspill Calls.

ii In the event that the release call assessed is paid in full on demand, the Member shall be released from any liability for any further mutual and/or additional premium in respect of the said ship which may be levied after the date of the said assessment, other than in respect of Overspill Calls, but shall not be entitled to participate in any subsequent return of premium.

iii The Managers may demand such additional amounts as may be chargeable in accordance with any revision of the terms laid down by the Directors as they may from time to time determine in accordance with their powers under this Rule:

a If the amount previously assessed, or any part thereof, has not already been paid on demand;

b If any guarantee has not been provided in accordance with the terms approved by the Managers;

c Where a guarantee has been provided under paragraph i above as hereinbefore set out, save that the outstanding amount of that security shall be deducted from any additional amount assessed and the Managers shall be entitled to demand immediate payment of the balance due or, in their absolute discretion, increased and/or replacement security in respect of the same. The provisions of paragraph i above shall apply in like manner to the granting of any increased or replacement security to the Managers.

iv Unless and until:

a any amounts due in accordance with this Rule are paid; and/or

b a guarantee is provided in accordance with the terms approved by the Managers,

the Managers shall be entitled to take such action as they see fit to recover the amounts due and/or enforce any agreement for the provision of a guarantee in respect of the same, including but not limited to appropriating or withholding any sums whatsoever due from the Club to the Member as shall be sufficient in the opinion of the Managers to pay and/or secure that Member's liability for existing or future premium.

v Nothing in the provisions of this Rule shall prevent the Managers from imposing such other terms and conditions as in their sole and absolute discretion they see fit in respect of the release of a Member from liability to pay further premium as it falls due.

16 Reserves

i The Directors may in their absolute discretion establish, maintain and accumulate such reserves, funds or other accounts for such contingencies or purposes as they think necessary, expedient or prudent including, without prejudice to the generality of the foregoing, such funds or accounts necessary to establish or maintain any solvency margin, guarantee fund or other fund as may be required of the Club by any governmental or other legislation or regulations.

ii The Directors may apply the sums standing to the credit of any reserves or accounts for any purpose whatsoever which the Directors consider to be in the interests of the Club or its Members.

iii The funds required to establish such reserves or accounts may be raised in any of the following ways:

a the Directors, when considering the amount of the Mutual Premium or any Additional Premium for any Policy Year or at any time or times thereafter, may resolve that any specified amount or proportion of such premium shall be applied for the purposes of any reserve or account;

b the Directors may, on the closing of any Policy Year or at any time or times thereafter resolve that any specified amount or proportion of the funds standing to the credit of that Policy Year shall be applied for the purposes of any such reserve or account.

17 Recovery

If any Member shall become liable in damages or otherwise or shall incur any liabilities, costs or expenses as hereinafter set out in Rules **25** and **28**, 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;

Provided always that:

i 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;

ii Notwithstanding the provisions of Rule **17 i**, 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.

Provided always that:

a In respect of legal liability to pay damages or compensation for personal injury, illness or death, the Seaman or dependant has no enforceable right of recovery against any other party and would otherwise be uncompensated;

b The amount payable by the Club shall not be subject to set off of any amount due to the Club and, subject to c 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;

c Where the Club is under no liability to the Member to pay claims, by reason of the termination of cover pursuant to Rule **37** for non-payment of amounts due to the Club, the Club will nevertheless discharge or pay claims in accordance with sub-paragraph ii (above) of this Rule but, save as otherwise agreed by the Managers, to the extent only that such liability has arisen from an event occurring prior to the date of notice of such termination, and otherwise subject to and in accordance with the Rules and applicable terms of entry.

d Any payment made by the Club pursuant to this Rule **17 ii** 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.

iii 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;

iv 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;

v Where a recovery is paid to a Member and/or paid directly to a third party, in respect of a liability in respect of which the Member is subsequently exonerated whether on appeal or otherwise, or where payment is made by the Club pursuant to any bail, guarantee, certificate or security whatsoever provided by the Club and the Member recovers such payment, the Member shall forthwith reimburse the Club in respect of:

a The amount that the Club originally paid;

b Interest on the amount of that payment from the date of remittance to the date that the repayment is received by the Club, but only to the extent that such interest is recoverable by the Member from the party to which liability was originally incurred.

vi In no case whatsoever shall interest be paid on sums due from the Club.

18 General Exceptions and Limitations

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i When a ship is entered in the Club:

a For the account of a Charterer (other than a demise or bareboat Charterer); or

b By an Owner or Joint Member or Co-Assured in respect of that Owner's entry in its capacity of Charterer of that ship, or in respect of any part of its cargo carrying capacity;

the liability of the Club shall be limited in respect of any one incident or occurrence in aggregate to the lesser of:

(i) US$500 million; or

(ii) such amount as would apply if the Member were the Registered Owner of the ship and entitled to limit liability; or

(iii) the amount stated in the Certificate of Entry.

ii Save as otherwise provided under the relevant Certificate of Entry, the liability of the Club in respect of claims for oil pollution shall be limited to such sum and be subject to such terms and conditions as the Directors may from time to time determine.

Provided always that:

a For the purposes of this Rule, claims for oil pollution shall be deemed to include claims in respect of all liabilities arising out of the escape or discharge or threatened escape or discharge of oil from the entered vessel or any other vessel or vessels or any fixed or movable object as a result of any one accident or occurrence and recoverable from the Club by virtue of one or more of the provisions of Rule **25** of these Rules;

b In the event that the aggregate of such claims exceeds the limit determined by the Directors hereunder, the liability of the Club in respect of each claim shall be such proportion of the said limit as each claim recoverable from the Club bears to the said aggregate;

c Where claims for oil pollution arise in respect of an entered vessel providing salvage or other assistance to another vessel following an accident or occurrence, such claims shall be aggregated with any claims for oil pollution made by other vessels providing salvage or other assistance to the said vessel following the said accident or occurrence against the Club or any other association which is a party to the Pooling Agreement. The liability of the Club in respect of such claims shall be limited to that proportion of the limit determined by the Directors that each claim recoverable from the Club bears to the said aggregate;

d Where there is more than one Owner's entry in respect of the same ship in the Club and/or in another association which is a party to the Pooling Agreement the aggregate of all claims for oil pollution following an accident or occurrence brought against the Club and/or such other Association shall be limited to the sum determined hereunder. The liability of the Club in respect of such claims shall be limited to that proportion of the sum determined by the Directors that each claim recoverable from the Club bears to the aggregate of the claims recoverable against the Club and such other Association if any;

e In the event of legislation coming into force anywhere in the world affecting a Member's liability in respect of oil pollution the Club shall, upon each and every such enactment, have the right to increase such Member's rate of contribution or to charge additional premium or limit its liability in respect thereto;

f If the total amount of any pollution claim against a Member exceeds a sum equal to the Club's limit of liability in respect of oil pollution claims, as determined by the Directors in accordance with this Rule **18**, the Club will have no liability in respect of that amount by which any such claim exceeds the sum equal to the limit aforesaid.

Note: *The sum approved by the Directors to apply to Rule* **18 ii** *as from 20 February 2023 is US$1,000,000,000 each vessel any one accident or occurrence.*

For the purposes of Rule **18 ii d***, an "Owner" as defined in Rule* **2** *shall exclude any charterer except a bareboat or demise charterer.*

Club Limit When Member Entitled to Limit Liability

iii When a Member for whose account a ship is entered in this Class is entitled to limit its liability, the liability of the Club shall not exceed the amount of such limitation or, if the ship is not entered for her full tonnage, such proportion of the said amount as the entered tonnage bears to the full tonnage, in respect of the aggregate of all claims subject to limitation arising out of that incident or occurrence; and

a when the Member is entitled under Rule **25** to recover in respect of damage to, or loss of, a vessel, cargo or other property owned by it, as if such vessel, cargo or property was owned by a third party; and when,

b If that claim had been pursued by a third party it would have been subject to limitation; and

c when the aggregate of all the claims subject to limitation, (including that of the Member as if its property was owned by a third party), in respect of that incident or occurrence would have exceeded the amount to which the Member would be entitled to limit liability;

the Member's recovery from the Club in respect of its own claim shall not exceed the amount to which it would have been rateably reduced had it been a claim subject to limitation under the limitation fund and/or in accordance with any other right to limitation in respect of the incident or occurrence.

Passengers and Seamen Limits

iv a For the purposes of this Rule **18 iv** and the provisos thereto, and without prejudice to anything else contained in these Rules,

(i) A "Passenger" shall mean a person carried onboard a ship under a contract of carriage or who, with the consent of the carrier, is accompanying a vehicle or live animals covered by a contract for the carriage of goods;

(ii) A "Seaman" shall mean any other person onboard a ship, including a Supernumerary, who is not a Passenger; and

(iii) An "Owner's Entry" shall mean an entry effected by the owner, bareboat charterer, manager or operator of an Entered Ship and which does not insure a charterer of the Entered Ship, other than an affiliated or associated charterer co-assured under the same owner's entry and "Owner" shall be construed accordingly.

b Unless otherwise limited to a lesser sum, the Club's aggregate liability arising under any one Owner's Entry shall not exceed

(i) in respect of liability to Passengers US$2,000,000,000 arising out of any one accident or occurrence; and

(ii) in respect of liability to Passengers and Seamen US$3,000,000,000 arising out of any one accident or occurrence, but in respect of liability to Passengers, US$2,000,000,000.

Provided always that:

Where there is more than one Owner's Entry in respect of the same ship in the Club and/or in another association which is a party to the Pooling Agreement

(a) the aggregate of claims in respect of liability to Passengers recoverable from the Club and/or such other associations shall not exceed US$2,000,000,000 any one accident or occurrence and the liability of the Club shall be limited to such proportion of that sum as the claim by such Owners upon the Club bears to the aggregate of all such claims otherwise recoverable from the Club and all such other associations;

(b) the aggregate of all claims in respect of liability to Passengers and Seamen recoverable from the Club and/or such other associations shall not exceed US$3,000,000,000 any one accident or occurrence and the liability of the Club shall be limited:

(i) where claims in respect of liability to Passengers have been limited to US$2,000,000,000 in accordance with proviso **(a)**, to such proportion of the balance of US$1,000,000,000 as the claims upon the Club by such Owners in respect of liability to Seamen bear to the aggregate of all such claims otherwise recoverable from the Club and all such other associations; and

(ii) in all other cases, to such proportion of US$3,000,000,000 as the claims upon the Club by such Owners in respect of liability to Passengers and Seamen bear to the aggregate of all such claims otherwise recoverable from the Club and all such other associations.

Consortium Claims

v a Where:

(i) A Consortium Claim arises out of the carriage of cargo on a Consortium Ship operating under a Consortium Agreement to which the Member and the operator of that ship are parties; and

(ii) One or more of the Member's entered ships is employed pursuant to that Consortium Agreement;

the following provisions shall apply:

b Where a ship is entered under an owned entry and another ship under a chartered entry by a Member both of which are employed pursuant to the Consortium Agreement at the time the event giving rise to the Consortium Claim occurs, the Consortium Claim of the Member shall for the purposes of these Rules be treated as a claim arising in respect of the owned entry of the Member.

c Where the Member employs more than one ship pursuant to a Consortium Agreement at the time the event giving rise to a Consortium Claim occurs:

(i) where all such ships are entered in the Club, their entry shall be deemed to be an entry of a single ship;

(ii) where the entry in respect of one or more of such ships is in another Association which is a party to the Pooling Agreement other than the Club, absent the agreement of the Club and such other Association to the contrary, the Consortium Claim shall be prorated between the Clubs equally.

d The limit of liability for Consortium Claims shall be the lesser of:

(i) US$500 million in aggregate any one occurrence, save that where such Consortium Claims are recoverable from the Club and one or more Associations being parties to the Pooling Agreement and which exceed that limit then the Club's liability shall be limited to that proportion of US$500 million as its proportion of the aggregate claims bears to their total; or

(ii) Such amount as may be stated in the Certificate of Entry.

Provided always that

(i) there shall be no recovery in respect of Consortium Claims unless

(a) cover has been specifically extended in writing by the Managers and the Member has paid, or agreed to pay, such additional premium as may be required by the Club, and

(b) the Consortium Agreement has been approved in writing by the Managers, and

(ii) Rule **25 xiii d** and the provisos thereto shall apply where liabilities, costs and expenses arise under a through or transhipment bill of lading or other form of contract providing for carriage partly to be performed by a Consortium Ship.

19 Hull Risks and Specialist Operations

Unless the Managers otherwise agree in writing as a term of entry, the Club shall not insure any Member to any extent whatsoever, against the following risks:

Hull Risks

i liabilities, costs or expenses against which the Member would be insured if the entered ship were fully insured under the Hull Policies on terms not less wide than those of the usual Lloyd's Policy for the current market value with attached London Institute Time Clauses – Hulls 1/10/83 (including Clause 8) and were fully entered in Class II of the Club or other Club affording the same cover.

If the entered vessel be insured at Lloyd's or elsewhere on wider terms than the foregoing and the Club's liability under Rules **25 xiv** or **25 xv** be thereby reduced, an appropriate reduction in calls shall be made for the excluded risks provided notice be given by the Member at the inception of the risk;

Specialist Operations

ii liabilities, costs or expenses incurred by a Member during the course of performing dredging, blasting, pile driving, well intervention, cable or pipe laying, construction, installation or maintenance work, core sampling, mining, depositing of spoil, power generation and decommissioning to the extent that such liabilities, costs and expenses arise as a consequence of:

a claims brought by any party for whose benefit the work has been performed, or by any third party (whether connected with any party for whose benefit the work has been performed or not), in respect of the specialist nature of the operations; or

b the failure to perform such specialist operations by the Member or the fitness for purpose or quality of the Member's work, products or services; or

c any loss of or damage to the contract work.

Provided that this exclusion shall not apply to liabilities, costs and expenses incurred by the Member in respect of:

(i) loss of life, injury or illness of crew and other personnel on board the Ship;

(ii) the wreck removal of the Ship; or

(iii) oil pollution from the Ship or the threat thereof,

but only to the extent that the Member is insured in respect of such liabilities, costs and expenses under any other Rule or the terms of entry agreed.

Drilling Operations

iii liabilities, costs or expenses incurred in respect of an entered ship carrying out drilling exploration, or production operations and arising out of or during drilling or production operations;

The vessel shall be deemed to be carrying out production operations if (inter alia) it is a storage tanker or other vessel engaged in the storage of oil, and either:

a the oil is transferred directly from a producing well to the storage vessel; or

b the storage vessel has oil and gas separation equipment on board and gas is being separated from oil whilst on board the storage vessel other than by natural venting.

Diving Operations and Sub-Sea Activities

iv liabilities, costs or expenses arising out of the operation by the Member of submarines, mini-submarines, remotely operated underwater vehicles, diving bells or the activities of professional or commercial divers;

Salvage Operations

v liabilities, costs and expenses arising out of salvage operations (including for the purpose of this Rule, wreck removal), conducted by an entered ship, other than where the purpose of such operations is saving or attempting to save life at sea.

Waste Disposal Operations

vi Liabilities, costs or expenses incurred by a Member arising out of waste incineration or disposal operations carried out by the entered ship (other than any such operations carried out as an incidental part of other commercial activities, not being specialist operations).

Non-Marine Personnel

vii Liabilities, costs or expenses incurred by the Member in respect of any of the following:

a personnel (other than Seamen), employed otherwise than by the Member, where the Ship is providing accommodation to such personnel in relation to their employment on an oil or gas exploration or production facility, unless there has been a contractual allocation of liability agreed by the Managers.

b hotel and restaurant guests and other visitors and catering crew of the Ship when the Ship is moored (otherwise than on a temporary basis) and is open to the public as a hotel, restaurant, bar or other place of entertainment.

20 Nuclear Risks

i There shall be no recovery from the Club in respect of a Member's liabilities, costs or expenses (irrespective of whether a contributory cause of the same being incurred was any neglect on the part of the Member or on the part of the Member's servants or agents) when the loss or damage, injury, illness, or death or other accident in respect of which such liability arises or cost or expense is incurred, was directly or indirectly caused by or arises from:

a ionising radiations from, or contamination by radioactivity from, any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel;

b the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof;

c any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter;

d the radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter.

Provided always that:

This Rule does not exclude liabilities, costs and expenses arising out of the carriage of "excepted matter" (as defined in the Nuclear Installations Act 1965 of the United Kingdom or any regulations made thereunder) being carried as cargo on an entered vessel.

ii Notwithstanding the exclusion from cover set out in this Rule **20**, the terms of provisos **(i)** and **(ii)** to Rule **21** shall apply.

Note: *The Nuclear Installations Regulations reflect the provisions of the OECD Paris Convention on Carriage of Nuclear Material. "Excepted matter" is nuclear matter consisting only of one or more of the following:*

a isotopes prepared for use for industrial, commercial, agricultural, medical or scientific purposes;

b natural uranium;

c depleted uranium;

d small quantities of nuclear matter as prescribed.

21 War and Bio-Chem Risks

i Unless sub-paragraph ii of this Rule applies to the Member's entry, there shall be no recovery from the Club in respect of a Member's liabilities, costs or expenses (irrespective of whether a contributory cause of the same being incurred was any neglect on the part of the Member or on the part of the Member's servants or agents) when the incident in respect of which such liability arises, or such costs or expenses are incurred, was caused by:

a war, civil war, revolution, rebellion, insurrection or civil strife arising therefrom, or any hostile act by or against a belligerent power or any act of terrorism;

b capture, seizure, arrest, restraint or detainment (barratry or piracy excepted) and the consequences thereof or any attempt thereat;

c mines, torpedoes, bombs, rockets, shells, explosives or other similar weapons of war, save for those liabilities, costs or expenses which arise solely by reason of:

(i) the transport of any such weapons whether on board the entered ship or not, or

(ii) the use of any such weapons either as a result of Government order or through compliance with a written direction given by the Managers or Directors where the reason for such use was the avoidance or mitigation of liabilities, costs or expenses which would otherwise fall within the cover of the Club.

In the event of any dispute as to whether or not any act constitutes an act of terrorism, the decision of the Directors shall be final.

Provided always that:

(i) Notwithstanding the exclusions of cover in Rules 20 and 21, the Club shall discharge and pay on behalf of the Owner liabilities, costs and expenses pursuant to a demand made under

(a) a guarantee or other undertaking given by the Club to the Federal Maritime Commission under Section 2 of US Public Law 89-777; or

(b) a certificate issued by the Club in compliance with Article VII of the International Conventions on Civil Liability for Oil Pollution Damage 1969 and 1992 or any amendments thereof; or

(c) an undertaking given by the Club to the International Oil Compensation Fund 1992 in connection with the Small Tanker Oil Pollution Indemnification Agreement (STOPIA) or, except where such liabilities, costs and expenses arise from or are caused by an act of terrorism, the

Tanker Oil Pollution Indemnification Agreement (TOPIA); including any addendum to, or variation or replacement of such Agreements, or

(d) a certificate issued by the Club in accordance with Article 7 of the International Convention on Civil Liability for Bunker Oil Pollution Damage, 2001; or

(e) a guarantee, undertaking or certificate issued by the Club in accordance with, or pursuant to, any other law, regulation or international convention coming into force during the current Policy Year;

(f) a Certificate issued by the Club in respect of liabilities for outstanding wages and repatriation expenses in accordance with Regulation 2.5.2, Standard A.2.5.2 and Guideline B.2.5 and compensating a seafarer for death or long term disability in accordance with Regulation 4.2, Standard A.4.2.1 and Guideline B.4.2 of the Maritime Labour Convention 2006, as amended, ("MLC 2006"), or equivalent statutory provisions implementing MLC 2006, when cover has not been specifically extended under Rule **21 ii**.

(g) A certificate issued by the Club in compliance with Article 12 of the Nairobi International Convention on the Removal of Wrecks, 2007

(ii) Where any such guarantee, undertaking or certificate is provided by the Club on behalf of the Owner as guarantor or otherwise, the Owner agrees that:

(a) any payment by the Club under any guarantee, undertaking or certificate referred to in proviso **(i) (a), (b), (c), (d), (e), (f)** and **(g)** above in discharge of the said liabilities, costs and expenses shall, to the extent of any amount recovered under any other policy of insurance or extension to the cover provided by the Association, be by way of loan; and

(b) there shall be assigned to the Club, to the extent and on the terms that the Managers determine in their discretion to be practicable, all the rights of the Owner under any such other insurance and against any third party; and

(c) unless the Managers shall otherwise determine, the Owner shall indemnify the Club to the extent that any payment under any guarantee, undertaking or certificate referred to in proviso **(i) (a), (b), (c), (d), (e), (f)** or **(g)** above in discharge of the said liabilities, costs and expenses is or would have been recoverable under a standard P&I war risk policy of insurance, had the Owner complied with all the terms and conditions thereof, under which the vessel shall be deemed to be insured without deductible for its full value.

ii When cover has been specifically extended in writing by the Managers to cover War Risks and/or Bio-Chem Risks in the terms of this Rule **21 ii** and the Member has paid, or agreed to pay the additional premium as may be required by the Managers then:

a in the case of War Risks the Member shall be covered in respect of such liabilities as would be covered under these Rules but for the exclusion of War Risks in Rule **21 i** subject to the terms and conditions of sub-paragraph iii of this Rule **21**; and

b in the case of Bio-Chem risks subject to the terms and conditions of sub-paragraph iv of this Rule **21**;

and in each case subject to any additional terms and conditions set out in the Certificate of Entry, and claims being recoverable only to the extent provided therein.

