Steamship Mutual Underwriting Association Limited

Charterers' Cover 2026/2027

STEAMSHIP MUTUAL UNDERWRITING ASSOCIATION LIMITED
Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority
(Registered in England and Wales - Registration number 105461.
PRA and FCA registration number 202548)

MANAGERS: STEAMSHIP P&I MANAGEMENT LLP
SPIM is an appointed representative of Steamship Insurance Management Services Limited which is authorised and regulated by the Financial Conduct Authority
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STEAMSHIP MUTUAL

UNDERWRITING ASSOCIATION LIMITED

CLAUSES FOR CHARTERERS' TERMS OF ENTRY PROTECTION AND INDEMNITY

DAMAGE TO HULL

TIME CHARTERERS' BUNKERS

1 These Clauses apply to entry in Steamship Mutual Underwriting Association Limited of any Member, (as defined in Clause **2** below), for Charterers' liability cover.

2 Definitions In these Clauses 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 or a Member enters into a contract of carriage, but excluding containers or other equipment owned or leased by the Member or any other party in common or associated ownership or management;

Charterer means any charterer of a ship or any part of its passenger or cargo carrying capacity other than by way of demise;

Club References in these Clauses to the "Club" shall be treated as references to the Steamship Mutual Underwriting Association Limited, save that references to the Club in Clause 42 shall be treated as references to Steamship Mutual Underwriting Association Limited, the Managers as defined below, Steamship Mutual Underwriting Association (Europe) 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;

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;

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;
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;
Managers	means Steamship P&I Management LLP, the appointed Managers of the Club and their London service company, Steamship Insurance Management Services Limited;
Member	means every Charterer of a ship or part of a ship or its passenger or cargo carrying capacity entered by it in the Club, or any person or entity who effects an entry for insurance in the Club, under these Clauses;
Open Cover	means a cover whereby the Member may declare entries of chartered ships from time to time during the period of such cover in accordance with its terms;
Owner	means an owner, owners in partnership, owners holding separate shares in severalty, part owner, mortgagee, trustee, operator, manager of a ship, or any Charterer of a ship other than the Member or any party to whom the Member has sub-chartered the ship or whose interest as Charterer derives from such a party;
Passenger	means any person carried on 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;
Seaman	means any person, including the Master and apprentices, employed under the terms of a crew agreement or other contract of service or employment to serve on board an Entered Ship;
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; (b) a fixed platform or fixed rig, and (c) a wing-in ground craft) 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 Clauses and any Certificate of Entry for that Member.

ii The risks against which a Member may be insured by entry in the Club are set out in Clauses **21-22** and are always subject to the conditions, exceptions, limitations and other terms set out in the remainder of these Clauses and any Certificate of Entry for that Member.

iii The cover set out in these Clauses 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 be insured against risks other than those set out in Clauses **21-22** or in respect of liabilities arising in a capacity other than as Charterer 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 Clauses.

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 employment of the Ship by or on behalf of the Member;

and otherwise only as provided pursuant to Clause **21 xiii d** in respect of cargo liabilities when a Member is entered for such cover;

Provided also that the Managers may agree, on such terms as they require, to cover liabilities incurred by the Member in respect of cargo arising out of events occurring prior to shipment on board or after discharge from the entered vessel, when such liability is incurred consequent upon the Member's performance of a relevant contract of carriage; and

(i) occurs:

(a) during periods between receipt of cargo and shipment and/or after discharge of cargo where such periods do not exceed ten days or such other period as may be agreed by the Managers in writing; and

(b) within the port of shipment or delivery; and

(c) there is no other contract between the Member and any other party relating to the storage and/or custody of the cargo during that period; or

(ii) in respect of a claim under Clause **21 xiii c**.

vi A Member who has entered a Ship in the Club for insurance against any of the aforesaid risks shall pay premium to the Club in accordance with Clause **10**.