War Risks

iii Cover under Rule **21 ii**:

a May be cancelled on seven days' notice given by the Directors, expiring at 24.00 hours GMT on the seventh day, from 24.00 GMT on the day during which notice is given;

subject to the agreement of the Directors, in their absolute discretion, to reinstate cover at any time after the issuance of such notice on such revised terms as are agreed with the Member.

b Shall terminate automatically on:

(i) The outbreak of war, (irrespective of whether declared or not) between any of the following: the United Kingdom, the United States of America, France, the Russian Federation and the People's Republic of China; or

(ii) Requisition of the Entered Ship whether for title or for use.

c Excludes the following areas:

In addition to any areas excluded under the terms of entry, at any time during the currency of this insurance, the Managers may in their absolute discretion exclude any geographical location as defined by them from cover under Rule **21 ii**.

Where such exclusion is made, the Managers:

(i) shall notify the Members having insurance under Rule **21 ii** and as from 24.00 hours GMT on the seventh day after such notice is given, excluding the day during which notice is given, there shall be no cover in respect of any claim consequent on events occurring at, or within, the excluded location, unless the Directors in their absolute discretion so determine; and

(ii) may reinstate cover in respect of such excluded area at any time in their absolute discretion.

d Excludes the following risks:

In addition to the exclusions from cover elsewhere under these Rules,

(i) Liabilities, costs and expenses consequent upon:

(a) The outbreak of war (irrespective of whether declared or not) between any of the following:

the United Kingdom, the United States of America, France, the Russian Federation, and the People's Republic of China;

(b) Requisition of the Entered Ship whether for title or for use;

(ii) In no case shall this insurance cover loss, damage, liability or expense directly or indirectly caused or contributed to by or arising from:

(a) any chemical, biological, bio-chemical or electromagnetic weapon;

(b) the use or operation, as a means of inflicting harm, of any computer virus; and

(c) Rule **21 iii d (ii) (b)** shall not operate to exclude losses (which would otherwise be covered under these Rules) arising from the use of any computer, computer system or computer software program or any other electronic system in the launch and/or guidance system and/or firing mechanism of any weapon or missile.

Provided always that to the extent not excluded by this rule any loss otherwise covered by this insurance will not be prejudiced by the involvement of the use or operation of any computer, computer system, computer software programme or any other electronic system.

e Shall be limited to the following extent and subject to the following limit of liability:

(i) The Club's liability under Rule **21 ii** shall be excess of either:

(a) the "*proper value*" of the Entered Ship as defined in Rule **25 v b (i)** and the Note thereto (which, for the purpose of Rule **21 ii** only, shall be deemed not to exceed US$500 million); or

(b) the amount recoverable in respect of the claim under any other policy of insurance, whether in respect of War Risks or otherwise;

whichever shall be the greater.

Provided always that in relation to this Rule **21 iii e (i)**

(a) such excess shall not apply where the entry of the ship is solely in the name or on behalf of a Charterer other than a Charterer by Demise or Bareboat Charterer, and

(b) the Directors may authorise the payment, in whole or in part, of any claim which falls within such excess, in their absolute discretion.

(ii) The limit of the Club's liability under this Rule **21 ii** shall be the lesser of such sum as is agreed by the Managers in writing and appears in the Certificate of Entry, or, in the absence of any such amount, US$500 million in aggregate per occurrence, inclusive of interest and costs. Where a series of events occurs which are temporally and/or geographically proximate, the Directors may in their absolute discretion determine that such events and any liabilities, costs and expenses arising out of them amount to a single occurrence for the purposes of this Rule.

f When either a Demise, Time, Voyage, Space or Slot Charterer and/or the Owner of the Entered Ship are separately insured for losses, liabilities, or the costs and expenses incidental thereto covered under Rule **21 ii** and/or the equivalent cover of any other Association which participates in the Pooling Agreement and General Excess Loss Reinsurance Contract, the aggregate recovery in respect of such losses, liabilities, or the costs and expenses incidental thereto covered under such entries shall be limited to the amount set out in the Certificate of Entry in respect of the Owner's entry of the ship, any one incident or occurrence. If such claims exceed this limit, the liability of the Club in respect of each Certificate of Entry shall be limited to such proportion of that limit as the claims recoverable from the Club under that Certificate of Entry bear to the aggregate of all such claims recoverable from the Club and from such other Association(s), if any.

g Cover for acts of terrorism as defined in the US Terrorism Risk Insurance Act of 2002 (TRIA) is included hereunder, subject to the conditions set out above, the estimated cost of this element of coverage being US0.0025 cents per entered gross ton.

h The Club shall not provide insurance hereunder for any losses, liabilities, costs or expenses if the provision of such insurance would create a liability for the Member under the Tanker Oil Pollution Indemnification Agreement 2006, or any addendum to, or variation or replacement thereof, to contribute to the IOPC Supplementary Fund.

i Cover hereunder excludes liabilities, costs and expenses to the extent that the payment of any claim or the provision of any benefit in respect of those liabilities, costs and expenses would expose the Club and/or their reinsurers hereunder to any sanction, prohibition or restriction under United Nations Resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

Bio-Chem Risks **iv a** Where cover under Rule **21 ii** has been extended to include Bio-Chem risks, subject to the terms and conditions and exclusions set out herein, such cover shall include the liability of the Member:

(i) to pay damages, compensation or expenses in consequence of the personal injury to or illness or death of any seaman (including diversion expenses, repatriation and substitute expenses and shipwreck unemployment indemnity), and

(ii) for the legal costs and expenses incurred solely for the purpose of avoiding or minimising any liability or risk insured by the Club (other than under Rule **25 xix**);

where such liability is not recoverable under either:

(a) cover provided by the Club for such liabilities, costs, losses and expenses covered in Rule **21**, or

(b) any underlying war risk policies covering the same risks;

solely by reason of the operation of an exclusion of liabilities, costs, losses and expenses directly or indirectly caused by or contributed to, by, or arising from:

(i) any chemical, biological, bio-chemical or electromagnetic weapon

(ii) the use or operation, as a means for inflicting harm, of any computer, computer system, computer software program, malicious code, computer virus or process or any other electronic system;

Provided always that there shall be no recovery hereunder in respect of liabilities, costs, losses and expenses arising from:

(i) explosives or the methods of the detonation or attachment thereof;

(ii) the use of the entered ship or its cargo as a means for inflicting harm, unless such cargo is a chemical or bio-chemical weapon;

(iii) the use of any computer, computer system or computer software program or any other electronic system in the launch and/or guidance system and/or firing mechanism of any weapon or missile.

b The Directors may in their discretion decide that there shall be no recovery in respect of any liabilities, costs, losses and expenses directly or indirectly caused, or contributed to by, or arising out of any event, accident or occurrence within such ports, places, zones or areas, or during such period as they may specify.

c At any time or times before, or at the commencement of, or during the Policy Year, the Club may by notice to the Member change, vary, extend, add to or otherwise alter the ports, places, countries, zones and periods specified in **b** above from a date and time specified by the Club not being less than 24 hours from midnight on the day such notice is given to the Member.

d Cover hereunder may by notice to the Member be cancelled by the Club from a date and time specified by the Club, not being less than 24 hours from midnight on the day such notice of cancellation is given to the Member.

e **(i)** Subject to e (ii) below the limit of liability of the Club under this extension of cover in respect of all claims shall be in the aggregate US$30 million each ship any one accident or occurrence or series thereof arising from any one event.

(ii) In the event that there is more than one entry by any person for Bio-Chem cover as provided herein in respect of the same ship with the Club and/or any other Association which participates in the Pooling Agreement and/or General Excess Loss Reinsurance Contract, the aggregate recovery in respect of all liabilities, costs, losses and expenses arising under such entries shall not exceed the amount stipulated in **e (i)** above, and the liability of the Club under each such entry shall be limited to such proportion of that amount as the claims arising under that entry bear to the aggregate of all such claims recoverable from the Club and any such other Association.

22 Equipment and Freight and Other Risks

i The Club shall not under any circumstances, save only those provided for in the specific Rules enumerated hereunder, pay for loss of or damage to an entered ship, or her tackle, apparel, lashings, furniture, stores, fittings, equipment, or fuel, or for any proportion thereof, to the extent that the same are owned or leased by the Member or any associated person, or for the cost or charges of or relating in any manner whatsoever to the repair of an entered ship, or for loss of freight or hire or any proportion thereof, or for salvage, or for loss arising out of the cancellation of a charter or other engagement of an entered ship, or for bad debts, or for any loss or liability whatsoever arising out of the insolvency or fraud of the Member or its agents, or for demurrage on or detention of an entered ship.

a The specific Rules referred to are as follows:

Rule **25 iv** – relating to life salvage;

Rule **25 xiii proviso (ix)** – relating to loss of freight or hire, or claims for demurrage, detention and delay where such loss or claim forms part of a claim for liabilities in respect of cargo;

Rule **25 xv** – relating to ship's proportion of general average;

Rule **25 xvii** – relating to confiscation;

Rule **25 xx b** – relating to sue and labour;

Rule **25 xx c** – relating to expenses incurred by direction of the Club.

Road Traffic Acts

ii There shall be no recovery from the Club in respect of liabilities arising under any statute regulating the use or insurance of road vehicles.

Landfills

iii Unless and to the extent that the Directors shall in their absolute discretion otherwise determine, there shall be no recovery from the Club in respect of any liability, loss, damage, cost or expense, including, without limitation, liability for the cost of remedial works or clean-up operations, arising as a result of the disposal or discharge at, presence in, or the escape or discharge or threat of escape or discharge from, any land based dump, site, storage or disposal facility of any substance previously carried on the entered ship whether as cargo, fuel, stores or waste and whether at any time mixed in whole or in part with any other substance whatsoever.

23 Double Insurance

If a Member is, apart from the protection or indemnity of the Club, insured, protected or indemnified in any manner whatsoever against any of the liabilities, costs or expenses enumerated in Rule **25**, no contribution shall be made by the Club to such liability, costs or expenses, on the basis of double insurance or otherwise, to the extent to which he is so insured or protected or indemnified. Nevertheless, with the approval of the Directors, a Member may be protected or indemnified by special agreement with the Club made either directly with himself or with other Insurers upon the terms that certain liabilities, costs or expenses shall be borne by the Club notwithstanding such other insurance, protection or indemnity.

24 Imprudent or Unlawful Trading

i No claim shall be recoverable from the Club if it arises out of or is consequent upon an entered ship, or a ship in respect of which insurance is provided by the Club;

a carrying contraband, unless, for the purposes of this sub-clause a only, the Member has satisfied the Managers that it took such steps as appear to the Managers to be reasonable to avoid the carriage of such contraband; or

b blockade running or being employed in an unlawful trade, or

c being employed by the Member in a carriage, trade or on a voyage which thereby in any way howsoever 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 Directors otherwise determine, or

d performing any voyage or being employed in any trade which in the opinion of the Directors is imprudent, unsafe, unduly hazardous or improper.

Bribes and other Corrupt Activity

ii There shall be no recovery from the Club in respect of sums, or the monetary equivalent of any other improper inducement or advantage, which are determined by the Directors in their absolute discretion to have been offered or paid by way of bribe or by any other corrupt or illicit activity.

Electronic Trading Systems

iii a There shall be no recovery from the Club in respect of any liabilities, losses, costs and expenses arising from the use of any electronic trading system, other than an electronic trading system approved in writing by the Managers, to the extent that such liabilities, losses, costs and expenses would not (save insofar as the Directors in their absolute discretion otherwise determine) have arisen under a paper trading system.

b For the purposes of this Rule **24 iii**,

(i) an electronic trading system is any system which replaces or is intended to replace paper documents used for the sale of goods and/or their carriage by sea or partly by sea and other means of transport and which:

(a) are documents of title, or

(b) entitle the holder to delivery or possession of the goods referred to in such documents, or

(c) evidence a contract of carriage under which the rights and obligations of either of the contracting parties may be transferred to a third party; and

(ii) a "document" shall mean anything in which information of any description is recorded, including, but not limited to, computer or other electronically generated information.

c an electronic trading system shall be deemed approved, provided:

(i) it is a reliable system in accordance with the Electronic Trade Documents Act 2023 of the United Kingdom or UNCITRAL's Model Law on Electronic Transferable Records and the reliability of that system is evidenced by:

(a) an audit by an independent body; or

(b) a declaration by a supervisory, regulatory or accreditation body or applicable voluntary scheme; or

(c) applicable industry standards; and

(ii) any electronic document generated thereunder, which performs the functions specified in paragraph (a) (i)-(iii), has the same effect under its applicable law as a paper document performing those functions.

25 Preamble

The liabilities, costs and expenses against which a Member may be protected and indemnified by entry in the Club are limited to those set out in Rules **25 i** to **25 xxi** inclusive, subject always to

i The terms therein provided, and

ii The terms of this Rule and of all other Rules of Class 1 Protection and Indemnity insurance, and

iii Any other terms and conditions applicable to the Member's entry and in particular, where cover is excluded in respect of any sub-paragraph of this Rule **25** under the terms of the Member's entry, those liabilities, costs and expenses shall not be recoverable under any other sub-paragraph of this Rule **25**.

Liability to Persons

i Liabilities, costs and expenses as set out in Rule **25 ii** and in respect of the categories of persons set out in Rule **25 iii**:

a arising by operation of law; or

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.

Covered Risks

ii

Damages or Compensation for Loss of Life or Personal Injury or Illness

a Liability for damages or compensation in respect of personal injury, illness or death;

Medical and Funeral Expenses

b Hospital, medical and/or funeral expenses, including repatriation of remains, in relation to injury, illness or death of any person, or any Seaman whilst engaged as crew of, or arising out of employment on board, an entered ship, provided reasonably incurred;

Repatriation Expenses

c (i) Repatriation expenses in respect of persons on board an entered ship consequent on illness or injury to such persons;

(ii) Repatriation expenses in any other case or expenses incurred in order to avoid repatriation which would otherwise have been necessary where the Managers in their discretion determine that such expenses have been necessarily and reasonably incurred;

Crew Substitutes

d Expenses necessarily incurred in sending abroad substitutes, or in securing, engaging, repatriating or deporting a substitute engaged abroad, to replace any Seaman on board an entered ship who shall have died, or who shall have been disembarked due to injury, illness, or deserted, or in any other case in which the Managers determine that such expenses were reasonably incurred, save that wages shall only be recoverable as part of such expenses when payable to substitutes, engaged abroad, whilst awaiting and during repatriation;

Shipwreck Unemployment Indemnity

e Wages or other compensation for loss of employment payable to Seamen in consequence of the loss or constructive total loss of an entered ship;

Provided always that:

In respect of paragraphs **c (ii), d** and **e** of Rule **25 ii** no such expenses shall be recoverable by or reimbursable to the Member in consequence of the termination of any agreement whether in accordance with its terms, by mutual consent or by the Member's breach, or by dismissal, or the sale of the entered ship or by reason of industrial action, or any other voluntary act of the Member giving rise to such expenses or where such expenses could reasonably have been avoided.

Compensation following a Casualty

f **(i)** Damages or compensation for which a Member may be liable under a passage contract to passengers on board an entered ship in consequence of a casualty to that entered ship while they are on board, "casualty" meaning an incident involving either:

(a) collision, stranding, explosion, fire or any other cause affecting the physical condition of the entered ship so as to render it incapable of safe navigation to its intended destination; or

(b) a threat to the life, health or safety of passengers.

Provided that any claim on the Club under this paragraph f shall be reduced by the amount of any savings accruing to the Member as a result of the casualty.

(ii) Damages or compensation payable in respect of passengers under this paragraph **f** or any other paragraph applicable to passengers under Rule **25 ii** shall include a Member's liability for the cost of forwarding them to destination, returning them to port of embarkation, and their maintenance ashore.

Deviation Expenses

g Port and deviation expenses when solely incurred:

(i) For the purpose of landing or disposing of stowaways, refugees or other persons rescued at sea; or

(ii) In order to secure the necessary treatment for an injured or sick person being carried on an entered ship; or

(iii) While awaiting a substitute for a deceased, injured or sick crew member or deserter; or

(iv) In attempting to save or saving life at sea; or

(v) In order to search for, and/or recover, persons missing from the ship;

(vi) To transfer the remains of a deceased person on board to shore for the purpose of repatriation to their place of domicile;

Provided that such expenses have in the opinion of the Managers been reasonably incurred.

The expenses recoverable are limited to those additional costs of fuel, insurance, crew wages, stores, provisions and port charges over and above the ordinary operating costs of the Member, which are incurred as a direct result of the deviation, less any savings in expenditure which would have been incurred by the Member but for the deviation.

Loss of Baggage and Effects

h Loss of or damage to baggage and effects save for specie, bullion, precious or rare metals or stone, plate or other objects of a rare and precious nature, bank notes or other forms of currency, bonds or other negotiable instruments, whether the value is declared or not, unless in any such case the Managers have been notified prior to any such carriage, and any directions made by them complied with, provided that in respect of crew, cover hereunder is limited to their "effects" as defined in Rule **2**.

Expenses in Respect of Deserters and Stowaways

i Repatriation expenses in respect of crew members posted as deserters, stowaways, refugees and persons rescued at sea.

Provided always that

(i) such expenses have in the opinion of the Managers been reasonably incurred;

(ii) the Directors may agree in their discretion to cover any other expenses and costs incurred by the Member in respect of such persons.

Maritime Labour Convention Liabilities

j Where a certificate of financial responsibility has been issued by the Club in accordance with the Maritime Labour Convention 2006 as amended ("MLC 2006"), or equivalent statutory provisions implementing MLC 2006, in respect of:

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(i) outstanding wages and repatriation expenses under Regulation 2.5, Standard A.2.5 and Guideline B.2.5 thereof; and/or

(ii) compensation of a seafarer for death or long-term disability under Regulation 4.2, Standard A.4.2 and Guideline B.4.2 thereof;

the terms of the MLC Extension Clause 2016, as set out below, shall apply:

Note: Maritime Labour Convention Extension Clause 2016

1. Subject only to the other provisions of this MLC Extension ("the Extension"), the Association shall discharge and pay on the Member's behalf under the 2006 Maritime Labour Convention as amended (MLC 2006) or domestic legislation by a State Party implementing MLC 2006:

(a) Liabilities in respect of outstanding wages and repatriation of a Seafarer together with costs and expenses incidental thereto in accordance with Regulation 2.5.2, Standard A.2.5.2 and Guideline B.2.5; and

(b) Liabilities in respect of compensating a Seafarer for death or long-term disability in accordance with Regulation 4.2, Standard A.4.2.1 and Guideline B.4.2.

2. The Member shall reimburse the Association in full:

(a) any claim paid under paragraph 1(a) save to the extent that such claim is in respect of liabilities, costs or expenses recoverable under Rule **25 ii (c)***; and*

(b) any claim paid under paragraph 1(b) save to the extent that such claim is in respect of liabilities, costs or expenses recoverable under Rule **25 ii (a)**.

3. There shall be no payment under paragraph 1(a) or paragraph 1(b) if and to the extent that the liability, cost or expense is recoverable under any social security scheme or fund, separate insurance or any other similar arrangement.

4. The Association shall not discharge or pay any liabilities, costs or expenses under paragraph 1(a) or paragraph 1(b), irrespective of whether a contributory cause of the same being incurred was any neglect on the part of the Member or the Member's servants or agents, where such liabilities, costs or expenses were directly or indirectly caused by or contributed to by or arise from:

(a) Any chemical, biological, bio-chemical or electromagnetic weapon

(b) The use or operation, as a means for inflicting harm, of any computer, computer system, computer software programme, computer virus or process or any other electronic system.

5. (a) The Extension may be cancelled in respect of War Risks by the Association on 30 days' notice to the Member (such cancellation becoming effective on the expiry of 30 days from midnight of the day on which notice of cancellation is issued).

(b) Whether or not such notice of cancellation has been given the Extension hereunder shall terminate automatically in respect of the War Risks:

(i) Upon the outbreak of war (whether there be a declaration of war or not) between any of the following:

United Kingdom, United States of America, France, the Russian Federation, the People's Republic of China;

(ii) In respect of any ship, in connection with which cover is granted hereunder, in the event of such ship being requisitioned either for title or use.

(c) The Extension excludes loss, damage, liability or expense arising from:

(i) The outbreak of war (whether there be a declaration of war or not) between any of the following: the UK, the USA, France, The Russian Federation, the People's Republic of China;

(ii) Requisition for title or use.

6. The Extension shall be subject to Rules **47** *and* **20**.

7. Without prejudice to paragraph 5, cover under the Extension shall cease 30 days after notice of termination in accordance with either Regulation 2.5, Standard A.2.5.2.11 or Regulation 4.2, Standard A.4.2.1.12.

8. Any dispute arising out of or in connection with the Extension shall be resolved in accordance with Rule **48**.

9. For the purpose of the Extension:

"Member" means any insured party who is liable for the payment of calls,contributions, premium or other sums due under the terms of entry.

"Seafarer" shall have the same meaning as in MLC 2006.

"War Risks" means the risks set out in Rule **21**.

Exclusion of Pollution Liabilities

k Without prejudice to any other provision, exclusion, limitation or condition set out in these Rules, cover under Rules **25 i–iii** or any other Rule is subject to Rule **22 iii**.

Categories of Persons

iii Those persons in the categories a–e below, but always excluding

(i) personnel (other than marine crew) on board the entered ship (being an accommodation ship), employed otherwise than by the Member under a contract with a third party which has been approved by the Managers;

(ii) hotel and restaurant guests and other visitors and catering crew of the entered ship when the ship is moored (otherwise than on a temporary basis) and is open to the public as a hotel, restaurant, bar or other place of entertainment.

Crew

a Seamen, including any replacement or substitute:

Covered Risks:

The following risks as set out in Rule **25 ii** are covered in respect of these persons:

a damages or compensation for loss of life or personal injury or illness

b medical or funeral expenses

c repatriation

d crew substitutes

e shipwreck unemployment indemnity

g deviation expenses

h loss of baggage and effects

j Maritime Labour Convention liabilities

Supernumeraries **b** Supernumeraries and persons being carried other than pursuant to a contract for carriage.

Covered Risks: The following risks as set out in Rule **25 ii** are covered in respect of these persons

a damages or compensation for loss of life or personal injury or illness

b medical or funeral expenses

c repatriation

g deviation expenses

h loss of baggage and effects

j Maritime Labour Convention liabilities

Note: *It is recommended that whenever practicable an indemnity is taken from non-fare paying passengers. The Managers will provide a form of indemnity on request and may also arrange a separate insurance to cover such passengers' risks and liabilities.*

Passengers **c** Passengers

Covered Risks: The following risks as set out in Rule **25 ii** are covered in respect of these persons

a damages or compensation for loss of life or personal injury or illness

b medical or funeral expenses

c repatriation

f compensation following a casualty

g deviation expenses

h loss of baggage and effects

Provided always that:

(i) There shall be no recovery in relation to any liabilities, costs or expenses whatsoever arising out of travel by air save during:

(a) Repatriation by air of an injured or sick passenger or of a passenger following a casualty as defined in paragraph **f (i)** of Rule **25 ii**; or

(b) Excursions from the insured vessel, (subject to proviso **(ii)** below);

(ii) There shall be no recovery in respect of liabilities, costs or expenses incurred by a Member under a contract in respect of a passenger whilst on an excursion from the entered ship if:

(a) That separate contract has been separately entered into by the passenger for the excursion whether or not with the Member; and/or

(b) The Member has waived any or all of its rights of recourse against any sub-contractor or any third party in respect of the excursion.

Third Parties **d** Third parties within the categories set out below.

Covered Risks The following risks as set out in Rule **25 ii** are covered in respect of these persons:

a damages or compensation for loss of life or personal injury or illness

b medical or funeral expenses

For a person:

(i) In respect of liability resulting from negligent navigation or management of the entered ship or other negligent act or omission on board or in relation to an entered ship.

(ii) In respect of liabilities arising in relation to any act, neglect or default in the handling of the cargo of an entered ship or in consequence of the negligence of persons employed solely for that purpose, from the time of receipt for shipment on quay or wharf until final delivery ex quay or wharf at the port of discharge.

Deserters **e** Deserters, stowaways, refugees and persons rescued at sea.

Covered Risks The following risks as set out in Rule **25 ii** are covered in respect of these persons

g deviation expenses

i expenses in respect of deserters and stowaways

Provided always that:

Any wages due to a deserter shall, if and to the extent permissible by law, be retained by the Member and such savings deducted from a claim for reimbursement under paragraph i of Rule **25 ii**.

Life Salvage **iv a** To the extent not recoverable from hull underwriters, cargo owners or underwriters, sums awarded to third parties, or in the Managers' absolute discretion, where claimed by third parties to be lawfully recoverable, for the saving of, or attempting to save, the life of any person on or from an Entered Ship.

b To the extent not recoverable from any other party, the costs of search and rescue operations which do not result in the rescue of persons to the extent that these fall within Rule **25 ii g (iv)** and the proviso thereto.

Collision Liability **v** Liabilities, costs and expenses arising within the categories and subject to the terms set out below consequent upon collision between an entered ship and any other ship:

a One-fourth or such other proportion as may have been agreed by the Managers of such liabilities, costs and expenses, if and to the extent that such proportion is not covered under the collision liability clause contained in the Hull Policies of the entered ship.

Provided that the liabilities, costs and expenses are covered under the usual form of Lloyd's policy with the Institute Time Clauses (Hulls) attached or under other forms of Hull Policies on the entered ship approved by the Managers.

b Liabilities, costs and expenses irrecoverable under the Hull Policies of the entered ship, solely because they exceed the ship's insured value under those policies.

(i) There shall be no recovery under this paragraph **b** if in the opinion of the Managers the insured value is less than an amount reasonably reflecting the free uncommitted market value ("the proper value") of the ship; or

(ii) The Managers may reduce such recovery to the amount, if any, that would have been irrecoverable under the ship's Hull Policies had the ship been insured for the proper value.

(iii) At the request of a Member the Managers may, but shall not be obliged to, agree for the purposes of paragraph **b** of Rule **25 v**, the proper value for which an entered ship should be insured for collision liabilities for the current year.

Note: *When considering the proper value for which an entered ship should be insured or deemed to be insured for the purposes of Rule* **25 v** *the Member must satisfy the Managers that the hull and machinery and/or excess liability policies of the Member concerned have been subject to periodic review as market conditions may require, so that the total amount of liability coverage contained in these policies is maintained at a figure which is as near as possible to the free uncommitted market value of the ship at the time of the incident giving rise to the claim.*

Members should consult with their brokers and/or ship valuers in order to assess, in the light of the above, the amount for which insurances should be effected to cover collision and general average or salvage liabilities. Provided that the necessary insurances are effected, on the basis of the advice received, the Managers will give favourable consideration to a claim under these Rules consequent upon assessment of the value of the ship by a Court or Tribunal at an amount in excess of the insurances so effected.

c A Member's liability to indemnify the owner of the other ship against, or to pay, liabilities, costs and/or expenses of or incidental to:

(i) Raising, removal, destruction, lighting or marking of the wreck of such other ship, its cargo or other property on board.

(ii) Loss of, or damage to, or interference with rights in relation to any fixed or movable property, whether on or above, in or below land or water, caused by such other ship.

(iii) An actual or threatened escape or discharge of oil or any other substance (other than from the entered ship) save for that causing damage to the ship with which the entered ship is in collision or that causing damage to any property on board that ship.

(iv) Remuneration payable under the Special Compensation P&I (SCOPIC) Clause or special compensation and any increment awarded thereon under the provisions of Article 14 of the International Convention on Salvage 1989.

(v) Other risks excluded under the Hull Policies of the Entered Ship provided either

(a) that the cover under those Hull Policies is no less wide than under the usual form of Lloyd's policy with the Institute Time Clauses (Hulls) attached or

(b) that the Hull Policies of the entered ship are in a form previously approved in writing by the Managers and upon such terms as they may require.

d Loss or damage to cargo or other property being carried on an entered ship consequent upon collision

Provided always that:

(i) The Member is insured by the Club for liabilities in respect of cargo, and subject to the terms of entry and the Rules applicable to such cover.

(ii) Rule **25 xiii** proviso **(vii)** shall apply in respect of cargo being carried in the entered ship which is owned by the Member.

Note: *It is recommended that bills of lading or any other relevant contract of carriage should whenever possible incorporate a 'Both-to-Blame' collision clause. A recommended form of such a clause is set out under 'Clauses Recommended by the Association' at the end of the Rules.*

e Unless otherwise provided for under a form of hull policy on the entered ship approved by the Managers in writing, if the entered ship and the other ship are both to blame for a collision, then (except where the liability of the owners of one or both of them becomes limited by law, in which event claims under this Rule **25 v** shall be settled upon the principle of single liability) claims for reimbursement under this Rule **25 v** shall be settled upon the principle of cross-liabilities, as if the owner of the entered ship had been compelled to pay the owner of the other ship such proportion of the latter's damages as may have been properly allowed in ascertaining the balance or sum payable by or to the former in consequence of the collision.

f No recovery shall be made under this Rule **25 v**:

(i) in respect of any excess, franchise and/or deductible borne by the Member under the Hull Policies of the entered ship;

(ii) if there would otherwise be a right of recovery under the Hull Policies of the entered ship but for the conduct of the Member.

g If a claim arises under this Rule upon a collision involving two ships belonging to the same Member, the Member shall be entitled to recover from the Club, and the Club shall have the same rights, as if the ships had belonged to different Owners.

h Without prejudice to any other provision, exclusion, limitation or condition set out in these Rules, cover under this Rule **25 v** is subject to the following provisions:

(i) Rule **22 iii**; and

(ii) In respect of pollution, Rule **18 ii** and the note thereto.

Pollution

vi Liabilities, losses, damages, costs and expenses caused by or consequent on the escape or discharge or threatened escape or discharge of oil or any other substance from the entered ship, including cargo or any other property intended to be, being, or having been carried on, the entered ship, as follows:

Actual Escape of Pollutants

a Liability for loss, damage or contamination.

Clean up Costs

b Costs of any measures reasonably taken for the purpose of avoiding, minimising or cleaning up any pollution, or any resulting loss, damage or contamination, together with any liability for any loss of or damage to property caused by any measures so taken.

Prevention Costs

c Costs of any measures reasonably taken to prevent an imminent danger of discharge or escape from the entered ship of oil or any other substance which may cause pollution.

Costs Pursuant to Government Directions

d Liabilities, costs or expenses following a casualty to the Entered Ship incurred as a result of compliance with the order or direction of any government or authority made in consequence of such casualty (other than in respect of repair or salvage or any permanent structural alteration to an entered ship) for the purpose of avoiding, minimising or cleaning up any pollution or preventing the danger of pollution.

Voluntary Agreements

e Liabilities, costs or expenses for which a Member may be liable or otherwise incur as a party to any agreement relating to oil pollution previously approved by the Managers on such terms as they may require.

Salvors' Expenses

f Liability for special compensation and any increment awarded thereon payable to salvors and incurred by a Member under the terms of the Special Compensation P&I Club (SCOPIC) Clause or under the provisions of Article 14 of the International Convention on Salvage 1989 or assumed under the terms of a standard form of salvage contract approved by the Managers.

Provided always that:

(i) Unless otherwise agreed by the Managers in writing prior to the event giving rise to a claim, or unless the Directors shall in their discretion otherwise determine, there shall be no recovery under paragraphs **a-f** of this Rule **25 vi** in respect of liabilities, costs or expenses that are recoverable under the Hull Policies of the Entered Ship, or would be recoverable under such Hull Policies but for the conduct of the Member.

(ii) Unless otherwise agreed by the Managers in writing prior to the event giving rise to a claim, or unless the Directors shall in their discretion otherwise determine, there shall be no recovery under paragraphs **a–f** of this Rule **25 vi** in respect of liabilities, costs and expenses which would have been recoverable by the Member in general average if the relevant charterparty or other contract of carriage had incorporated the unamended York Antwerp Rules 1994.

(iii) Without prejudice to any other provision, exclusion, limitation or condition set out in these Rules, cover under this or any other Rule is subject to Rule **22 iii**.

(iv) A Member insured in respect of a ship which is a "relevant ship" as defined in the Small Tanker Oil Pollution Indemnification Agreement, including any addendum to, or variation or replacement of such agreement (STOPIA) shall, unless the Managers otherwise agree in writing, be a party to STOPIA for the period of entry of the ship in the Club.

Unless the Managers have agreed in writing or unless the Directors in their discretion otherwise determine, there shall be no cover under this Rule **25 vi** in respect of such a ship so long as the Member is not a party to STOPIA.

(v) A Member insured in respect of a ship which is eligible for entry in the Tanker Oil Pollution Indemnification Agreement, including any addendum to, or variation or replacement of such agreement (TOPIA), shall, unless the Managers otherwise agree in writing, be a party to TOPIA for the period of entry of that ship in the Club. Unless the Managers have agreed in writing or unless the Directors in their discretion otherwise determine, there shall be no cover under this Rule **25 vi** in respect of such a ship so long as the Member is not a party to TOPIA.

Note: *See Rule* **18 ii** *under which, inter alia, the extent of the Club's liability for claims involving oil pollution is determined by the Directors.*

The limit with effect from 20 February 2024 is US$1,000,000,000 each vessel any one accident or occurrence.

Damage to Fixed and Floating Objects

vii Liability for loss of, or damage to, or interference with rights in relation to any fixed or movable property, whether on or above, in or below land or water, and whether or not on board the entered vessel.

Provided always that:

a There shall be no recovery under this Rule **25 vii** in respect of:

(i) the liabilities set out in the following Rules:

Rule **25 i–iii**	Persons
Rule **25 ii h**	Effects of seamen, supernumeraries or passengers
Rule **25 v**	Collision
Rule **25 vi**	Pollution
Rule **25 viii**	Non contact damage to ships
Rule **25 ix**	Towage contracts
Rule **25 xi**	Wreck

to the extent that those liabilities are recoverable under the respective Rules set out above or would be recoverable but for any exclusions or other conditions of those Rules and/or under the terms of the Member's entry.

(ii) Liabilities in respect of cargo intended to be or having been carried in the entered ship to the extent that those liabilities are recoverable under Rule **25 xiii** or would be recoverable but for any exclusions or other conditions of that Rule and/or under the terms of the Member's entry.

(iii) Liabilities arising under the terms of any contract or undertaking, unless approved in writing by the Managers on such terms as they may require.

(iv) Any liabilities, costs and expenses covered under the Hull Policies of the entered ship.

(v) Any Excess, Franchise and/or Deductible borne by the Member under the Hull Policies of the entered ship.

b If a claim is made on the Club under this Rule **25 vii** for loss of or damage to or interference with rights in relation to any property belonging to the Member in respect of whose entered ship the claim arose, the Member shall be entitled to recover from the Club and the Club Rules shall apply in all respects, as if such property belonged to a third party, but to the extent only that such claim is not recoverable under any other insurance upon the said property, and provided that there shall be no recovery under this Rule in respect of any such claim which is not recoverable under any other insurance only by virtue of the existence of the cover provided by the Club.

c Without prejudice to any other provision, exclusion, limitation or condition set out in these Rules, cover under this Rule **25 vii** is subject to the following provisions:

(i) In respect of pollution, Rule **18 ii** and the note thereto; and

(ii) Rule **22 iii**.

Damage to Vessels without Collision

viii Liability for loss of, or damage to, or interference with rights in relation to any other ship or property therein occasioned otherwise than by collision with the entered ship.

a Without prejudice to any other provision, exclusion, limitation or condition set out in these Rules, cover under this Rule **25 viii** is subject to the following provisions:

(i) In respect of pollution, Rule **18 ii** and the note thereto; and

(ii) Rule **22 iii**.

(iii) There shall be no recovery in respect of any liabilities relating to cargo or other property carried on the entered ship unless the Member is insured by the Club under Rule **25 xiii**, and cover in respect of any such liabilities shall be subject to the terms of that Rule and to the applicable terms of entry.

b If a claim arises under this Rule **25 viii** upon loss of or damage to any other ship belonging to a Member, in respect of whose entered ship the claim arose, the Member shall be entitled to recover from the Club and the Club shall have the same rights as if the ship lost or damaged had belonged to a third party, but to the extent only that such claim is not recoverable under any other insurance upon such ship, and provided that there shall be no recovery under this Rule in respect of any such claim which is not recoverable under any other insurance only by virtue of the existence of the cover provided by the Club.

Towage

ix a Liabilities of a Member, other than for the cost of any contracted services, arising from and/or in respect of the towage of an entered ship Provided that there shall be no recovery in respect of liabilities, costs and expenses incurred under or pursuant to the terms of a contract for towage of an entered ship, unless that contract:

(i) Is entered into during the ordinary course of trading for the purpose of entering, leaving or manoeuvring within a port;

(ii) Is entered into during the ordinary course of trading, when the entered ship is habitually towed from place to place and has been declared as such to the Managers, to the extent only that such liability is not recoverable under the Hull Policies of the entered ship other than by reason of the conduct of the Member;

(iii) Is on Lloyd's Open Form of Salvage Agreement (whether or not incorporating SCOPIC) or any other form of salvage contract approved by the Managers in writing on such terms as they may require;

(iv) Incorporates a term to the effect that each of the Owner of the entered Ship and the owner of the towing vessel shall be responsible for any loss or damage to his own vessel, without any recourse whatsoever against the other.

b Liabilities of a Member arising from and/or in respect of towage by the entered ship,

Provided that in respect of liability for loss of or damage to or wreck removal of a vessel or other floating structure towed by the Entered Ship or the cargo or other property on such tow (together with costs and expenses associated therewith), there shall be no recovery under this Rule save insofar as:

(i) the towage or attempt thereat is made for the purpose of saving or attempting to save life or property at sea, or

(ii) the Entered Ship is towing under a contract approved in writing by the Managers on such terms as they may require; or

(iii) If the Entered Ship is working under a time charter and there is no contract between the Member and the owner of the tow, the Managers have approved in writing the terms of that time charter.

c There shall be no recovery in respect of liabilities, costs and expenses arising out of towage otherwise than in accordance with this Rule **25 ix** and cover hereunder is in any event limited to the liabilities set out under Rules **25 i-xxi** (excluding this Rule **25 ix**) to the extent that such Rules are applicable to the Member's entry in the Club.

d Without prejudice to any other provision, exclusion, limitation or condition set out in these Rules, cover under this Rule **25 ix** is subject to the following provisions:

(i) in respect of pollution Rule **18 ii** and the note thereto; and

(ii) Rule **22 iii**.

Note: *The Managers will ordinarily only approve contracts for towage by an entered Ship pursuant to paragraph* **b (ii)** *above of this Rule* **25 ix** *in terms not less favourable to the towing vessel than:*

a) United Kingdom, Netherlands and Scandinavian standard towage conditions;

b) Towcon and Towhire

c) The Lloyds standard form of salvage agreement (whether or not incorporating SCOPIC) – no-cure no pay;

d) Supplytime

e) a contract that contains a term that the parties to the towage contract, and any parties on whose behalf they contract, shall be responsible for any loss or damage to or wreck removal of their own ship, cargo or property, without recourse against the other and will indemnify the other against any such liability (a "knock for knock" clause);

f) other contracts where

(i) A term or terms of the contract complying with e) above is or is likely to be unlawful or unenforceable in whole or in part; and

(ii) The contract does not impose on the Member any liability to any person arising out of any act, neglect or default of the owner of the tow or any other person; and

(iii) The contract limits the liability of the Member under the contract or otherwise to the maximum extent possible by law.

In addition, the Managers recommend in all cases, and particularly when cargo is carried on board the towed vessel, that:

1) a Himalaya clause or similar provision should be incorporated in the towage or other contract under which the entered ship is hired to perform towage services, to protect the tug owner's own employees, servants and sub-contractors from being sued in tort by the hirer or charterer of the tug; and

2) the towage or other contract under which the entered ship is hired to perform towage services should include a requirement that any other contract entered into by the hirer or charterer of the tug with any third party should contain a Himalaya clause, under which the tug is afforded the same defences as the hirer or charterer.

Contracts and Indemnities

x a Liabilities in respect of risks covered under any Rule (other than this Rule **25 x**) which is applicable to and not excluded by the terms of the Member's entry in the Club, arising under the terms of an indemnity, undertaking or contract made by the Member;

Provided always that:

the terms of the indemnity, undertaking or contract shall have been approved in writing by the Managers, or the Directors have in their discretion determined that a particular claim falls within the scope of Club cover.

b Without prejudice to any other provision, exclusion, limitation or condition set out in these Rules, cover under this Rule **25 x** is subject to the following provisions:

(i) in respect of pollution, Rule **18 ii** and the note thereto; and

(ii) Rule **22 iii**.

Removal of Wreck

xi a Costs and expenses of or incidental to or liabilities arising out of the actual, or attempted raising, removal, destruction, lighting or marking of:

(i) the wreck of an entered ship, including any part thereof; or,

(ii) cargo, equipment or other property carried on the entered ship, to the extent that the Member is unable to recover those costs from the owner of such property or from any other party;

Provided always that:

(a) Such raising, removal, destruction, lighting or marking is compulsory by law, or the costs thereof are legally recoverable from the Member; and

(b) The casualty or event giving rise to a claim under paragraph a of this Rule **25 xi** occurred during the period of the ship's entry in the Club, and in the case of actual, constructive or compromised total loss of the entered ship the Member shall continue to be covered by the Club in respect of such liabilities notwithstanding the provisions of Rule **36 v**.

b Liabilities arising out of the presence or involuntary shifting of, or obstruction caused by, the wreck of an entered ship, including any part thereof or cargo, equipment or other property carried thereon.

Provided always that:

in respect of paragraph **b** of this Rule **25 xi**:

(i) The event causing the loss or wreck of the entered ship has occurred during the period of entry of that ship in the Club and liability is attributable to such event;

(ii) Unless the Directors in their absolute discretion otherwise determine, there shall be no recovery in respect of:

(a) Liabilities resulting from the failure of the Member to take such measures as are reasonable to raise, remove, destroy, light or mark the wreck; and

(b) Any liabilities incurred more than two years after the entered ship became a wreck.

c To the extent of the Member's interest therein, the value of:

(i) The wreck itself and all stores and materials saved shall be deducted from any reimbursement made by the Club under this Rule **25 xi**; and/or

(ii) All cargo saved, shall be deducted from any reimbursement made by the Club under either Rule **25 xi a (ii)** or Rule **25 xiii**.

Provided that if any such proceeds are realised by the Member after reimbursement by the Club and without deduction in accordance with paragraphs **(i)** and **(ii)** above, the Member shall pay any such proceeds to the Club up to the amount of any prior reimbursement.

d Unless the Managers otherwise agree in writing, there shall be no recovery under this Rule **25 xi** or any other Rule in respect of any liability, costs or expenses incurred by the Member after the transfer of its interest in the cargo or wreck, otherwise than by abandonment, prior to the actual or attempted raising, removal, destruction, lighting or marking of the wreck or prior to incurring any other liabilities covered by this Rule **25 xi**.

e There shall be no recovery under this Rule **xi** in respect of any liabilities arising under the terms of any contract or undertaking, unless approved in writing by the Managers on such terms as they may require.

f Without prejudice to any other provision, exclusion, limitation or condition set out in these Rules, cover under this Rule **25 xi** is subject to the following provisions:

(i) In respect of pollution, Rule **18 ii** and the note thereto; and

(ii) Rule **22 iii**.