4 Part Entries and Open Covers

The Managers may:

i Accept entries of vessels by Charterers, including Charterers of part of a ship or its passenger or cargo-carrying capacity;

ii Agree open covers whereby the Member may declare entries of chartered vessels from time to time during the period of such cover, but subject always to the Managers' right to decline the entry of a vessel so declared in their absolute discretion;

on such terms and conditions as the Managers may determine, including cover for any risks excluded under these Clauses.

5 Directors

i The business of the Club shall be managed by the Board of Directors.

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 Clauses, such power may, subject to any terms, conditions or restrictions contained in these Clauses, 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 A 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 A 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 Clause **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 Clause 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 Clause,

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 Charterer whether or not that Charterer is already a Member of the Club.

vii A notice or other document required to be served on a Member under these Clauses 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 or, in the case of open covers, endorse the name of the entered vessel on the 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 Clauses 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 such date irrespective of whether such breach is subsequently remedied.

b Section 11 - The Club shall be entitled to exercise any rights provided in these Clauses arising in consequence of the Member's non-compliance with the applicable terms of entry and the Charterers'

Clauses 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 Clauses 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 Charterer 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 these Clauses.

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 Clauses 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 Clauses 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 these Clauses including, without limitation, the provisions of Clause 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 Charterers and which are within the scope of the cover provided under the terms, conditions and exceptions provided by these Clauses 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 Clauses 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 Clauses and by the Certificate of Entry be made or enforced through an associated or affiliated person (other than a Joint Member or Assured in relation to the 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 the 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 a 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 Clauses 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 Clauses 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 or expenses arising out of any claim, dispute or difference between 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 Clauses 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 Calculation and payment of premium

i. The Managers shall in their absolute discretion be entitled to fix the amount of premium and the terms on which it is to be paid. Unless otherwise agreed, the whole of the agreed premium shall fall due on the date on which the entry incepts or, in the case of open covers, for each vessel on the date on which it is declared, notwithstanding any agreement whereby the Club agrees to payment on deferred terms.

ii. Where the Managers have agreed an open cover pursuant to Clause **4 ii**:

(a) The Member shall promptly submit a declaration of each chartered vessel prior to that vessel being delivered into charter, or at such other time as may be agreed by the Managers;

(b) The Member shall in addition within 12 months from the end of the policy period, or such other period as may be agreed, make a final declaration of all vessels required to be declared under its open cover during the policy period, including all information that it is agreed shall be provided to the Managers in respect of that open cover;

(c) The Member warrants the accuracy of the declarations and information so provided;

(d) If by reason of the declarations or the information provided or the discovery of inaccuracy in those declarations or information the Managers are of the opinion that the premium should be adjusted they shall be entitled to charge such additional premium as they may determine in their absolute discretion is appropriate;

(e) Any such additional premium shall be paid within 30 days of the Member being advised of such adjustment;

(f) The Managers shall be entitled to make adjustments at any time from the inception of the policy period until the expiry of 12 months from receipt of the Member's final declaration in accordance with Clause **10 ii (b)** and on each occasion that the requirements of Clause **10 ii (d)** are satisfied.

iii Payment of all premium due shall be a condition precedent to the Club's liability to indemnify the Member.

11 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 cover and continue from that date, (the "Commencement Date"), in the Policy Year to the anniversary of that date in the following Policy Year ("the Anniversary Date") unless it is agreed that the initial period of entry shall expire on the following 20th February in which event that date, or such other date as may be agreed, shall become the Anniversary Date thereafter.

ii Save where the Club has exercised any right to terminate an entry as otherwise provided in these terms, the cover shall continue for 12 months from each Anniversary Date 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 Anniversary Date, that the insurance specified in the notice is to cease, in either of which events the insurance shall cease on the Anniversary Date save that in the case of an open cover, where a vessel is declared prior to that anniversary date, the Managers may, in their absolute discretion, agree that that cover shall continue for such period beyond that date as they may determine; or

b The Managers shall have given notice at any time before noon GMT on the Anniversary Date that the terms of insurance by the Club for the next policy year relating to premium and/or deductibles are to be changed, in which event, unless terms are agreed between the Member and the Managers before noon GMT on the Anniversary Date immediately following such notice, the insurance thereupon shall cease

c the Entered Ship is redelivered by the Member to the Owner during the course of a Policy Year in which event cover shall cease in respect of that ship on the date of redelivery or such other date as is agreed by the Managers in writing; or

d notice shall have been given by the Managers in writing to terminate:

(i) the entry of a ship, including a ship declared under an open cover; or

(ii) an open cover;

in which event cover shall cease on the time and date specified in the Managers' notice but not earlier than seven days from 24.00 hours GMT on the day on which notice is given.