(iii) Provisos **(x)** and **(xii)** to Rule **25 xiii**.

Quarantine Expenses

xii Expenses incurred by the Member in consequence of:

a an actual outbreak of infectious disease on board; and/or

b a quarantine or public health order applicable to the Entered Ship,

in respect of:

(i) Disinfection

(ii) Additional fuel consumed

(iii) Stores and provisions

(iv) Port and agency charges

(v) Cargo handling

(vi) Insurance

(vii) Shifting

(viii) Deviation expenses

but only in respect of each of (i) – (viii) to the extent that such expenses would not have been incurred but for the outbreak or quarantine or public health order and could not in the opinion of the Managers reasonably have been avoided; and

Provided that:

unless otherwise agreed by the Managers, at the time when the ship was ordered to the port either:

(a) The ship was already contracted to call there; or

(b) It was not in the opinion of the Managers reasonably to be anticipated that the ship, its cargo or its crew would be subject to a quarantine or public health order.

Cargo Liabilities

xiii Liabilities and costs insofar as they relate to cargo intended to be or being or having been carried in an entered ship as follows:

Loss, Shortage, Damage and other Responsibility

a Liability for loss, shortage, damage or other responsibility arising out of any breach by the Member, or by any person for whose acts, neglect or default he may be legally liable, of his obligation as carrier by sea properly to load, handle, stow, carry, keep, care for, discharge or deliver the cargo or out of unseaworthiness or unfitness of the entered ship.

Handling of Damaged or Worthless Cargo

b The extra costs (over and above those required by and/or incurred in the performance of his obligations under the contract of carriage) incurred by the Member in restowing, discharging or disposing of damaged or worthless cargo, provided that the Member has no recourse to recover such costs from any other party and, in respect of such cargo, the Member shall only be entitled to recover such extra costs if and to the extent that they exceed any proceeds of sale of the cargo payable to the Member.

Failure of Cargo Interests to Collect Cargo

c The extra costs and liabilities (including storage and disposal costs) incurred by the Member arising directly out of the failure by cargo interests to collect or remove cargo from the port or place of discharge or delivery provided that:

(i) The Member is legally liable for such costs or has incurred them under the direction or with the approval of the Managers; and

(ii) The Member has no recourse to recover such costs from any other party; and

(iii) The Member shall only be entitled to recover such extra costs if and to the extent that they exceed the proceeds of the sale of the cargo; and

(iv) In any event there shall be no recovery in respect of storage charges

(a) for the first 30 days following discharge; and

(b) that have been incurred prior to notification of the failure to collect or remove cargo being received by the Managers.

Through Transport

d Liability for loss and shortage of, damage to or other responsibility in respect of cargo for which the Member may be liable under a through or transhipment bill of lading or other form of contract of carriage providing for carriage to be partly performed by an entered ship, provided that:

(i) the terms of any such contract of carriage have been approved in writing by the Managers on such terms as they may require;

(ii) where part of the carriage is performed by the Member in his capacity as an Owner (as defined in Rule **2**) of a ship which he has not entered in the Club, the Member may recover from the Club for liability in respect of loss, shortage, damage or other responsibility in respect of cargo only to the extent that it occurred during, or was consequent upon, that part of the carriage performed by the entered vessel.

Provided always that:

In relation to paragraphs **a–d** of this Rule **25 xiii**.

Hague Rules and Hague-Visby Rules

(i) Unless and to the extent that the Directors in their discretion otherwise determine or special terms have been agreed in writing by the Managers, there shall be no recovery from the Club in respect of any liabilities, costs and expenses which would not have been incurred or become payable by the Member if the cargo had been carried under a bill of lading or other contract of carriage incorporating terms no less favourable to the carrier than the Hague Rules or Hague-Visby Rules.

Note: *A Member should ensure wherever possible that any bill of lading or other contract of carriage to which any other is the contracting party contains a provision in the same or substantially the same form as the "Himalaya" clause set out under the 'Clauses Recommended by the Association' at the end of the Rules, extending any exemptions and immunities of the carrier to that Member, and to each of his servants, agents and sub-contractors.*

Through and Transhipment Bills of Lading

(ii) Where a through or transhipment bill of lading or other contract of carriage has been issued by the Member in accordance with paragraph **d** of this Rule **25 xiii** there shall be no recovery from the Club in respect of liabilities, costs or expenses incurred by the Member under or in connection with such a bill of lading or other contract of carriage, unless the Member preserves its rights of recourse against any sub-contractor by sub-contracting only on terms that:

(a) the sub-contractor shall be liable to the Member to the same extent as is the Member to any other person under the Member's bill of lading or other contract of carriage, or

(b) have been approved in writing by the Managers.

Deviation

(iii) There shall be no recovery from the Club in respect of any liabilities, costs and expenses arising out of or incurred in consequence of a deviation of an entered ship and/or a deviation in relation to cargo before, during or after being carried in an entered ship, including without limitation any geographical or other departure from the contractually agreed voyage or adventure, unless

(a) in the case of a deviation authorised by the Member, it shall prior thereto have given notice of the same to the Managers, or in the case of a deviation without its authority, it shall have given notice to the Managers immediately upon receiving information thereof, and the Managers have in writing agreed cover in respect of such losses, costs and expenses on such terms as they may require; or

(b) to the extent that the Directors in their discretion otherwise determine.

Note: *If the contract of carriage contains an appropriate Voyage Liberty Clause, an example of which is set out under 'Clauses Recommended by the Association' at the end of the Rules, some unplanned deviations may be permissible. The Managers may in such circumstances determine that no additional premium is to be paid by the Member. (The shipment of cargo on deck without a specific statement to that effect in the Bill of Lading may amount to a deviation in addition to an infringement of the requirements of proviso* **(x)** *to this Rule* **25 xiii**.*)*

Valuable Cargo

(iv) There shall be no recovery from the Club in respect of any liabilities, costs or expenses arising out of the carriage of specie, bullion, precious or rare metals or stones, plate, jewellery or other objects of a rare or precious nature, banknotes or other forms of currency, bonds or other negotiable instruments, unless the contract of carriage relating thereto and the spaces, apparatus and means in which the same are to be carried and the instructions given with regard to the safe custody thereof have been approved in writing by the Managers on such terms as they may require.

Ad Valorem Bills of Lading

(v) There shall be no recovery from the Club in respect of any liabilities, costs or other expenses arising out of carriage under an ad valorem bill of lading or other document of title, waybill or other contract of carriage in which a value of more than United States dollars two thousand five hundred (US$2,500) (or the equivalent in any other currency) is declared and/or inserted by reference to a unit, piece, package or otherwise, where the effect of such a declaration / insertion is to deprive the carrier of any right or rights of limitation to which he would otherwise have been entitled and cause him to incur a greater liability than he would have done but for such declaration / insertion, to the extent that such liability thereby exceeds United States dollars two thousand five hundred (US$2,500) (or the equivalent in any other currency) in respect of any such unit piece or package, unless the contract of carriage has been approved in writing by the Managers on such terms as they may require.

Refrigerated Cargo

(vi) The Managers may at any time require to be satisfied as to the spaces, plant and apparatus, and means used for the carriage of refrigerated cargo in an entered ship, the instructions given to those on board and the terms of the contract of carriage under which the same is to be carried, and the Member shall upon such request supply the relevant information to the Managers. In the event the Managers withhold their approval and so notify the Member in writing, there shall be no recovery from the Club in respect of any loss of or damage to such refrigerated cargo carried upon any voyage which began after the service on the Member of such notice.

Member's Own Cargo

(vii) If the cargo in respect of which a claim is made on the Club under paragraphs **a–d** of this Rule **25 xiii** is owned by the Member, the Member shall be entitled to recover from the Club and the Club Rules shall apply in all respects as if such cargo belonged to a third party, and that third party had concluded a contract of carriage of the cargo with the Member on the terms of the Club's recommended standard terms of carriage as referred to in proviso (i) above.

Discretionary Claims

(viii) Unless and to the extent that the Directors shall in their absolute discretion otherwise determine (and in any event only if they are satisfied that the Member took such steps as appear to those Directors to be reasonable to avoid the event or circumstances giving rise to such liabilities, costs and expenses), there shall be no recovery from the Club under paragraphs **a–d** of this Rule **25 xiii** in respect of the Member's liabilities, costs or expenses arising out of:

(a) the discharge of the cargo or any part thereof at any port or place other than a port or place permitted by the relevant contract of carriage;

(b) the delivery of cargo carried on an Entered Ship under a negotiable bill of lading or similar document of title (including an electronic bill of lading) without the production (or the equivalent thereof in the case of an electronic bill of lading) of that bill of lading or document by the person to whom delivery is made, except where cargo has been carried on an Entered Ship:

(i) under the terms of a non-negotiable bill of lading, waybill or other non-negotiable document, and despite having been properly delivered as required by that document, liability nevertheless arises under the terms of a negotiable bill of lading or other similar document of title (issued by or on behalf of a party other than the Member) providing for carriage in part upon the Entered Ship and in part upon another ship or by another mode of transport, or

(ii) under the terms of an approved electronic trading system and has been properly delivered to the person so entitled in accordance therewith;

(c) the delivery of cargo carried under a non-negotiable bill of lading, waybill or similar document without production of such document by the person to whom delivery is made, where such production is required pursuant to the terms of and/or the law applicable to that document, except where the Member is obliged by law to deliver, or relinquish custody or control of, the cargo, without production of such document;

(d) the issue of an ante dated or post dated bill of lading, waybill or other document containing or evidencing the contract of carriage;

(e) the issue of a bill of lading, waybill or other document containing or evidencing the contract of carriage known by the Member or the Master of the entered ship to contain an incorrect description of the cargo or its condition or quantity;

(f) the failure to arrive or late arrival of an entered ship at any port of loading, or out of the failure to load or delay in loading any particular cargo or cargoes in an entered ship otherwise than under a bill of lading already issued.

Loss of Freight or Hire, Detention or Demurrage

(ix) Loss of freight or hire or any proportion thereof, or claims for demurrage on, detention of, or delay to an Entered Ship shall be recoverable under this Rule **25 xiii** if, but only if, such loss or claim forms part of a claim for liabilities in respect of cargo or is, with the consent of the Managers, included in the settlement of a claim;

Deck Cargo

(x) Unless and to the extent otherwise agreed in writing by the Managers, there shall be no recovery from the Club in respect of liabilities for loss, shortage, damage or other responsibility arising out of the carriage of cargo on deck unless the cargo and the ship are, in the opinion of the Managers, suitable for carriage on deck and the Bill of Lading or other contract of carriage:

(a) states that the cargo is carried on deck and either provides that the carrier is free from all liability for loss of or damage to cargo or provides the carrier with rights, immunities and limitations no less favourable than those contained in the Hague Rules or Hague-Visby Rules; or

(b) contains an appropriate liberty to carry cargo on deck and provides for the Hague Rules or the Hague-Visby Rules to apply to such cargo.

Note: *A suitably worded deck cargo carriage clause may exclude liability for deck cargo where the Hague Rules or Hague-Visby Rules do not apply. Two examples are set out under the 'Clauses Recommended by the Association' at the end of the Rules. A clause giving general permission to carry on deck may not be "an appropriate liberty" for the purposes of paragraph* **(b)** *of proviso* **(x)** *to this Rule* **25 xiii***. The Managers will on request but at the Member's expense endeavour to arrange an insurance to cover the Member's liability in respect of cargo carried otherwise than in accordance with paragraphs* **(a)** *and* **(b)** *of proviso* **(x)** *to this Rule* **25 xiii***.*

Exclusion of Pollution Liabilities **(xi)** There shall be no recovery under this Rule **25 xiii** in respect of:

(a) any liabilities, losses, damages, costs or expenses caused by or consequent on the escape or discharge or threatened escape or discharge of oil or any other substance from the entered ship, including cargo or any other property intended to be, being or having been carried on, the entered ship;

(b) any liability, loss, damage, cost or expense, including, without limitation, liability for the cost of remedial works or clean-up operations, arising as a result of the disposal or discharge at, presence in, or the escape or discharge or threat of escape or discharge from, any land based dump, site, storage or disposal facility of any substance previously carried or intended for carriage on the entered ship whether as cargo, fuel, stores or waste and whether at any time mixed in whole or in part with any other substance whatsoever, unless the Directors shall in their absolute discretion otherwise determine.

Heavy Lift Cargo **(xii)** There shall be no recovery from the Club in respect of loss of or damage to or wreck removal of cargo carried on a semi-submersible heavy lift vessel or any other vessel designed exclusively for the carriage of heavy lift cargo, save to the extent that such cargo is being carried under the terms of a contract on Heavycon terms or on such terms as the Managers may otherwise agree in writing.

Livestock **(xiii)** Unless and to the extent otherwise agreed in writing by the Managers, there shall be no recovery from the Club under paragraphs **a-d** of this Rule **25 xiii** in respect of any liabilities, costs and expenses arising out of or incurred in consequence of the intended or actual carriage of live animals.

Cargo's Proportion of General Average **xiv** Contribution by cargo or some other party to the maritime adventure to general average, special charges or salvage which is not legally recoverable solely by reason of a breach of the contract of carriage;

Provided always that:

a Provisos **(i)–(xii)** to Rule **25 xiii** shall apply to any claim under this Rule **25 xiv**;

b Any cargo allowance stated in the adjustment, but for which credit has not in fact been taken by cargo, shall be deducted.

Note: *No proportion of any sacrifices of ship or interest, commission or adjustment charges on sacrifices of ship (which are normally recoverable from Hull Underwriters) are payable under this Rule.*

Ship's Proportion of General Average

xv A Member shall be entitled to recover the entered ship's proportion of general average, special charges or salvage not recoverable under the Hull Policies by reason of the value of the entered ship being assessed for contribution to general average or salvage at a sound value in excess of the insured value under the Hull Policies;

Provided always that:

a There shall be no recovery under this Rule **25 xv** if in the opinion of the Managers the insured value is less than an amount reasonably reflecting the free uncommitted market value ("the proper value") of the ship; or

b The Managers may reduce such recovery to the amount, if any, that would have been irrecoverable under the ship's Hull Policies had the ship been insured for the proper value.

c At the request of a Member the Managers may, but shall not be obliged to, agree for the purposes of this Rule **25 xv**, the proper value for which an entered ship should be insured under the Hull Policies for the current year.

Note: *When considering the 'proper value' for which an entered ship should be insured or deemed to be insured for the purpose of Rule* **25 xv***, the Member must satisfy the Managers that the hull and machinery and/or excess liability policies of the Member concerned have been subject to periodic review as market conditions may require, so that the total amount of liability coverage contained in these policies is maintained at a figure which is as near as possible to the free uncommitted market value of the ship at the time of the incident giving rise to the claim.*

Members should consult with their brokers and/or ship valuers in order to assess, in the light of the above, the amount for which insurances should be effected to cover collision and general average or salvage liabilities. Provided that the necessary insurances are effected, on the basis of the advice received, the Managers will give favourable consideration to a claim under these Rules consequent upon assessment of the value of the ship by a Court or Tribunal at an amount in excess of the insurances so effected.

Fines

xvi Fines for which a Member is liable or for which a Member, with the approval of the Managers, assumes responsibility, imposed in respect of an entered ship by any court, tribunal or authority of competent jurisdiction as follows:

Cargo

a Fines for short or over delivery of cargo, or for failure to comply with regulations concerning the declaration of goods, or the documentation of cargo (other than fines or penalties arising from the smuggling of goods or cargo or any attempt thereat);

Provided always that:

The Member is insured by the Club for liability in respect of cargo, and subject to the terms of entry and the Rules applicable to such cover.

Immigration Laws

b Fines for breach of any law or regulation relating to immigration;

Pollution

c Fines in respect of the accidental escape or discharge of oil or any other substance or the threat thereof;

Provided always that:

The Member is insured for pollution liability by the Club, and subject to the terms of entry, the Rules, and the limit of liability applicable to such cover.

Other Fines **d** There shall be no recovery in respect of fines other than those specified in paragraphs **a–c** of this Rule **25 xvi** unless the Member has satisfied the Directors that it took such steps as appear to the Directors to be reasonable to avoid the event giving rise to the fine;

Provided always that:

Any amount claimed under paragraph **d** of this Rule **25 xvi** in respect of any such fine shall be recoverable to such extent only as the Directors in their absolute discretion may determine without having to give any reason for their decision; and

Without prejudice to any other provision, exclusion, limitation or condition set out in these Rules, cover under this or any other Rule is subject to Rule **22 iii**.

Confiscation **xvii** Notwithstanding the terms of Rule **22**, the Directors in their discretion may authorise the payment, in whole or in part, of an Owner's claim for loss of an entered ship following confiscation of the ship by any legally empowered court, tribunal or authority by reason of the infringement of any customs law or customs regulation;

Provided always that:

a The amount recoverable from the Club shall under no circumstances exceed the market value of the ship without commitment at the date of the confiscation;

b The Owner shall have satisfied the Directors that he took such steps as appear to the Directors to be reasonable to prevent the infringement of the customs law or customs regulation giving rise to the confiscation;

c Any amount claimed under this Rule **25 xvii** shall be recoverable to such extent only as the Directors in their absolute discretion may determine without having to give any reason for their decision;

d No such claim shall be considered by the Directors until such time as the Owner has been finally deprived of his full interest in the entered ship.

Enquiry **xviii** Costs and expenses incurred by a Member in defending himself or in protecting his interests before a formal enquiry into the loss of or casualty to an entered ship in cases which, in the opinion of the Managers, may affect any claim upon the Club arising out of such loss or casualty.

Expenses Incidental to Shipowning **xix** Liabilities, costs and expenses incidental to the business of owning, operating or managing ships which the Directors may decide to be within the scope of the cover of the Club. Claims under this paragraph shall be recoverable to such extent only as the Directors in their absolute discretion may determine without having to give reasons for their decision.

Legal and other Expenses **xx**

Legal Costs and Expenses

a Costs and expenses including legal costs and charges, which a Member may incur in respect of any liability or expenditure against which he is insured by the Club;

Sue and Labour

b Extraordinary costs and expenses reasonably incurred upon or after any casualty, occurrence or event which is likely to give rise to a claim covered by the Club, solely for the purpose of avoiding or minimising any liability or expenditure arising from such claim;

Expenses Incurred under Direction of Club

c Costs, expenses and losses which a Member may incur by special direction of the Club in relation to claims which the Directors consider affect or may affect the interests of the Members or the Club;

Provided always that:

There shall be no recovery under this Rule **25 xx** in respect of any costs or expenses save to the extent that

(i) the same have been incurred with the consent in writing of the Managers, or

(ii) the Directors in their absolute discretion shall otherwise determine.

Loss of or Damage to Containers

xxi loss of or damage to containers owned or leased by the Member;

Provided always that:

There shall be no recovery under this Rule **25 xxi** unless the Member has obtained the prior written agreement of the Managers to extend his cover in terms of this Rule and the Member has agreed to such special terms, and has agreed to pay such additional premium, as the Managers may require.

Deductibles and Policy Limits

xxii Unless otherwise agreed by the Managers in writing:

a any liabilities, costs and expenses recoverable under Rule **25** shall be subject to such deductible(s) as may have been agreed between the Managers and the Member; and

b any amount recoverable by the Member hereunder up to the policy limit shall be reduced by the amount of such deductible(s).

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.

26 Classification and Condition Surveys

Classification

i The Member shall ensure that from the time when a ship is entered in the Club and throughout the period of the ship's entry that:

a The ship is and remains classed with a Classification Society approved by the Managers in respect of the entered ship;

b Any incident or condition in respect of which that Classification Society might make recommendations as to repairs or other action to be taken is promptly reported to that Classification Society;

c All rules, recommendations and requirements of the Classification Society relating to the entered ship are complied with within the time or times specified by the Society;

d If requested by the Managers, any overdue recommendations or conditions are immediately notified to them, together with any extensions granted by the Classification Society and certified by the Society;

e The Managers are authorised to inspect any documents and obtain any information relating to the maintenance of Class of the entered ship in the possession of any Classification Society with which the ship is or has at any time been classed and such Classification Society or Societies are where necessary authorised to disclose and make available such documents and information to the Managers upon request by them and for whatsoever purpose the Managers may consider necessary;

f If at any time after acceptance for entry or during the period of entry, the Classification Society with which the ship is classed is proposed to be changed, the Managers are to be given not less than 14 days notice in advance, and in any event as much notice in advance as is possible of the proposed change of Classification Society, stating the identity of the Classification Society to which the ship is to be transferred, and all outstanding recommendations of the ship's existing Classification Society;

g The Member and the ship shall comply with all statutory requirements of the state of the ship's flag relating to the construction, adaptation, condition, fitment, equipment, manning, security and safety management of the entered ship;

h The Member shall at all times maintain the validity of such statutory certificates as are issued by or on behalf of the state of the ship's flag in relation to such requirements and in relation to the International Safety Management (ISM) Code and the International Ship and Port Facility Security (ISPS) Code.

Condition and Other Surveys

ii a The Managers may at any time require an entered ship, or a ship for which application for entry has been made, to be made available for survey by a surveyor or other person nominated by the Managers, within such period as may be specified by them. The Member or prospective Member shall make the ship available within the time specified at a port or place accessible to any such nominated person, giving not less than seven days prior notice of the ship's estimated arrival, and afford such facilities as may be required, including but not limited to, provision of all information and documentation requested. Unless otherwise agreed in writing by the Managers, the costs and expenses of any such surveys shall be paid by the Member or prospective Member as and when incurred;

b Where a surveyor or other person surveying or inspecting or providing technical advice relating to an entered ship or its equipment (whether or not such surveyor or person has been appointed under sub-paragraph **a** of this Rule **26 ii**) makes adverse findings as to the condition of the ship, or any recommendations as to repair or maintenance or otherwise, whether in respect of the ship and/or any other ship owned by the Member to which such findings or recommendations may apply, the Managers shall be entitled in their absolute discretion to:

(i) exercise any of their rights under Rule **26 iii b** in respect of any ship to which such findings or recommendations may apply; and/or

(ii) require such recommendations, or any part of them, to be carried out forthwith, or within such time as may be specified by the Managers and the Managers shall be notified immediately on completion of such works as are required to fulfil any such recommendations; and

c The Managers may require the Member to provide such evidence of compliance with such recommendations as they deem fit and/or require the ship to be made available for re-survey within such period as may be specified by them. Where re-survey is required Rule **26 ii a** shall apply to that survey and Rule **26 ii b** and **c** to any recommendations made thereon;

d The Managers may at any time and in their absolute discretion:

(i) appoint representatives to visit the offices of the entity or entities having operational control of the ship and/or attend on board within the time specified by the Managers to audit the Member's management systems, including interviewing all relevant personnel and reviewing all relevant documentation. The Member shall ensure full co-operation with such representatives, making all requested personnel, information and documentation available, and, unless otherwise agreed in writing by the Managers, shall pay for the reasonable costs of such audit; and

(ii) make recommendations as to the remedying of any deficiencies identified which must be carried out forthwith, or within such time as may be specified by the Managers; and

e The Managers must be notified immediately on completion of the implementation of such recommendations and provided with such evidence as they deem fit as to the remedying of such deficiencies and shall have the right to carry out re-audits to verify the same;

f The Member shall comply with any requirements of the Managers made pursuant to Rule **26 ii a–e**.

iii a Save where the Managers in their absolute discretion determine, there shall be no right to recover from the Club in respect of any liability, cost or expense where:

(i) the Member has failed to make a ship available for survey in compliance with the Managers' requirements under Rule **26 ii a**, from the last date within which such survey was to be undertaken until a survey has been carried out and the Managers' requirements following any such survey have been fulfilled;

(ii) under Rule **26 ii b**, recommendations as to repair or otherwise are made, in respect of claims arising out of or contributed to by the defects or matters in respect of which such recommendations are made, until such recommendations and/or repairs have been carried out.

b Without prejudice to any other rights available to or exercised by the Managers under the Rules, in the event of any non-compliance with any of the provisions of Rules **26 i** or **26 ii** above, or where, in the opinion of the Managers, the findings of any survey within Rule **26 ii b** or audit within Rule **26 ii d** so require, the Managers shall be empowered in their absolute discretion to:

(i) Terminate the entry of the ship and/or any other ships entered by the same Member forthwith or from a time and date specified by a notice in writing to the Member;

(ii) Determine that there shall be no right to recover from the Club in respect of any liability, cost or expense during a period commencing from the time and date at which the ship ceased to comply or such other date as is specified in writing by the Managers until the Managers are satisfied that compliance has been achieved or their requirements have been fulfilled;

(iii) Exclude cover for claims arising out of or contributed to by such non-compliance, or defects or any other deficiencies found in any such survey or audit;

(iv) Reduce any recovery from the Club to the extent that a claim has been contributed to by such non-compliance, or defects or any other deficiencies found in any such survey or audit;

(v) Vary the terms and conditions of entry, including premium rating and/or exclusion or limitation of the risks covered, save that where the Member does not accept any such variation, it may withdraw the ship from the Club forthwith on giving written notice no later than seven days following the date of notification of the variation by the Managers.

Provided that the Directors shall have power in their absolute discretion to admit in whole or in part a claim, which may be excluded under **(i), (ii), (iii)** and **(iv)** above. The exercise of their discretion by the Directors shall be final and conclusive for all purposes.

c **(i)** Nothing in this Rule, or any action taken by the Club hereunder shall relieve the Member of its obligations with regard to the classification of the ship and/or the statutory requirements applicable to that ship or the Member howsoever arising or to the maintenance and/or condition of the ship generally.

(ii) Nor shall the Club or the Managers be under any liability whatsoever or howsoever arising in respect of any recommendations or advice given by any surveyor or other person nominated or appointed by the Managers under Rule **26 ii**.

27 Prudent Uninsured

i The Member shall take such proper steps as in the opinion of the Directors are appropriate to protect its interests from the time when a ship is entered in the Club and throughout the period of the ship's entry as it should or would have done if not protected by the Club. Compliance with this provision shall be a condition precedent to a Member's right of recovery from the Club, provided that the Directors shall have power in their absolute discretion to admit in whole or in part a claim, notwithstanding a breach of such condition. The exercise of their discretion by the Directors shall be final and conclusive for all purposes.

Wilful Misconduct

ii There shall be no recovery in respect of any liabilities, costs or expenses arising out of or constituted by wilful misconduct on the part of the Member (being an act intentionally done, or a deliberate omission by the Member, with knowledge that the performance or omission will probably result in injury, or an act done or omitted in such a way as to allow an inference of a reckless disregard of the probable consequences).

28 General Terms and Conditions

i a Notice in writing of every casualty, claim or other event likely to lead to a claim upon the Club, of any survey or any reasonable opportunity for survey in connection with any loss or damage in respect of liability for which a Member may be insured by the Club, and/or of any enquiry into any such event relating to an entered vessel, including any loss or casualty, must forthwith be given to the Managers as soon as the Member or its agents is/are, or ought reasonably to be, aware of the casualty, loss, damage, claim or other event;

b Without prejudice to the Member's obligations under sub-paragraph a above the Club shall be under no liability whatsoever in respect of any claim, liability or expense which has been notified to it later than 12 months after the Member or its agents is/are, or ought reasonably to be aware, that the claim, liability or expense is or may be made against the Member or incurred by it.

c In the absence of contrary agreement in writing, any notification required in accordance with the provisions of this Rule shall be given directly to the Managers.

ii No claim shall be settled or any liability be admitted or any other material step taken whatsoever which may affect any claim upon the Club by or on behalf of a Member without the prior consent in writing of the Club;

iii Where a Member may have a right of recourse in respect of a claim, whether by way of contribution, indemnity or otherwise against any other party, including its servants, agents and independent contractors, the Member shall notify the Club as soon as it becomes aware that such right may be available, take any such steps as may be necessary to preserve the same whether requested or not and comply with any directions given by the Managers in respect thereof;

iv If a Member has obtained the approval of the Club to settle a claim, the Member shall present his claim for recovery from the Club within 12 months of receiving the Club's approval to the settlement;

v Compliance with the provisions of this Rule shall be a condition precedent to a Member's right of recovery from the Club, provided that the Directors shall have power in their absolute discretion to admit in whole or in part a claim, notwithstanding a breach of such condition. The exercise of their discretion by the Directors shall be final and conclusive for all purposes.

29 Forbearance

Any steps taken by, or on behalf of, the Club in circumstances where the Club would otherwise have the right to repudiate liability for a claim, whether with or without knowledge of such circumstances, shall not constitute a waiver of the Club's rights under these Rules to repudiate liability for such claim, and no act, omission or conduct whatsoever by the Club, its officers, managers, servants, agents or independent contractors will disentitle it from relying on its rights, howsoever arising, whether under the Rules, terms of

the entry or otherwise. Nor shall any actual waiver or exercise of discretion in favour of a Member in respect of a breach of these Rules disentitle the Club from relying on any rights hereunder in respect of any subsequent breach. Where payments have been made by the Club to the Member which the Managers thereafter consider should not have been paid, the Managers shall have the right to give written notice requiring the Member to reimburse the same, which reimbursement shall be made by the Member within 14 days of receipt of the notice requiring them to do so.

30 Directors' Power to Pass Claims

The Directors shall meet as often as may be required for the settlement of claims which shall be paid by the Club as the Directors may determine in accordance with these Rules, but the Directors shall have power from time to time to authorise the Managers to effect payment of claims, without prior reference to the Directors. Where claims are settled by the Managers they shall be deemed to have the Directors' authority. No Director shall act as such in the settlement of any claim in which he is interested.

Notwithstanding any neglect and/or non-compliance with and/or breach of any Rules, warranties, conditions precedent, instructions, orders or directions of the Club, the Directors may pass and pay in full or in part any claim and/or impose such terms on any such payment as in their sole and absolute discretion they think fit and waive any penalties.

31 Handling of Claims

i Unless the Managers shall otherwise agree in writing:

a The Club shall have the right but not the obligation, to investigate and/or handle on behalf of the Member any claim or other matter which has resulted or may result in loss, damage, expense or liability in respect of which a Member is, or may be, insured under these Rules and/or in respect of which security has been provided by the Club on its behalf and to appoint any person on behalf of the Member for this purpose.

b Where the Member proposes to instruct lawyers and/or other professionals on its behalf in respect of any such claim or other matter, the Managers are to be given prior notice of such proposed instructions and requested to approve the proposed appointment. In the event of such approval not being given, the Managers shall be entitled to require the Member to instruct on the Member's behalf other lawyers or professionals of the Club's choosing.

ii Although instructed on behalf of the Member, it is hereby agreed that the terms of the retainer of the lawyers or other professionals will require the persons so instructed to report to the Club, to provide documents and information, and any other services forming the subject matter of that retainer as if instructed by the Club directly.

iii Any advice or recommendation given by any person instructed on the Member's behalf shall not bind the Club or affect its rights.

iv The Managers may at any time in their absolute discretion and without giving reasons direct the Member to terminate the retainer of any lawyer or other professional instructed by it in which event the Managers will have the same rights under this Rule as if no such retainer had been entered into.

v In the event of a claim or other matter in respect of which the Member is or might be entitled to protection or indemnity by the Club, the Member shall be under a continuing obligation to keep the Managers promptly informed of all matters arising that are or may be relevant to that claim or matter and to co-operate fully in handling the claim or matter. Without prejudice to the generality of the foregoing, the Member shall disclose to the Club as soon as reasonably practicable any documents, reports or information in its or its agents' possession, control or knowledge which are or may be relevant to the claim or other matter and permit inspection, copying or photocopying of the same. Where such documents or information are in the possession or control of the Member's agents, including but not limited to lawyers instructed on the Member's behalf, the Member hereby agrees to authorise the said agents to disclose such documents or information to the Club on its request.

vi The Member will take all reasonable and proper steps for the collection, preservation and production of evidence relevant to such claim or other matter and will use its best endeavours to make witnesses within its control or power available for interview, deposition and/or giving evidence as required.

vii The Member shall comply with the obligations set out above within any time specified in any direction given by the Club and, on request, produce evidence of such compliance.

viii A Member shall comply with any direction given by the Club in connection with the handling or settlement of any claim or potential claim or in connection with any casualty or any other event or matter liable to give rise to a claim upon the Club.

ix Compliance with the provisions of this Rule shall be a condition precedent to a Member's right of recovery from the Club, provided that the Directors shall have power in their absolute discretion to admit in whole or in part a claim, notwithstanding a breach of such condition. The exercise of their discretion by the Directors shall be final and conclusive for all purposes.

32 Reinsurance

i The Managers may on behalf of the Club enter into contracts of reinsurance under which the Club agrees to reinsure the risks arising in connection with any one or more ships insured by another insurer or else agrees to reinsure the whole or any part or proportion of the insurance business of any other insurer. The premium payable to the Club and the terms and conditions on which the reinsurance is accepted by the Club shall be such as are agreed between the Managers and such other insurer.

ii The Club may continue to be a party to the Pooling Agreement or to any other agreement of a similar nature or purpose.

iii The Managers shall have the right in their discretion to effect on behalf of the Club the reinsurance or ceding of any risks insured by the Club (including any risk which may fall on the Club by reason of a reinsurance or the Pooling Agreement referred to in paragraphs i or ii of this Rule) with such reinsurers and on such terms as the Managers shall consider appropriate.

iv The Club shall cease to have any liability whatsoever to the Member in respect of that part of any liabilities, costs and expenses which are reinsured under, but not recovered by the Club from parties to, any reinsurance contract or arrangement , including but not limited to the Pooling Agreement, and/or the Group Excess Loss Reinsurance Contract because of a shortfall in recovery from such parties or reinsurers thereunder by reason of a sanction, prohibition or adverse action against them by a State or International Organisation or other competent authority or the risk thereof if payment were to be made by such parties or reinsurers.

If the Club has indemnified the Member (and/or made payment pursuant to a Certificate of Financial Responsibility or any other guarantee issued to or on behalf of a Member, pursuant to Rule **43** or otherwise) in respect of any liabilities, costs and expenses which are reinsured hereunder, and there is subsequently a shortfall in recovery from such parties or reinsurers thereunder by reason of a sanction, prohibition or adverse action against them by a State or International Organisation or the risk thereof if payment were to be made by such parties or reinsurers, the Member shall repay to the Club on demand the amount of any shortfall as certified by the Managers.

For the purposes of this Rule **32 iv** "shortfall" includes (but is not limited to) any failure or delay in recovery by the Club by reason of the parties or reinsurers making payment into a designated account in compliance with the requirements of any State or International Organisation or other competent authority.

Note: A number of amendments have been made to the Rules to reflect the introduction of sanctions and other similar legislation affecting the Club directly or indirectly. The Managers draw particular attention to Rule **32 iv**.

The Club:

i) From time to time, reinsures the risks insured under and/or pursuant to these Rules; and

ii) Pools certain such risks with fellow member Clubs of the International Group of P&I Clubs, and these pooled risks are also reinsured.

In order to ensure both the sufficiency of the security provided by such reinsurance and its cost efficiency, both the Club and the International Group place reinsurance with a number of reinsurers domiciled in a variety of jurisdictions. It is, therefore, possible that one or more of such reinsurers may be, or may become, subject to legislation or regulations regarding sanctions, the effect of which would prevent the Club from making full recovery under the reinsurance.

The effect of Rule **32 iv** is that if there is such a shortfall in recovery, the Club will be under no liability to the Member to that extent. If the Club has already indemnified the Member, the Member will be liable to repay the Club any shortfall in recovery under the Pooling Agreement / Group Excess Loss reinsurance, or any other reinsurance contract or arrangement.

33 Lay Up

i If an Entered Ship shall be without cargo and so remain safely laid up for a period of 30 or more consecutive days after finally mooring at her port or place of lay up (such period being computed from the day of arrival to the day of departure, only one being included) the Member shall be allowed a return of Net Premium as follows:

a If the ship so remains at any safe port or place, with all her machinery shut down, including the ship's own generators, and with no crew or other persons on board or on duty in the immediate vicinity of the vessel, except for the minimum such persons necessary for the security and safety of the ship at her place of lay up – at such rate of up to 90% of the Net Premium on a pro rata daily basis as the Managers in their discretion may determine;

b If the ship so remains at any safe port or place, with her machinery operative, at such rate of up to 50% of the Net Premium on a pro rata daily basis as the Managers in their discretion may determine.

Provided always that:

(i) Unless otherwise agreed in writing by the Managers, there shall be no entitlement to any return of Net Premium under this Rule **33 i** if any works, repairs, refit or maintenance have been or are carried out upon the ship during the period of lay up, other than those required solely for the ship's safety or security at her place of lay up;

(ii) Notwithstanding proviso (i) above, the carrying out of routine maintenance upon the ship during the period of lay up shall not preclude the Member from claiming a return of Net Premium under Rule **33 i b** above.

(iii) Where it appears likely that the vessel will be so laid up for a period of 30 or more consecutive days and whether or not an application for laid up returns is made or anticipated to be made in accordance with this Rule:

(a) The Member must forthwith notify the Managers in writing in form required by the Managers, specifying amongst other things the location, the mooring and crewing arrangements and anticipated duration of such lay up;

(b) The Member shall be under a continuing duty to assess the safety of the ship and the port or place of lay up and notify the Managers of any material change of circumstances since the date of the notice referred to at **(a)** above;

(c) The Managers shall have the option but not the obligation to arrange a survey or other investigation to assess the safety of the ship and/or the place of lay up, and the Member shall bear the costs of such survey or investigation unless otherwise agreed by the Managers in writing;

(d) The Managers shall have sole discretion in deciding whether the port or place involved (or the position of the ship in such place) is safe for the purposes of this Rule.

(iv) An application for a laid up return shall be made by the Member in the form required by the Managers;

(v) Where notice of lay up is given, whether or not the Member has sought laid up returns in accordance with this Rule, the Member warrants, and it

shall be a condition precedent to a Member's right of recovery from the Club, that it and the ship shall

(a) continue to comply with the provisions of the Rules and Rule **26 i** in particular; and;

(b) comply with all legal and regulatory requirements imposed by the relevant authorities exercising jurisdiction over the ship in its place of lay up, including but not limited to the relevant port state(s) and harbour authorities, as well as with any conditions imposed by the ship's hull and machinery underwriters, and any requirements of the ship's classification society and flag state;

(vi) No laid up returns shall be allowed in respect of charterers' entries, other than entries in respect of bareboat charters;

(vii) For the purposes of this Rule **33** "Net Premium" means the premium payable, excluding Overspill Calls, less such allowance for the unrecoverable cost of reinsurance, brokerage, administration expenses, and any other amounts as may be due from the Member to the Club in relation to the entry, as the Managers in their discretion may from time to time determine.

(viii) Unless the Directors shall in their absolute discretion otherwise determine, no claim shall be admitted for laid up returns unless the claim is made within three months of the end of either the vessel's lay up or the applicable policy year, whichever shall first occur.

(ix) The Managers may, in their discretion, admit in whole or in part, a claim for a laid up return which would otherwise be excluded by the operation of any provision of this Rule **33**.

(x) Where an Entered Ship has been laid up for a period of 30 or more consecutive days, regardless whether any part of that period precedes the ship's entry in the Club and whether or not the Member has sought laid up returns in accordance with this Rule, the Member shall give notice to the Managers not less than 14 days prior to the date when the ship sails from the place of lay up, and the Managers shall be entitled to survey any such ship prior thereto or afterwards. Without prejudice to the foregoing, the provisions of Rule **26** shall apply to any ship laid up in accordance with this Rule or otherwise.

34 Closure of Policy Years

i The Directors may decide that, at such times as they deem expedient, any Policy Year shall be closed, in which event, if the contributions so obtained in respect of such Policy Year should exceed the claims, expenses and outgoings falling upon the Club for that year, the Directors may either carry that surplus in whole or in part to such reserve or reserves as the Directors think proper or may return it in whole or in part to the persons who made such contributions in proportion thereto, provided that no part of that surplus shall be returned to a Member whose entry is or has been terminated by the Club.

Provided always that:

Policy Years shall not be closed for the purposes of levying Overspill Calls except in accordance with the provisions of Rule **39**.

ii If at any time or times after a Policy Year has been closed it shall appear to the Directors that the claims (other than Overspill Claims), expenses and outgoings arising in respect of a Policy Year exceed the premium and other receipts in respect of such Policy Year (other than Overspill Calls), the Directors may decide to provide for such deficiency in any one or more of the following ways:

a from the funds and reserves of the Club;

b by levying Mutual Premium or Additional Premium in respect of an open Policy Year with the intention of applying all or any part thereof to meet any such deficiency.

35 Cessation of Membership

i 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:

a in the case of an individual upon his death;

b in the case of a corporation if it be wound up or dissolved;

c if it ceases to have any ship entered in the Club;

d 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;

e 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;

Provided that:

(i) in respect of **d** and **e** 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; and

(ii) if any Member ceases to be insured by the Club by operation of this Rule **35 i a** to **e** 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** to **e** applies or such other date which the Managers may in their absolute discretion decide.

(iii) If the cesser of membership and of insurance be occasioned by any of the events specified in Rule **35 i** sub-paragraphs **a** to **e** 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 **a** to **e** 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, unless the Club shall thereafter have expressly, in writing to the Member, accepted liability for such claim.

(iv) Nothing in the foregoing proviso **(iii)** shall prejudice the Managers' rights, under Rule **37**, to terminate or rescind cover, and to require payment of premium as herein provided.

36 Cessation of Insurance of Individual Vessels

A Member shall cease to be insured by the Club in respect of any ship entered by him upon the happening of any of the following events:

i If the ownership of such ship be legally transferred save where the beneficial ownership of the transferor and transferee is the same and 14 days prior notification of the transfer has been given to the Managers;

ii If the ship be mortgaged or otherwise hypothecated without any undertaking or guarantee approved by the Managers being given to pay all contributions due or that may become due in respect of the entered ship, unless the Managers exercise their discretion in any particular case to dispense with such an undertaking or guarantee;

iii If, without the Club's prior written consent the Member parts with or transfers the entire control or possession of the ship by demise charter or otherwise;

iv If a party holding a security interest in respect of the ship takes uncontested possession pursuant to the exercise of the same;

v If the ship becomes an actual or constructive total loss or is accepted or acknowledged by Hull Underwriters as being a constructive or compromised total loss or is considered or deemed by the Managers to be an actual or constructive or compromised total loss, whichever shall have been the earlier;

vi Ten days from the date of the ship being last heard of or from her being posted at Lloyd's as missing, whichever shall be the earlier.

vii If the management of the ship is changed and unless within seven days of being given notice of such change of management which shall be given forthwith, the Managers consent in writing to such change.