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 Managers.

12 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 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.

13 Recovery

If any Member shall become liable in damages or otherwise or shall incur any liabilities, costs or expenses as hereinafter set out in Clauses **21-22**, 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 Clauses 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 unless otherwise agreed by the Managers in writing, any liability costs or expenses incurred by the Club in respect of an Entered Ship arising from any one accident or occurrence, including any claim in respect of liability for the removal or non-removal of any wreck, shall be treated for the purposes of these Clauses as if they were one claim;

iii 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;

iv 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.

v in no case whatsoever shall interest be paid on sums due from the Club;

vi the liability of the Club shall be limited to such amount as appears in the Certificate of Entry or, in the absence of any such amount,

US$10million, in aggregate, in respect of all liabilities insured under these Charterers' Clauses (including, for the avoidance of doubt, Clause **16**) arising out of any one accident or occurrence. Save that the liability of the Club in respect of risks insured under Clauses **21** and **22** in respect of Cyber Risks to the extent not excluded in accordance with Clause **16 d ii** shall be limited to the amount stated in Clause **16 d (ii) (c)**.

Save also that when the Member is entitled under Clause **21** to recover in respect of damage to, or loss of cargo or other property owned by it, as if such cargo or property was owned by a third party, and when,

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

b 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.

Provided always that 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 charge additional premium or limit its liability in respect thereto.

14. 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:

Specialist Operations **i** 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, the deployment, operation and recovery of pneumatic barriers, 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 Clause or the terms of entry agreed.

Drilling Operations **ii** 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 **iii** 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 **iv** liabilities, costs and expenses arising out of salvage operations (including for the purpose of this Clause, 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 **v** 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 **vi** 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.

15 Nuclear and Bio-Chemical Risks

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:

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

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

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

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

Provided always that:

the exclusion in this sub-Clause 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.

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.

v any chemical, biological, bio-chemical or electromagnetic weapon.

16 War and Cyber Risks

i When the incident in respect of which a Member's liabilities, costs and expenses arise, was caused or contributed to (irrespective of whether a contributing cause was any neglect on the part of the Member or any parties for which the Member is liable) 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, (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);

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, including 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;

d a Cyber Risk as described at sub-clause ii d (ii) (a);

the Member's right of recovery from the Club under Clause 21 and, if entered for Damage to Hull risks, Clause 22, in respect of such liabilities, costs and expenses, shall be subject to the terms and conditions of Clause 16 ii, and in respect of the Damage to Hull risks Clauses 16 ii and iii, below and recoverable only to the extent therein provided.

ii Cover under this Clause 16 ii:

a May be cancelled on 72 hours' notice, given by the Managers, notice of cancellation being effective from 24.00 hours GMT on the day notice is given;

Subject to the agreement of the Managers, in their absolute discretion, to reinstate cover prior to expiry of such notice of cancellation 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 this sub-Clause.

Where such exclusion is made, the Managers:

(i) shall notify the Members having insurance under this sub-Clause and as from 24.00 hours GMT on the third 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 Clauses,

(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) (a) Subject only to paragraph (c) below, liabilities, costs and expenses directly or indirectly caused or contributed to by or arising from the use or operation, as a means for inflicting harm, of any computer, computer system, computer software programme, malicious code, computer virus, computer process or any other electronic system.

(b) This exclusion shall not operate to exclude liabilities, costs and expenses which would otherwise be recoverable hereunder (but only to the extent that the Member is insured in respect of such liabilities, costs and expenses under any other Clause or the terms of entry agreed) arising from:

(i) the use or operation of any computer, computer system, computer software programme, computer process or any other electronic system, if such use or operation is not as a means for inflicting harm.