Provided that:

a In the events specified in paragraphs i to iv and vii above of this Rule the Member's liability for contributions in respect of such ship and the Club's liability for claims in respect thereof under these Rules shall be as stipulated in the Proviso to Rule **35** and

b In relation to Rules **36 v** and **36 vi**, subject to the Managers' written agreement, and in their absolute discretion, the Member may continue to be covered by the Club in respect of liabilities arising out of any accidents or occurrences occurring after an event referred to in Rule **36 v** or **36 vi** above, for such period, and upon such terms and conditions, and upon payment of such premium as the Managers think fit.

37 Non-payment of Premium and Other Sums

i 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.

ii 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.

iii 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, and without prejudice to any other rights available to, or exercised by, them under the Rules:

a 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:

(i) 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);

Provided always that:

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.

(ii) 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 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:

(i) 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;

(ii) 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.

c By notice in writing, notwithstanding prior termination pursuant to the Rules (other than this Rule **37 iii**), of the Member's entry of any or all ships in the Club, to determine that termination of the entry shall take effect on a date prior to that on which the original termination became effective, and in such circumstances the Club shall have the same rights under sub-paragraphs **a** and **b** above as if there had been no prior termination.

Provided always that in relation to this Rule **37***:*

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.

38 Directors' Discretion in Relation to Cessation

Notwithstanding the provisions of Rules **35, 36** and **37**, the Directors may in their sole and absolute discretion admit any claims and/or agree cover in respect of any ship or ships entered by a Member whether occurring before or after any specified event resulting in cessation of membership and/or of insurance by the Club.

39 Overspill Claims, Calls and Guarantees

i a All Overspill Claims incurred by the Club or by any other party to the Pooling Agreement under the entry of any one ship arising from any one incident or occurrence including any claim in respect of liability for the removal or non-removal of any wreck shall be treated for the purpose of this Rule **39** as if they were one claim.

b Any reference in this Rule **39** to a claim incurred by the Club or by any other party to the Pooling Agreement shall be deemed to include the costs and expenses associated therewith.

Overspill Claims Limit

ii a Without prejudice to any other applicable limit, any Overspill Claim incurred by the Club shall not be recoverable from the Club in excess of the aggregate of:

(i) that part of the Overspill Claim which is eligible for pooling under the Pooling Agreement but which, under the terms of the Pooling Agreement, is to be borne by the Club; and

(ii) the maximum amount that the Club is able to recover from the other parties to the Pooling Agreement as their contributions to the Overspill Claim.

b The aggregate amount referred to in paragraph ii a shall be reduced to the extent that the Club can evidence:

(i) that costs have been properly incurred by it in collecting or seeking to collect:

(a) Overspill Calls levied to provide funds to pay that part of the Overspill Claim referred to in sub-paragraph **a (i)** of paragraph **ii**, or

(b) the amount referred to in sub-paragraph a **(ii)**; or

(ii) that it is unable to collect an amount equal to that part of the Overspill Claim referred to in sub-paragraph **a (i)** of paragraph ii, which it had intended to pay out of the levy of Overspill Calls because any Overspill Calls so levied, or parts thereof, are not economically recoverable, provided that if, due to a change in circumstances, such amounts subsequently become economically recoverable, the aggregate amount referred to in sub-paragraph **a** of paragraph **ii** shall be reinstated to that extent.

c In evidencing the matters referred to in sub-paragraph **b (ii)** of paragraph ii the Club shall be required to show that:

(i) it has levied Overspill Calls in respect of the Overspill Claim referred to in sub-paragraph **a** of paragraph **ii** on all Members entered in the Club on the Overspill Claim Date in accordance with and in the maximum amounts permitted under paragraph **v** of this Rule **39**; and

(ii) it has levied those Overspill Calls in a timely manner, has not released or otherwise waived a Member's obligation to pay those calls and has taken all reasonable steps to recover those calls.

Payment of Overspill Claims

iii a The funds required to pay any Overspill Claim incurred by the Club shall be provided:

(i) from such sums as the Club is able to recover from the other parties to the Pooling Agreement as their contributions to the Overspill Claim; and

(ii) from such sums as the Club is able to recover from any special insurance which may, in the discretion of the Club, have been effected to protect the Club against the risk of payments of Overspill Claims; and

(iii) from such proportion as the Directors in their discretion determine of any sums standing to the credit of such reserves as the Directors may in their discretion have established; and

(iv) by levying one or more Overspill Calls in accordance with paragraph v of this Rule **39**, irrespective of whether the Club has sought to recover or has recovered all or any of the sums referred to in sub-paragraph **(ii)** of paragraph **iii a** but provided that the Club shall first have made a determination in accordance with sub-paragraph **(iii)** of paragraph **iii a**; and

(v) from any interest accruing to the Club on any funds provided as aforesaid.

b The funds required to pay such proportion of any Overspill Claim incurred by any other party to the Pooling Agreement which the Club is liable to contribute under the terms of the Pooling Agreement shall be provided in the manner specified in sub-paragraph **a (i)–(iv)** of paragraph **iii**.

c To the extent that the Club intends to provide funds required to pay any Overspill Claim incurred by it in the manner specified in sub-paragraph **a (iv)** of paragraph iii, the Club shall only be required to pay such Overspill Claims as and when such funds are received by it, provided that it can show from time to time that, in seeking to collect such funds, it has taken the steps referred to in sub-paragraph **c (i)** and **(ii)** of paragraph ii of this Rule **39**.

Overspill Claims - Expert Determinations

iv a Any issue of whether, for the purpose of applying any of sub-paragraph c of paragraph iii and sub-paragraphs **b** and **c** of paragraph **ii** of this Rule **39** and in relation to any Overspill Claim (the "relevant Overspill Claim"):

(i) costs have been properly incurred in collecting or seeking to collect Overspill Calls; or

(ii) any Overspill Call or part thereof is economically recoverable; or

(iii) in seeking to collect the funds referred to in sub-paragraph c of paragraph **iii**, the Club has taken the steps referred to in that Rule,

on which the Club and a Member cannot agree shall be referred to a panel (the "Panel") constituted in accordance with arrangements established in the Pooling Agreement which, acting as a body of experts and not as an arbitration tribunal, shall determine the issue.

b If the Panel has not been constituted at a time when a Member wishes to refer an issue to it, the Club shall, on request by the Member, give a direction for the constitution of the Panel as required under the Pooling Agreement.

c The Club may (and, on the direction of the Member, shall) give such direction as is required under the Pooling Agreement for the formal instruction of the Panel to investigate any issue and to give its determination as soon as reasonably practicable.

d The Panel shall in its discretion decide what information, documents, evidence and submissions it requires in order to determine an issue and how to obtain these, and the Club and the Member shall co-operate fully with the Panel.

e In determining any issue referred to it hereunder the Panel shall endeavour to follow the same procedures as it follows in determining issues arising in respect of the relevant Overspill Claim which are referred to it under the Pooling Agreement.

f In determining an issue the members of the Panel:

(i) shall rely on their own knowledge and expertise; and

(ii) may rely on any information, documents, evidence or submission provided to it by the Club or the Member as the Panel sees fit.

g If the three members of the Panel cannot agree on any matter, the view of the majority shall prevail.

h The Panel shall not be required to give reasons for any determination.

i The Panel's determination shall be final and binding upon the Club and the Member (subject only to paragraph **j** hereof) and there shall be no right of appeal from such determination.

j If the Panel makes a determination on an issue referred to in sub-paragraph **a (ii)** or **(iii)** of paragraph **iv** the Club or the Member may refer the issue back to the Panel, notwithstanding paragraph i hereof, if it considers that the position has materially changed since the Panel made its determination.

k The costs of the Panel shall be paid by the Club.

l Costs, indemnities and other sums payable to the Panel by the Club in relation to any Overspill Claim, whether the reference to the Panel has been made under paragraph iv or under the Pooling Agreement, shall be deemed to be costs properly incurred by the Club in respect of that Overspill Claim for the purposes specified in sub-paragraph **b (i)** of paragraph **ii**.

Levying of Overspill Calls

v a (i) If the Directors shall at any time determine that funds are or may in future be required to pay part of an Overspill Claim (whether incurred by the Club or by any other party to the Pooling Agreement); and

(ii) if the Directors shall have made a declaration under sub-paragraphs a and **b** of paragraph **vi** of this Rule **39** that a Policy Year shall remain open for the purpose of levying an Overspill Call or Calls in respect of that Overspill Claim, the Directors in their discretion, at any time or times after such declaration has been made, may levy one or more Overspill Calls in respect of that Overspill Claim in accordance with sub-paragraph **b** of paragraph **v**.

b The Directors shall levy any such Overspill Call:

(i) on all Members entered in the Club on the Overspill Claim Date in respect of ships entered by them at that time, notwithstanding the fact that, if the Overspill Claim Date shall be in a Policy Year in respect of which the Directors have made a declaration under sub-paragraph c of paragraph vi, any such ship may not have been entered in the Club at the time the relevant incident or occurrence occurred; and

(ii) at such percentage of the Convention Limit of each such ship as the Directors in their discretion shall decide.

c An Overspill Call shall not be levied in respect of any ship entered on the Overspill Claim Date with an overall limit of cover equal to or less than the Group Reinsurance Limit.

d The Directors shall not levy on any Member in respect of the entry of any one ship an Overspill Call or Calls in respect of any one Overspill Claim exceeding in the aggregate two and one half per cent (2½ per cent) of the Convention Limit of that ship.

e If at any time after the levying of an Overspill Call upon the Members entered in the Club in any Policy Year, it shall appear to the Directors that the whole of such Overspill Call is unlikely to be required to meet the Overspill Claim in respect of which such Overspill Call was levied, the Directors may decide to dispose of any excess which in the opinion of the Directors is not so required in one or both of the following ways:

(i) by transferring the excess or any part thereof to such reserve or reserves as they think proper; or

(ii) by returning the excess or any part thereof to those Members who have paid that Overspill Call in proportion to the payments made by them.

Closing of Policy Years for Overspill Calls

vi a If at any time prior to the expiry of a period of 36 months from the commencement of a Policy Year (the "relevant Policy Year"), any of the parties to the Pooling Agreement sends a notice (an "Overspill Notice") in accordance with the Pooling Agreement that an incident or occurrence has occurred in the relevant Policy Year which has given or at any time may give rise to an Overspill Claim, the Directors shall as soon as practicable thereafter declare that the relevant Policy Year shall remain open for the purpose of levying an Overspill Call or Calls in respect of that claim and the relevant Policy Year shall not be closed for the purpose of making an Overspill Call or Calls in respect of that claim until such date as the Directors shall determine.

b If at the expiry of the period of 36 months provided for in sub-paragraph a of paragraph **vi** no Overspill Notice as therein provided for has been sent, the relevant Policy Year shall be closed automatically for the purpose of levying Overspill Calls only, whether or not closed for any other purposes, such closure to have effect from the date falling 36 months after the commencement of the relevant Policy Year.

c If at any time after a Policy Year has been closed in accordance with the provisions of sub-paragraphs **a** and **b** of paragraph vi, it appears to the Directors that an incident or occurrence which occurred during such closed Policy Year may then or at any time in the future give rise to an Overspill Claim, the Directors shall as soon as practicable declare that the earliest subsequent open Policy Year (not being a Policy Year in respect of which the Club has already made a declaration in accordance with sub-paragraphs **a** or **b** of paragraph **vi)** shall remain open for the purpose of levying an Overspill Call or Calls in respect of that claim and such open Policy Year shall not be closed for the purpose of making an Overspill Call or Calls in respect of that claim until such date as the Directors shall determine.

d A Policy Year shall not be closed for the purpose of levying Overspill Calls save in accordance with this paragraph **vi** of this Rule **39**.

Security for Overspill Calls upon Cesser of Insurance

vii a If the Club makes a declaration in accordance with sub-paragraphs **a** or **c** of paragraph **vi** of this Rule **39** that a Policy Year shall remain open for the purpose of levying an Overspill Call or Calls; and

b if a Member who is liable to pay any such Overspill Call or Calls as may be levied by the Directors in accordance with paragraph **v** ceases or has ceased to be insured by the Club in respect of any ship entered by it for any reason, or the Managers determine that the insurance of any such

Member shall cease, the Club may require such Member to provide to the Club by such date as the Club may determine (the "due date") a guarantee or other security in respect of the Member's estimated future liability for such Overspill Call or Calls, such guarantee or other security to be in such form and amount (the "guarantee amount") and upon such terms as the Club in its discretion may deem to be appropriate in the circumstances.

Unless and until such guarantee or other security as is required by the Managers has been provided by the Member, the Member shall not be entitled to recovery from the Club of any claims whatsoever and whensoever arising in respect of any and all vessels entered in the Club by him or on his behalf.

If such guarantee or other security is not provided by the Member to the Club by the due date, a sum equal to the guarantee amount shall be due and payable by the Member to the Club on the due date, and shall be retained by the Club as a security deposit on such terms as the Managers in their discretion may deem to be appropriate in the circumstances.

The provision of a guarantee or other security as required by the Managers, including a payment in accordance with the above paragraph, shall in no way restrict or limit the Member's liability to pay such Overspill Call or Calls as may be levied by the Club in accordance with paragraphs **v** and **vii** of this Rule **39**.

40 Deduction, Set Off, Interest and Costs

i The Club will have the right to deduct from any monies whatsoever that are due from, or credited to, it for the account of the Member, any premiums, deductibles, or liabilities whatsoever and howsoever arising due from such Member to the Club, including any liability, cost or expense which the Club may incur in respect of any premium tax or other tax levied on or in connection with the insurance or re-insurance provided by the Club to the Member. Further in their absolute discretion the Managers may deduct from any such monies, such amounts as they estimate will become due from that Member in respect of instalments of, or deferred, premium or announced calls. Save that where the Member has provided a guarantee acceptable to the Managers in respect of release calls pursuant to Rule **15 i** the Club's right to deduct pursuant to this Rule shall be limited to the amount by which any sums which are due, or which it is estimated will become due, to the Club exceed the amount of that guarantee.

ii For the purpose of this Rule the claims and recoveries in any one Class shall be deemed to be available for the purpose of satisfying premiums, deductibles or other sums or liabilities due to the Club in respect of that or any other classes.

iii For the purpose of this Rule, the Club shall have the right to exercise its right of set off against claims or recoveries due to any Member in respect of the debts or liabilities of any other Member of the Club where the Members are jointly entered and/or the ships are entered by them as a Fleet Entry.

iv A Member shall not be entitled to set off claims or other amounts due from the Club or recoveries from third parties against any premiums, release calls, or any other sums, due from it to the Club.

v Without prejudice to the rights and remedies of the Club under these Rules, if any premium and calls or any part thereof or any sum of whatsoever nature due from any Member to the Club is not paid by such Member on or before the date specified for payment thereof:

a such Member shall pay interest on the amount not so paid from and including the date so specified down to the date of payment at such rate as the Directors may from time to time determine, but the Directors may waive payment of such interest in whole or in part; and

b if the Club brings legal proceedings of whatsoever nature to recover and/or to secure recovery of any such sums, the Member shall pay the costs incurred by the Club in and/or consequent upon, such legal proceedings.

vi Where the Club incurs a direct liability to pay any sums, including interest and legal costs and/or perform any act in its capacity of the Member's insurer under these Rules and/or the Certificate of Entry, and the Managers are of the opinion that such sums and/or the costs of performing such acts are not recoverable from the Club under the Club Rules and/or the Certificate of Entry, then, without prejudice to the Member's and the Club's rights under Rule **48**, the Member shall forthwith on demand indemnify and hold harmless the Club in respect of such sums and/or the costs of performing such acts and the Club's legal costs, and the Club shall be entitled to exercise its rights of deduction and set-off under this Rule **40** in respect of such sums and paragraph v of this Rule **40** shall apply in the event of non-payment.

41 Assignment

Save with the Club's prior consent in writing, which it shall be entitled to withhold in its absolute discretion and without giving reasons, no assignment or subrogation whatsoever and howsoever arising of any interest under these Rules shall bind the Club to any extent whatsoever. In the event that the Club does consent to an assignment or subrogation of a Member's interests under these Rules, it shall be entitled to impose such terms and conditions as it sees fit, non-compliance with which will void any such consent, and to deduct any liabilities whatsoever and howsoever arising whether ascertained or prospective of the assignor / subrogator from claims of the assignee / subrogee.

42 Subrogation

Where the Club makes payment to its Member in accordance with a Member's rights under these Rules, or pursuant to security provided on behalf of a Member, and the Member has rights against another party, whether by way of a claim for contribution, indemnity or otherwise arising out of the claim or matter in respect of which the Club has made such payment, the Club shall be subrogated to the rights of the Member in respect of that claim to the extent of that payment, including any interest accruing on that amount prior to its recoupment and any costs incurred in relation to the exercise of such rights.

Further, the Member agrees to hold such rights as trustee for the Club and to take such steps as the Club may direct with regard to their enforcement and recovery. All such recoveries, howsoever and whensoever made, are to be paid to the Club, including interest and recovered costs, provided

that if any such recovery exceeds the amounts paid by the Club, including interest and costs whether paid to third parties or incurred by the Club, the balance shall be paid to the Member.

If required by the Club, the Member will execute a legal assignment of its rights to the Club. In the event that such rights are not assignable or transferable as a matter of law, the Member undertakes not to dissolve itself or otherwise render itself incapable of acting at the Club's behest in enforcing any such rights against another party.

43 Provision of Bail

i The Club is under no obligation to provide bail or other security, including any guarantee, undertaking or certificate evidencing financial or other responsibility, on behalf of any Member. When the Club does provide bail or such other security the Managers may at the time when such bail or other security is provided or at any time subsequently until the security is returned for cancellation:

a require the Member forthwith to provide alternative security in substitution for that provided by the Club, if acceptable to the claimant, or place a cash deposit with the Club or, in the Managers' sole discretion, to provide other counter-security acceptable to the Club;

b withhold all or any payments due from the Club to the Member up to the amount of the Club's exposure as a security deposit until its liability under its security has been determined.

ii The provision of bail or other security is at the absolute discretion of the Managers and the Club shall not be liable for any delay or detention to a ship to which such security relates and any other ship owned by the Member or any other assets, or for any other losses whatsoever and howsoever arising, resulting from non-provision or delay in providing bail or other security;

iii Where bail or other security is provided on behalf of the Member, the Managers shall be entitled to impose such terms on its provision as they in their absolute discretion see fit and the Member agrees that:

a 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 an amount equivalent to the Club's exposure under the said bail or other security which the Club shall be entitled to enforce at any time in the Managers' absolute discretion; and

b the Members' rights of recourse, howsoever arising, against any other party whatsoever in respect of the claim(s) or matter(s) for which the security is provided are assigned to the Club

Provided that:

(i) where the exercise by the Club of rights assigned to it results in a recovery in excess of all amounts payable by the Club pursuant to enforcement of its bail or other security, such surplus shall be paid to the Member; and/or

(ii) the Club agrees upon request to reassign such rights to the Member if the claim(s) or matter(s) for which the security is provided are satisfied other than by way of demand on the Club's security.

iv The provision of bail or other security by the Club does not constitute any admission of liability by the Club for any claim in respect of which the bail or security is given. Insofar as the Club makes payment under or pursuant to any bail, guarantee, certificate or security whatsoever provided by the Club, and the amount of that payment or any part thereof would not have been payable by the Club but for its provision of such security, the Member shall to that extent forthwith indemnify the Club, and pay any costs incurred through or in connection with the provision of such security.

v Where

a the Club has issued any guarantee, undertaking or certificate as referred to in the proviso to Rule **21** i or other bail or security by which it undertakes to directly meet or guarantee liabilities, (together the "Direct Liabilities"); and

b claims in respect of Direct Liabilities alone or in combination with other claims may in the sole opinion of the Managers exceed any limit(s) on the cover provided by the Club as set out in the Rules or in the Certificate of Entry;

the Managers may in their 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 Managers may in their absolute discretion decide, have been discharged.

To the extent that any claims or liabilities (including any Direct Liabilities) discharged by the Club exceed the said limit(s) any payment by the Club in respect thereof shall be by way of loan and the Member hereby assigns to the Club all the rights of the Member under any other insurance and/or against any other party whatsoever in accordance with Rule **43 iii b**.

44 Managers' Remuneration

Each Member shall, on becoming a Member, and thereafter at the beginning of each Policy Year, pay management commission as determined by the Directors.

45 Amendments to Rules

i The Rules of this Class may be altered or added to either by Ordinary Resolution passed at a separate meeting of the Members of this Class or by an Ordinary Resolution passed at a general meeting of the Club provided in each case that no such alterations shall be effective unless and until the same shall be sanctioned by the Directors.

ii Notwithstanding and without prejudice to any other provision of these Rules, including Rule **45 i** above, and/or the provisions of the Memorandum and Articles of Association of the Club, these Rules may on such notice as the Directors may in their discretion decide, be amended at any time, (including with effect during the course of a Policy Year) to such extent as the Directors may in their discretion determine necessary:

a as a result of the potential or actual implementation of, or change in, any sanction, prohibition, restriction, legislation, international convention, regulation or requirement of; and/or

b for the Club and/or the Member, to obtain any certification,licence or approval by,

any State, international or supranational organisation, or other competent authority.

46 Regulations and Recommendations by Directors

i The Directors may cause the Club, in respect of such of the Members of the Club as are eligible, to become a Member of or affiliated to the General Council of British Shipping or any similar Society or Organisation and for this purpose may authorise the payment by the Club to those bodies of such subscriptions or grants as the Directors may think fit.

ii The Directors shall also have power from time to time to pass Bye-Laws prescribing the conditions or forms of contracts of carriage either generally or for use in any particular trade or at any particular port or place. Upon the passing of any such Bye-Law, of which notice shall be sent by the Managers to all the Members concerned, it shall be deemed to be incorporated in these Rules, and every Member shall conform thereto in so far as the same may apply to the voyages performed by the ships entered by him or on his behalf in the Club, or to the trades in which they may be engaged and if any Member shall commit a breach of any Bye-Law, the Directors may reject or reduce any claim made by the Member to the extent to which it would not have arisen if he had complied with the Bye-Law, and may further impose such terms upon him as they may think fit as a condition of the continuance of the entry of the Members' ship or ships in the Club.

iii The Directors may also from time to time recommend the use of any particular form of contract of carriage in any particular trade. Members whose ships are engaged in such trades will endeavour to use the appropriate form of contract of carriage when the circumstances of the fixtures or engagement of such ships permit.

Note: *Any recommendations made by the Directors will be found in an Appendix to the Rules.*

47 Sanctions

i Where:

a The provision of insurance to a Member or any other entity insured under that Member's entry or of any ship or any voyage or carriage is or becomes prohibited, unlawful or sanctionable; or

b The ownership, management, operation, charter and/or employment of a ship may howsoever expose the Member entering such ship and/or the Club and/or any other Member of the Club to the risk of being or becoming subject to any sanction, prohibition or adverse action of whatsoever nature by any State or International Organisation;

the insurance by the Club of that Member or entity or ship or voyage or carriage shall cease from the date when such insurance or ownership, management, operation, charter and/or employment becomes prohibited, unlawful or sanctionable, or in the opinion of the Managers the risk thereof arises.

When the risk of any such sanction, prohibition or adverse action ceases, insurance by the Club may be reinstated on such terms and conditions and from such date and time as the Managers determine in their discretion.

ii No claims, liabilities, costs or expenses shall be paid or recoverable from the Club where such payment or recovery is prohibited or would constitute a sanctionable activity or in the opinion of the Managers may expose the Club to the risk of being or becoming subject to any sanction, prohibition or adverse action other than, where permitted, payment into a designated account in which event the Club's liability shall be discharged by and to the extent of such payment.

iii In the event of cesser of insurance of a Member or of a ship pursuant to this Rule provisos (iii) and (iv) to Rule **35** shall apply.

48 Dispute Resolution, Adjudication

i a In the event of any difference or dispute whatsoever, between or affecting a Member and the Club and concerning the insurance afforded by the Club under these Rules or any amounts due from the Club to the Member or the Member to the Club, such difference or dispute shall in the first instance be referred to adjudication by the Directors. That adjudication shall be on the basis of documents and written submissions alone and conducted in accordance with such procedures as the Managers decide from time to time in their absolute discretion.

b Notwithstanding the terms of this Rule **48 i**, where it appears to the Managers that any difference or dispute between or affecting a Member and the Club has arisen, the Managers, on behalf of the Club, shall be entitled to commence either:

(i) proceedings before the High Court of Justice in London; or

(ii) arbitration in London in accordance with sub-paragraph iii below,

in respect of such difference or dispute without prior adjudication by the Directors.

ii If the Member wishes to challenge the decision of the Directors upon adjudication under Rule **48 i a** above, then

a the difference or dispute shall be referred to arbitration in London, unless the Managers (on behalf of the Club), in their absolute discretion, elect that the difference or dispute shall be determined by the High Court of Justice.

b Not later than 90 days after the Managers have advised the Member in writing of the Directors' decision upon adjudication, the Member, in order to challenge that decision, must give written notice to the Managers stating that the Member does not agree with the Directors' decision and requiring the Managers to make their election under Rule **48 ii a**. In default of such written notice the Directors' adjudication under **48 i a** above shall be final.

Within 30 days of receipt of the Member's notice the Managers shall give written notice to the Member stating that the difference or dispute shall be determined either by the High Court of Justice in London or shall proceed by way of London arbitration.

iii In the case of arbitration proceedings commenced in accordance with Rule **48 i b (ii)** and **48 ii**, unless the Managers otherwise agree in writing to the appointment of a sole arbitrator, the arbitration tribunal shall consist of three arbitrators, one to be appointed by each of the parties and the third by the two arbitrators so chosen. The arbitrators shall be King's Counsel currently in practice at the Commercial bar in London.

Any submission to arbitration and all the proceedings therein shall be subject to the provisions of the English Arbitration Act 1996 and the schedules thereto or any statutory modifications or re-enactment thereof.

iv No Member shall be entitled to maintain any action, suit or other legal proceedings against the Club upon any such difference or dispute unless and until:

a the same has been adjudicated by the Directors or, having been put before them for special consideration at a meeting of the Board, a period of four months has elapsed from that date without publication of their adjudication; and

b if such adjudication is not accepted by the Member by notice given in accordance with Rule **48 ii b** or such period has elapsed, unless and until either:

(i) the difference or dispute shall have been referred to London arbitration in the manner provided in this Rule, and the award has been published; or

(ii) the Managers have elected for proceedings before the High Court of Justice in London, and judgment has been given;

Provided that, and subject always to the conditions set out in sub-paragraphs **b (i)** and **(ii)** above, the Member shall in any event only be entitled to enforce the terms of that award or judgment.

And the sole obligation of the Club to the Member under these Rules or otherwise howsoever in respect of any disputed claim made by the Member shall be to honour the terms of either, a judgment of the High Court of Justice in London, or a London arbitration award, obtained in accordance with the provisions of this Rule.

v In the adjudication of each difference or dispute the Directors shall have the power but not a duty to request further information or documents from the Member which request shall be complied with not later than two months from the date of receipt of that request by the Member. Where such a request is made, the period in Rule **48 iv a** shall run from the expiry of the Member's period for compliance.

vi In any event no request for adjudication by the Member shall be made to the Directors in respect of any difference or dispute between, or matter affecting, the Member and the Club more than two years from the date when that dispute, difference or matter arose unless, prior to the expiry of this limitation period, the Managers have agreed in writing to extend the same.

vii Nothing in this Rule **48** including paragraph **i**, or in any other Rule or otherwise shall preclude the Club from taking any legal action of whatsoever nature in any jurisdiction at its absolute discretion in order to pursue or enforce any of its rights whatsoever and howsoever arising including but not limited to:

a Recovering sums it considers to be due from the Member to the Club;

b Obtaining security for such sums; and/or

c Enforcement of its rights of lien whether arising by law or under these Rules.

viii These Rules and any contract of insurance between the Club and the Member shall be governed by and construed in accordance with English law.

Provided always that:

a The sections of the English Insurance Act 2015, as set out in Rules **6 ii** and **7 iv** shall not apply; and

b Save as provided in Rules **17 ii** and **25 ii c (ii)**, no benefit or rights are conferred or intended to be conferred, under or through the operation of the Contract (Rights of Third Parties) Act 1999 or any similar legislation.

c Notwithstanding the above proviso, where any third party is permitted under the laws of any jurisdiction to assert howsoever a claim of whatsoever nature directly against the Club for the purpose of pursuing rights pursuant to the contract of insurance provided by the Club to a Member, then such third party shall be bound by sub-Rules **48 i b, iii, iv, vii** and **viii** of this Rule **48** as if the reference to Member had been to that third party.

49 Premium and Other Taxes

The Member shall pay on demand to the Club or its order the amount of any premium tax or other tax levied on or in connection with the insurance or reinsurance provided by the Club to the Member for which the Club determines it or the Member has or may become liable, and shall indemnify and hold harmless the Club in respect of any loss, damage, liability, cost or expense which the Club may incur in respect of such premium tax or other tax.

CLASS 2
FREIGHT DEMURRAGE AND DEFENCE

1

These Rules are subject to the Memorandum and Articles of Association of the Steamship Mutual Underwriting Association (Europe) Limited, hereinafter referred to as the "Club".

2 Entry

i An Owner or Charterer who wishes to enter any Ship for insurance in the Club shall apply for such entry in such form and in such manner as the Managers may from time to time require.

ii An Owner or charterer who so applies for insurance or negotiates any changes to or renewal thereof shall make to the Club a fair presentation of the risk in compliance with Part 2 of the English Insurance Act 2015, including disclosure:

a of every material circumstance which the Owner knows or ought to know; or

b providing sufficient information to place the Club on notice of the need to make further enquiry for the purposes of revealing those circumstances; and

c in which every material representation as to a matter of fact is substantially correct, and every representation as to a matter of expectation or belief is made in good faith;

save that Section 8 of the Act shall have no application and Rule **2 v b** shall apply irrespective of whether any breach of the duty of fair presentation is innocent, deliberate or reckless.

iii Before any application for entry is accepted, the Managers shall agree in writing the terms and conditions that are to apply to the entry, including those concerning premiums, date of commencement and scope of cover and the other terms and conditions on which the ship is to be accepted.

iv The provisions of this Rule apply throughout the period of entry of the Ship in the Club and the Member shall immediately disclose to the Club any material change in any material particulars and information or any material alteration in the risk relating to such entry.

v a If the Managers determine that the nature of the risk has materially changed since the ship was entered; or

b If the Member fails to comply with the obligations under sub-paragraphs ii or iv of this Rule,

the Managers shall be entitled, without prejudice to any other right or remedy of the Club, in their absolute discretion by notice in writing to:

(i) terminate the entry of such ship or Member from the commencement of the Policy Year or such later date as they may decide, or

(ii) amend or vary the terms of such entry as they think fit.

vi Notwithstanding that a ship is not owned by or demise chartered to a Member, it may be entered in this Class prior to or on or after the date of:

a a contract to construct; or

b a contract to purchase;

the ship, or the novation or assignment of such a contract:

save that:

(i) Where a ship is entered after a contract to construct or purchase is entered into, there shall be no cover in respect of claims, disputes or events and matters arising prior to entry; and

(ii) If that ship is not delivered to the Member, the Member shall pay such further premium and cover shall be subject to such terms as the Managers in their absolute discretion shall require.

A copy of such contract must accompany the application for such entry.

vii Where a chartered ship is entered, that entry shall:

a commence on the earlier of the date that the chartered vessel is delivered into the charter in the case of open covers or the date of entry and

b cease on the date of completion of performance under that charter.

viii Where:

a the existence of a contract or a charter is in dispute; or

b delivery of a chartered vessel does not take place;

the Managers may agree to provide cover on such terms in their absolute discretion as they shall require.

ix The Managers shall be at liberty, without giving any reason, to refuse any application for entry or for renewal of entry of a ship in this Class from any Member whether or not that Member is already a Member of the Club.

x To the extent that these Rules and any Certificate of Entry or other policy document issued hereunder are subject to the English Insurance Act 2015, from its entry into force, the following Sections of the Act shall be excluded and have no application save to the extent provided in the case of Section 13A with the effects as set out in sub-paragraphs a-e below:

Excluded provisions – Effect

a Section 10 – All warranties must be strictly complied with and in the event of breach, the Club's liability is discharged from the date of such breach irrespective of whether such breach is subsequently remedied.

b Section 11 – The Club shall be entitled to exercise any rights provided in these Rules arising in consequence of the Member's non-compliance with the applicable terms of entry and the Rules tending to reduce the risk of loss of a particular kind, or at a particular location or time. The Club shall be so entitled notwithstanding that such non-compliance could not have increased the risk for the loss which actually occurred in the circumstances in which it occurred.

c Section 13 – In the event that a fraudulent claim is made by any party insured hereunder the Club shall be entitled to terminate the policy in respect of all parties insured pursuant to that entry or any of them as the Managers so decide in their absolute discretion.

d Section 13A – No claim shall be brought against the Club for breach of the implied term that the Club will pay to the Member any sums due in respect of a claim within a reasonable time save where or to the extent that any breach is deliberate or reckless.

e Section 14 – The contract evidenced by these Rules and the Certificate of Entry requires the Member and the Club to observe the duty of utmost good faith and non-observance by one party shall entitle the other to avoid the policy.

3 Contributions

i Unless entered as a fixed premium entry or upon special terms which otherwise provide, the Members or persons who have entered ships for insurance, shall severally and not jointly mutually insure each other as hereinafter set out against costs and expenses which they or any of them may become liable to pay or may incur in respect of any entered ship, and for this purpose each such Member or person shall contribute to the funds or other obligations of the Club as required:

a to meet all such costs, expenses and other outgoings (whether incurred, accrued or anticipated) as the Board of Directors shall determine necessary and properly fall on the Club;

b to establish, maintain and accumulate such reserve or reserves as the Directors may deem necessary, expedient or prudent;

c without prejudice to the generality of paragraph b above, to accumulate such funds as may be necessary to establish and maintain any solvency margin, guarantee fund or other fund as may be required of the Club by any governmental or other legislation or regulation.

ii Such contributions to the funds of the Club shall be levied upon and paid by the Members as Mutual Premium and Additional Premium in accordance with the provisions of Rules **4** and **5**.

4 Basis of Contribution

i Before the commencement of a Policy Year the Directors shall determine whether there shall be a general increase in the premium rating of all Members and if so its amount.

ii At the beginning of each Policy Year the Managers shall, unless the entry has been accepted upon special terms which otherwise provide, agree the Premium at such rate in respect of the relevant ship or fleet to be paid by a Member taking into account any general increase determined by the Directors and all other matters which the Managers may consider relevant.

iii Such Premium shall be levied on and paid by the Member during the relevant period provided for in the policy and in such subsequent periods and in such instalments as the Directors may from time to time determine.

iv A ship entered in the course of a Policy Year shall pay a daily pro rata proportion of the mutual premium to the beginning of the next Policy Year.

v In the event of a Member making default in payment of any contribution due from it to the Club, the same shall (subject to the provisions as to any entries on special terms) be paid by such other Members entered rateably in proportion to the contributions last due from them respectively and payment may be enforced by the Club. Each Member who may for the time being be entitled to receive from the Club any payment in respect of any cost or expense, shall bear and contribute to the proportion thereof due in respect of any ship or ships entered by it, including the ship in respect of which the cost or expense arises.

5 Additional Premium

At any time or times during or after the end of each Policy Year (but not after such Policy Year has been closed) the Directors may decide to levy from the Members who have or have had ships entered for insurance in respect of that year, unless the entry has been accepted as a fixed premium entry or on special terms which otherwise provide, one or more Additional Premiums. Such Additional Premium or Premiums shall be paid by each Member, at such time or times and at such rate or at such percentage of the Premium already paid as the Directors may decide.

6 Nature of Cover

i Entry in this Class provides cover in accordance with and on the terms and conditions set out in these Rules and the Member's Certificate of Entry:

a In respect of the costs and assistance in Rule **7**;

b Consequent upon events occurring during the period (s) in Rule **8**; and

c In respect of the categories of dispute in Rule **9**;

in connection with the chartering, trading and/or operation of the entered ship by or on behalf of the Member, or contracts for, or ancillary to, its construction, modification, refit, repair, purchase, sale or mortgage to which the Member is a party.

ii The cover set out in these Rules may be excluded, limited, modified or otherwise altered by any special terms which have been agreed in writing between a Member and the Managers, including insuring the Member against risks other than those set out in these Rules, save that these Rules shall apply to the extent not inconsistent with any such special terms.

7 Extent of Cover

Subject to the terms and conditions of these Rules and the Certificate of Entry the costs and expenses recoverable and assistance to which the Member may be entitled in respect of claims, disputes or events falling within the categories set out in Rule **9** are:

i a The costs of obtaining advice as to and/or investigating the merits; and/or

b The costs of prosecuting, defending or resolving such claims whether by legal proceedings, arbitration or alternative dispute resolution, including the costs for which the Member may become liable to pay other parties, including interest thereon, and/or

c Advice from the Managers;

save that there shall be no recovery in respect of the internal costs of, or disbursements incurred by, the Member, including in respect of its employees, save to the extent that those costs would have been recoverable had the Member been entitled to recover costs from another party or the Managers in their absolute discretion otherwise agree.

ii The costs of representation of the Member at any enquiry, investigation or tribunal in relation to the entered ship at which the Member's presence is compellable by law or where, in their sole discretion, such representation is considered necessary and appropriate by the Managers.

8 Period of Cover

i Cover under these Rules is for claims or disputes arising out of events occurring during the period of entry, and in respect of the entered ship.

ii Claims shall be deemed to arise:

a If arising out of contract or in tort or under statute when the cause of action accrues save that claims arising out of, or in connection with, contracts for the construction, modification, refit, repair, sale or purchase of a ship shall be deemed to arise when the contract is made.

b If consequent on salvage or towage, whether contractual or otherwise, at the date when any contract was made or when the services commenced.

9 Scope of Cover

The categories of claims, disputes or events and matters for which cover may be available save insofar as excluded by Rule **10** are those in respect of:

i Freight, deadfreight, hire, despatch, demurrage or other remuneration earned or to be earned from the employment or use of the ship or a part thereof arising under a charterparty, contract of affreightment, bill of lading, waybill or other similar contract in respect of, or by way of quantum meruit or other compensation for, such employment or use.

Save that where a dispute arises under a contract of affreightment such cover shall only be available if a vessel has been nominated in writing to perform thereunder, unless the Managers in their absolute discretion shall otherwise agree.

ii Detention and/or loss of use of and delay to the entered ship.

iii Formation, breach, non-performance of or the existence or exercise of any right under any charterparty, contract of affreightment, Bill of Lading, waybill or other contract relating to the employment whether current or future, or operation of the entered ship or of any duty or obligation arising in connection with such employment or operation.

iv General and/or particular average contributions or charges.

v Loss of or damage to the entered ship.

vi Improper loading, lightering, stowage, trimming or discharge of cargo.

vii Supplies of fuel, lubricants, materials, equipment or other necessaries to the entered ship.

viii Amounts due to or from underwriters, excluding the Club, in respect of marine insurance of the entered ship.

ix Salvage, towage and pilotage by or to the entered ship unless a tug, supply boat or salvage vessel save with the agreement in writing of the Managers.

x Overcharges in accounts in respect of the supply of goods or services to the entered ship.

xi The construction, modification, refit, repair, purchase, sale or mortgage of the entered ship or its equipment or outfit, including guarantees or other securities in respect of the same, save that containers or any other equipment for the transportation and stowage of cargo capable of removal from and transfer between ships are excluded.

xii Passengers under a passenger contract, their personal representatives or dependents.

xiii Persons, other than passengers travelling pursuant to a passage contract, on board or about the entered ship excluding disputes in respect of Masters, Officers and crew under or in connection with their contract of employment or collective agreement.

xiv Representation of Members at Coroners' inquests or official investigations or enquiries of whatsoever nature in relation to an entered ship.

xv The entered ship's classification.

xvi Claims by port authorities, terminals or ship's agents in connection with an entered ship.

xvii Any action of whatsoever nature against an entered ship by any governmental or public body, including revenue or customs or its agents other than those of its port of registry or the Member's domicile or permanent place(s) of business.

xviii Any other matters whatsoever which in the opinion of the Directors should be covered.

Note: The Club will not normally undertake cases which concern a substantial body of shipowners rather than an individual Member unless all or the majority are entered in the Class; nor cases which should properly be the subject of diplomatic action or action by national or international bodies.

10 Excluded Claims and Risks

Claims or disputes in respect of the following are excluded from cover:

i Against any other party where in the opinion of the Managers there are no reasonable prospects of recovery.

ii Against the Member which are admitted or where in the opinion of the Managers there are no reasonable prospects of successfully disputing liability or, if liability is admitted, quantum.

iii Which arise in respect of a contract which in the opinion of the Directors it was imprudent of the Member to enter into.

iv Which are consequent on the Member's wilful or reckless breach of contract, statute or regulation or wilful or reckless commission of a tortious act, or omission, or breach of duty.

v Which arise out of the insolvency of the Member.

vi Which arise out of fraud by the Member's Directors, employees, servants, agents or representatives.

vii Costs incurred in respect of criminal proceedings, save to the extent that the Directors in their absolute discretion otherwise determine.

viii Where the claim, liability or participation is in a capacity other than as shipowner or charterer.

ix By the Member against any party or by such a party against the Member whether entered as a joint Member or an Affiliate or not, in the same management or common beneficial ownership whether in whole or in part, as the Member.

x Between, the Member and the Club, its subsidiaries, its Directors, its Managers, or any officers, employees, agents, representatives or servants of any of them.

xi Against which the Member would be insured if the ship was fully insured:

a For P&I risks under Class 1 or the Charterers' Terms, including Time Charterers' liability for bunkers, and recovery is not barred by the conduct of the Member or the Directors' exercise a discretion not to cover the claim; and

b For Hull risks or Charterers' liability for damage to hull under

(i) Lloyd's Marine Policy MAR Form 1/1/82 with Institute Time Clauses 1/10/83 attached; or

(ii) Clause 22 i of the Charterers Terms; and

c For War Risks under the Institute Time War and Strikes Clauses Hulls – Time 1/10/83 and the Institute Protection and Indemnity War and Strikes Clauses Hulls – Time 20/2/87;

or equivalent policies on terms no less favourable to insureds.

Save in the case of **b** and **c** for claims or disputes under such policies in respect of deductibles not exceeding 2 per cent of the ship's insured value.

xii Liner conferences or consortia.

xiii Legislative regulation of competition, mergers and/or restrictive practices.

xiv Hotel, entertainment, leisure or retail facilities on board an entered ship, other than claims by passengers under passage contracts.

xv Ship Management contracts unless otherwise agreed by the Managers in their absolute discretion and on such terms as they require.

xvi Arising out of the ownership or operation by the Member of road vehicles.

11 Basis for Support

i The Directors shall have sole and entire discretion as to:

a The cases that may be supported by the Club.

b The conduct of such cases;

c The period for which such cases may be supported;

d The extent of such support;

e The withdrawal of such support;

f The costs and expenses that may be incurred or reimbursed by the Club whether in respect of the Member or third parties; and

g Where cases involve insurance by the Club under both the Member's P&I, and Defence cover and/or insurance by third parties or uninsured matters the apportionment of costs and expenses to each of such covers or otherwise; and

shall be entitled to:

(i) impose such terms or conditions whatsoever on the Club's support as they may determine; and

(ii) at any time review, change the terms of and/or cease such support.

The Directors will not ordinarily exercise their discretion in favour of reimbursement of costs and expenses incurred without the Managers' prior approval unless they determine that it was not reasonably practical to seek that approval before such costs and expenses were incurred.

ii Without prejudice to the extent of their discretion the Directors shall be entitled to:

a Have regard to:

(i) Whether the amount of costs likely to be incurred would be proportionate to the potential benefit to the Member;

(ii) The extent to which the conduct of the Member has contributed to the circumstances giving rise to the request for support;

(iii) The prospects in their sole determination of successfully establishing or avoiding liability and/or recovery; and

(iv) The interests of the membership of the Class as a whole.

b Limit the extent of support in respect of particular categories of dispute.

c Pay such compensation as they may determine to the Member for losses incurred acting in compliance with the Club's directions under Rule **15 iv** where the latter are given for the purpose of testing the legality of action against the Member or the Entered Ship.

iii The Directors shall be entitled to delegate the exercise of their discretion or their powers under this Rule **11 i** and **ii**, or any part of them, to the Managers on such terms as they see fit.

iv In the event of such delegation pursuant to Rule **11 iii** the Member shall:

a Not be entitled to enquire as to extent or terms of such delegation; and

b Be entitled to rely on any action taken by the Managers said to be pursuant to such delegation without further enquiry.

12 Pay to be paid

If any Member shall become entitled to recover any costs or expenses in accordance with these Rules, unless the Directors in the exercise of their absolute discretion 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 such 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.

In no case whatsoever shall interest be paid on sums due from the Club.

13 Limitation of Liability

i Save to the extent otherwise limited in:

a the Certificate or terms of entry; and/or

b the terms on which the Club agrees to support the Member,

the liability of the Club under this Class shall be limited in aggregate to US$10 million in respect of all claims and disputes arising out of any one event or occurrence, save for claims and disputes in respect of construction, modification, refit, repair, purchase, sale or mortgage of a ship or any guarantee ancillary thereto which shall be limited to US$2 million.

Where a series of events occur which are temporally and/or geographically proximate the Directors may in their absolute discretion determine such events and costs and expenses arising out of them shall be deemed consequent upon, a single occurrence for the purposes of this Rule.

ii In no circumstances shall the Club be liable for:

a costs awarded in consequence of the Member's misconduct; and/or

b third party litigation funding costs to the extent that these exceed the quantum of costs that would be recoverable on assessment on the standard basis in English proceedings or arbitration, or the equivalent in foreign proceedings.

14 Claims Handling

Notification

i Every Member shall give notification in writing directly to the Managers as soon as it or its agents is/are, or ought reasonably to be aware, of any claim, dispute or other event for which support may be available under these Rules.

ii Without prejudice to the Members' obligations under sub-paragraph i above the Club shall be under no liability whatsoever in respect of any costs or expenses arising out of any claim, dispute or other event which has been notified to it later than 12 months after the Member or its agents is/are or ought reasonably to be aware of such claim, dispute or other event.

15 Conduct

The Club shall have the right but not the obligation to:

i Investigate and/or conduct any matter;

ii Initiate or defend any proceedings of whatsoever nature against any parties and in such forum or jurisdiction and at such time as the Managers may determine;

iii Appoint any person whether on the Member's or its own behalf;

iv Direct whatever action as the Managers may determine shall be taken, including alternative dispute resolution, compromise and/or discontinuance on such terms as they see fit;

on behalf of the Member in respect of any claim or dispute, the costs and expenses of which are or may be insured under these Rules.

16 Members' Obligations

i The Member shall be under a continuing obligation promptly to:

a Take all reasonable steps to avert or mitigate any claim, loss, costs and/or expenses which are or may be insured under these Rules.

b Co-operate fully with the Managers and comply with their directions.

c Advise the Managers of any material development or change of circumstance.

d Advise the Managers of the existence of, and take all reasonable steps to preserve whether requested or not, all rights of recourse of which it is or becomes aware against third parties.

e Provide the Managers or their agents with all information and disclose all documents, irrespective of whether subject to legal privilege, which are in, or come into, its or its agents' possession or control which are, or may be relevant, to the claim or dispute, permit inspection and/or copying of the same and authorise its agents to do so.

f Make available its employees and third parties where within its control or otherwise use its best endeavours to obtain the co-operation of such persons as are requested by the Managers, to provide information, be interviewed, provide statements and/or give evidence.

g Permit the inspection of the entered ship and any other evidence.

h Take all reasonable steps to collect, preserve and produce all relevant evidence of whatsoever nature.

i Advise the Managers of any fee arrangement or other circumstance of which the Member is or becomes aware which may affect the recoverability of or liability for legal costs or the amount recoverable or for which the Member may be liable.

ii The Member shall not without the prior written consent of the Club and complying with the terms of such consent:

a abandon, withdraw, discontinue, admit, settle or compromise, or submit to judgment or order whether on liability or quantum in respect of, any claim, defence or proceedings;

or

b otherwise take any action whereby the recovery of costs may be prejudiced;

in respect of any dispute where it is supported by the Club or such support may be sought.

17 Cost Recoveries

Where the Club has funded or incurred liability to fund costs incurred by, or on behalf of, the Member and/or the Member's liability to pay costs to another party:

i the Member shall account to the Club forthwith in respect of all costs including interest on such costs recovered from or paid on behalf of any other party to the dispute to which the Club's funding relates save to the extent that such recoveries exceed the amounts which the Club has funded or incurred liability to fund including liability to pay costs or interest on costs to any other party.

ii the Club shall be subrogated to all rights whatsoever of the Member to recover such costs from any other party and have a lien or charge over such recoveries and/or rights to recover to the extent of:

a the costs incurred;

b its liability to pay costs;

c interest on costs paid; and

d the costs of exercising its rights.

iii the Member irrevocably authorises the Club to pursue and enforce its rights of subrogation and to commence proceedings in the Member's name.

iv where a claim or counterclaim has been admitted or established but the amount recovered is less than the amount of the admitted or established liability, unless the Directors in their discretion otherwise determine, the sum recovered shall be apportioned rateably between the amounts of:

a the claim and

b costs which in the opinion of the Directors would otherwise have been recoverable.

v where a claim is proposed to be settled or compromised the Club shall be entitled as a condition of its consent to require the inclusion of such terms as to the payment and recovery of costs as the Managers in their discretion may require.

vi In the event of breach of Rule **16** the Member shall pay within 14 days such sum as the Directors in their discretion require to indemnify the Club in respect of the costs or liabilities to pay costs that it has incurred or may incur interest and any costs incurred in enforcing its rights of recovery hereunder.

18 Instruction of Professionals

i Unless impracticable due to urgency, in which event the Club should be notified as soon as reasonably possible thereafter, no professional being a third party provider of services of whatsoever nature, including but not limited to lawyers, surveyors and/or experts shall be instructed by the Member for any purpose whatsoever in respect of any matter for which cover may be available under these Rules without prior notice to the Managers requesting their approval of such instructions and their terms. Where it is proposed to instruct any professional other than on the basis of their fees being calculated on a time basis, such terms shall be advised to the Managers when approval is sought. In the event of such approval not being given the Managers shall be entitled to require the Member to instruct other professionals of the Club's choosing and on such terms as it requires.

ii The Managers may at any time in their absolute discretion and without giving reasons direct the Member to terminate the retainer of any professional instructed by it in which event the Managers will have the same rights under this Rule as if no such retainer had been entered into.

iii Whilst instructed on behalf of the Member, all professionals' retainers shall require them throughout the currency of such retainer regularly and promptly to:

a Report to the Managers;

b Provide the Managers with copies of all advices, correspondence, other documentation and other material generated by such retainer coming into their possession;

c Seek and act on the Managers' instructions;

in respect of the matter on which they have been instructed as if the Club was their principal save that in the event that they receive instructions from the Member which conflict with the obligations set out above they shall notify the Managers forthwith.

The Managers shall be entitled to copies of their retainer and any fee arrangements and shall be notified in advance of any proposed changes.

iv Any advice or recommendation given by a person instructed on the Member's behalf shall not bind the Club or affect its rights.

19 Non-compliance

In the event that the Member:

i Fails to comply with:

a Any of its obligations under Rules **16**, **17** and **18**, including any directions given by the Managers thereunder;

b Any terms or conditions to which the Club's support has been made subject; or

ii Intentionally or negligently withholds or misrepresents any information, documents or evidence which is, or may be, relevant to the Club's support in its possession or control or knowingly causes or permits another party to do so; or

iii Commits any act or omission which, in the opinion of the Managers, results or may result in the costs incurred by, or the liability for costs including to any other party, of the Club being unreasonably increased;

the Directors shall be empowered in their absolute discretion to:

a Withdraw the Club's support from such date as they determine including prior to the date of such non-compliance;

b Decline to reimburse the Member for any costs and expenses whether incurred before or after the date of their decision, in whole or in part;

c Require the Member to repay forthwith the costs borne or reimbursed by the Club or any part of them including paid to third parties;

d Terminate the entry of the ship and/or any other ships entered by the same Member from a time and date specified by notice in writing to the Member.

20 Security for costs

The Club shall be under no obligation to provide security for costs on behalf of any Member irrespective of whether the Club is otherwise supporting the Member under the terms of this Class.

When the Club does provide security for costs:

i The provision of such security, its amount, form and the terms on which it is provided shall be in the Manager's absolute discretion and the Club shall be under no liability whatsoever for any losses howsoever arising in respect of non-provision, delay in providing or the terms of provision of security;

ii Having provided such security the Club shall be under no obligation, nor the Managers obliged to exercise their discretion, to provide additional security in respect of the same matter if demanded;

iii The Managers may at any time until such security is returned for cancellation:

a Require the Member forthwith to provide alternative security in substitution for that provided by the Club, if acceptable to the beneficiary, or place a cash deposit with the Club or provide such other form of security to the Club as the Managers may direct, equivalent to the amount of the Club's exposure under its security;

b Withhold all or any payments due from the Club to the Member under any Class up to the amount of the Club's exposure as a security deposit until its liability under its security has been determined.

iv Insofar as the Club makes payment under or pursuant to its security and the amount of that payment or any part thereof would not have been payable by, or recoverable from, the Club but for its provision of such security, the Member shall to that extent forthwith indemnify the Club, including the costs of the provision of such security.

21 Double Insurance

If a Member is, apart from the insurance provided by this Class, insured in any manner whatsoever against any of the costs and expenses that would otherwise be recoverable from the Club under this Class, no contribution shall be made by the Club to such costs and expenses, on the basis of double insurance or otherwise, to the extent to which it is so insured.

22 Non-Payment of Sums due to the Club

No Member shall be entitled to insurance under this Class whilst any sum whatsoever remains due to the Club in respect of any insurance provided by it in any Class and unpaid.

23 Sanctions

i Where:

a The provision of insurance to a Member or any other entity insured under that Member's entry or of any ship or any voyage or carriage is or becomes prohibited, unlawful or sanctionable; or

b The ownership, management, operation, charter and/or employment of a ship may howsoever expose the Member entering such ship and/or the Club and/or any other Member of the Club to the risk of being or becoming subject to any sanction, prohibition or adverse action of whatsoever nature by any State or International Organisation;

the insurance by the Club of that Member or entity or ship or voyage or carriage shall cease from the date when such insurance or ownership, management, operation, charter and/or employment becomes prohibited, unlawful or sanctionable, or in the opinion of the Managers the risk thereof arises.

When the risk of any such sanction, prohibition or adverse action ceases, insurance by the Club may be reinstated on such terms and conditions and from such date and time as the Managers determine in their discretion.

ii No claims, liabilities, costs or expenses shall be paid or recoverable from the Club where such payment or recovery is prohibited or would constitute a sanctionable activity or in the opinion of the Managers may expose the Club to the risk of being or becoming subject to any sanction, prohibition or adverse action other than, where permitted, payment into a designated account in which event the Club's liability shall be discharged by and to the extent of such payment.

iii In the event of cesser of insurance of a Member or of a ship pursuant to this Rule provisos (iii) and (iv) to Rule **35** of the P&I Rules shall apply.

24 Incorporation of P&I Rules

In the case of Owner Members, Rules **2, 4, 5, 6 viii, 7i-iii, 8, 9, 13, 14, 15, 16, 19 ii-iv, vi, 20, 21, 23, 24, 26, 27, 29, 30, 32, 34, 35, 36, 37, 38, 40, 41, 44, 45, 46, 48** and **49** of Class 1; and

In the case of Charterer Members, Clauses **2, 4, 5, 7, 8, 9, 10, 11, 12, 13 iii, 14 i-iv, v, 15, 16, 18, 19, 24, 25, 27, 28, 30, 31, 32, 33, 34, 35, 36, 37, 40, 41, 43** and **44** of the Charterers' Terms

insofar as not inconsistent with the Rules of this Class shall be deemed to be incorporated in and form part of these Rules except that any reference in such Rules or Terms as incorporated to Protection and Indemnity shall be deemed to be a reference to the cover under the Rules of this Class.

CLAUSES RECOMMENDED BY THE ASSOCIATION

Voyage Liberty Clause

‘With liberty to sail without pilots, to proceed via any route, to proceed return to and stay at any ports whatsoever (including the loading port) in any order in or out of the route or in a contrary direction to or beyond the port of destination once or oftener for bunkering or loading or discharging cargo or embarking or disembarking passengers whether in connection with the present, a prior or subsequent voyage or any other purposes whatsoever, and to carry the within cargo into and then beyond the port of discharge named herein and to return to and discharge the said cargo at such port, to tow or to be towed, to make trial trips with or without notice, to adjust compasses, or to repair or drydock with or without cargo on board, all as part of the contract voyage.’

War Risks Deviation Clause

‘The ship shall have liberty to comply with any orders or directions as to departure, arrival, routes, ports of call, stoppages, destination, delivery or otherwise howsoever given by the government of the nation under whose flag the vessel sails or any department thereof, or any person acting or purporting to act with the authority of such government or of any department thereof, or by any committee or persons having, under the terms of the war risks insurance on the ship, the right to give such orders or directions and if by reason of and in compliance with any such orders or directions anything is done or is not done, the same shall not be deemed a deviation, and delivery in accordance with such orders or directions shall be a fulfilment of the contract voyage and the freight shall be payable accordingly.’

War Risk Clauses

Shipowners should continue to use the appropriate war risk clauses.

Passenger Tickets Extension of Protection to Carrier’s Servants and Agents (‘Himalaya’ clause)

‘By accepting or receiving this ticket each passenger agrees without prejudice to its other provisions and both on his or her behalf and on behalf of any person or child travelling with him or her or in his or her care that all rights, exemptions from liability, defences and immunities of whatsoever nature referred to in this ticket applicable to the company (which terms shall for the purpose of this clause include the shipowners, the line, charterers, managers, operators and the ship, as the case may be) shall in all respects enure also for the benefit of any servant or agent of the company acting in the course of or in connection with their employment so that in no circumstances shall any such servant or agent as the result of so acting be under any liability to any such passenger or to any such person or child greater than or different from that of the company. For the purposes of this agreement contained in this clause, the company is or shall be deemed to be acting on behalf of and for the benefit of all persons who are or may be its servants or agents from time to time and all such persons shall to this extent be or be deemed to be parties to the contract contained in or evidenced by this ticket.’

Bills of Lading Extension of Protection to Carrier's Servants and Agents ('Himalaya' Clause)	'Exemptions and immunities of all servants and agents of the carrier. It is hereby expressly agreed that no servant or agent of the carrier (including every independent contractor from time to time employed by the carrier) shall in any circumstances whatsoever be under any liability whatsoever to the shipper, consignee or owner of the goods or to any holder of this bill of lading for any loss, damage or delay of whatsoever kind arising or resulting directly or indirectly from any act, neglect or default on his part while acting in the course of or in connection with his employment and, but without prejudice to the generality of the foregoing provisions in this clause, every exemption, limitation, condition and liberty herein contained and every right, exemption from liability, defence and immunity of whatsoever nature applicable to the carrier or to which the carrier is entitled hereunder shall also be available and shall extend to protect every such servant or agent of the carrier acting as aforesaid and for the purpose of all the foregoing provisions of this clause the carrier is or shall be deemed to be acting as agent or trustee on behalf of and for the benefit of all persons who are or might be his servants or agents from time to time (including independent contractors as aforesaid) and all such persons shall to this extent be or be deemed to be parties to the contract in or evidenced by this bill of lading.' **Note:** *Where the Association has already approved a similar clause to the above, it will not be necessary for any alteration to be made. In all cases where owners enter into voyage or time charter parties it is recommended that in order to ensure that the above or similar clause is inserted in all bills of lading issued under the charter, the charter should contain an express provision setting out the clause recommended above and preceded by the words: 'all bills of lading issued under this charter party shall contain the following clause:'*
Strike Clause	'Ship not to be responsible for any loss, damage, or delay, directly or indirectly caused by, or arising from strikes, lock-outs, labour disturbances, trade disputes, or anything done in contemplation or furtherance thereof, whether the owners be parties thereto or not.'
General Deck Cargo Clause	'Carried on deck at shipper's risk without responsibility for loss or damage howsoever caused.'
Deck Cargo Clause Voyages to and from Ports in the USA Only	'Carried on deck at shipper's risk as to perils inherent in such carriage but in all other respects subject to the provisions of the United States Carriage of Goods by Sea Act, 1936.'
Both-to-Blame Collision Clause	'If the ship comes into collision with another ship as a result of the negligence of the other ship and any act, neglect or default of the master, mariner, pilot or the servant of the carrier in the navigation or in the management of the ship, the owners of the goods carried hereunder will indemnify the carrier against all loss or liability to the other or non-carrying ship or her owners in so far as such loss or liability represents loss of, or damage to, or any claim whatsoever of the owners of said goods, paid or payable by the other non-carrying ship or her owners to the owners of said goods and set off, recouped or recovered by the other or non-carrying ship or her owners as part of their claim against the carrying ship or carrier.

The foregoing provisions shall also apply where the owners, operators or those in charge of any ship or ships or objects other than, or in addition to, the colliding ships or objects are at fault in respect to a collision or contact.'

Charter Parties should contain a clause as follows:

'all bills of lading should include the New Jason Clause and Both-to-Blame Collision Clause.'

United States Trade in all bills of lading to or from USA ports the following clauses should be used:

Clause Paramount 'This bill of lading shall have effect subject to the provisions of the Carriage of Goods by Sea Act of the United States, approved 16 April 1936, which shall be deemed to be incorporated herein, and nothing herein contained shall be deemed a surrender by the carrier of any of its rights or immunities or an increase of any of its responsibilities or liabilities under said Act. The provisions stated in said Act shall 'except as may be otherwise specifically provided herein' govern before the goods are loaded on and after they are discharged from the ship and throughout the entire time the goods are in custody of the carrier. The carrier shall not be liable in any capacity whatsoever for any delay, non-delivery or mis-delivery, or loss of or damage to the goods occurring while the goods are not in the actual custody of the carrier.'

New Jason Clause General average to be payable according to York-Antwerp Rules, 1994, but where the adjustment is made in accordance with the law and practice of the United States of America, the following clause shall apply:

'In the case of accident, danger, damage or disaster, before or after commencement of the voyage, resulting from any cause whatsoever whether due to negligence or not, for which, or for the consequence of which the shipowner is not responsible by statute, contract or otherwise, the goods, shippers, consignees or owners of the goods shall contribute with the carrier in general average to the payment of any sacrifices, losses or expenses of a general average nature that may be made or incurred and shall pay salvage and special charges incurred in respect of the goods. If a salving ship is owned or operated by the carrier, salvage shall be paid for as fully as if the said salving ship or ships belonged to strangers. Such deposit as the carrier or his agents may deem sufficient to cover the estimated contribution of the goods and any salvage and special charges thereon shall, if required, be made by the goods, shippers, consignees or owners of the goods before delivery.'

Canadian Trade In all bills of lading to and/or from Canadian ports the following clause should be used:

Clause Paramount

‘The terms, provisions and conditions of the Rules (“Hague-Visby Rules”) as set out in Schedule 3 to Chapter 6 Part 5 – “Liability for Carriage of Goods by Water” of the Marine Liability Act, 2001 as amended, are to govern the contract contained in this bill of lading and the shipowners are to be entitled to the benefit of all privileges, rights and immunities contained in the provisions of Schedule 3 to the above Act as if the same were herein specifically set out. If anything herein contained be inconsistent with the said provisions, it shall to the extent of such inconsistency and no further be null and void. The carrier shall be under no responsibility whatsoever for loss of or damage to the goods howsoever and wheresoever occurring when such loss or damage arises prior to the loading and/or subsequent to the discharge from the carrier’s ship.’

Nuclear Cargo Exclusion Clause

‘Notwithstanding any other provision contained in this charter, it is agreed that “nuclear matter” as defined under the United Kingdom Nuclear Installation (Excepted Matter) Regulations 1978 is specifically excluded from the cargo permitted to be loaded or carried under this charterparty. This exclusion does not apply to “excepted matter” as defined in or prescribed under the United Kingdom Nuclear Installation (Excepted Matter) Regulations 1978, provided owners’ approval has been obtained to the loading thereof.’

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