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

(c) This exclusion shall not operate to exclude liabilities, costs and expenses which would otherwise be recoverable hereunder (but only to the extent that the Member is insured in respect of such liabilities, costs and expenses under any other Clause or the terms of entry agreed) not exceeding US$3 million in total any one accident or occurrence.

e Shall be conditional upon:

(i) the relevant charterparty permitting the Owner to refuse orders to send the ship to any geographical location that is dangerous by reason of war risks; and

(ii) no express indemnity having been given by the Member to the Owner in respect of such voyage;

f Shall be limited to the following extent and subject to the following Limit of Liability

(i) The Club's liability under this Clause **16 ii** shall be excess of the amount of the deductible in the Members' Certificate of Entry.

(ii) As provided in Clause **13 vi** the limit of the Club's liability under these Charterers' Clauses including this Clause **16 ii** shall be 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$10million in aggregate per occurrence, inclusive of interest and costs, save that a limit of US$3 million in total any one accident or occurrence applies in relation to Cyber Risks. 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 Clause.

War Risks Damage to Hull Excluded Areas

iii The Member shall be entitled to cover under this Clause **16 iii** for liabilities, costs and expenses relating to War Risks Damage to Hull incurred whilst the Entered Ship is trading to Joint War Committee Hull War, Strikes, Terrorism and Related Perils Listed Areas provided that:

a such voyages are permissible under the relevant charterparty; and that

b no express indemnity has been given by the Member in respect of such voyages.

17 Equipment and Freight and Other Risks

The Club shall not under any circumstances, save only those provided for in the specific Clauses enumerated hereunder, pay for or satisfy any liability in respect of:

i loss of or damage to an Entered Ship, or her tackle, apparel, lashings, furniture, stores, fittings or equipment or fuel, or for any proportion thereof, or the Member's bunkers or equipment owned by the Member or any associated entity or for the cost or charges of or relating in any manner whatsoever to the repair of an Entered Ship, or for salvage, or

ii loss of freight or hire or demurrage on an Entered Ship or any proportion thereof: or

iii loss consequent upon detention of an Entered Ship save that, to the extent that the Managers in their absolute discretion determine, the cost of fuel, insurance, crew wages, stores, provisions and port charges, less any savings in expenditure which would have been incurred by the Member had the claim not occurred, shall be recoverable provided such loss is incurred in respect of a claim otherwise covered under Clause **21**; or

iv 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.

The specific Clauses referred to are as follows:

a In respect of Clauses **17 i-iii**

Clause **22** - relating to damage to hull and loss of time charterers bunkers;

Clause **16 iii** - relating to War Risks - damage to hull;

Provided and only to the extent that the Member is entered for Damage to Hull under Clause **22** under these Clauses and subject to the terms of such entry; and

b In respect of Clauses **17 ii, iii**

Where such loss is solely consequent upon the Member's compliance with a direction of the Managers;

c In respect of Clauses **17 i-iv**

Clause **21 iv** relating to life salvage;

Clause **21 xiii d 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 loss of or damage to cargo;

Clause **21 xvi** - relating to confiscation; Clause **21 xix b** - relating to sue and labour;

Clause **21 xix c** - relating to expenses incurred by direction of the Club.

v Road Traffic Acts

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

vi Landfills

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.

vii Communicable Disease Exclusion

This clause shall be paramount and shall override any other provision(s) in the terms of entry inconsistent therewith.

a In the event that the World Health Organization ('WHO') has determined an outbreak of a Communicable Disease to be a Public Health Emergency of International Concern (a 'Declared Communicable Disease'), no coverage will be provided under this insurance for any loss, damage, liability, cost or expense directly arising from any transmission or alleged transmission of the Declared Communicable Disease.

b The exclusion in paragraph a above will not apply to any liability of the Member otherwise covered by this insurance where the liability directly arises from an identified instance of a transmission of a

Declared Communicable Disease and where the Member proves that identified instance of a transmission took place before the date of determination by the WHO of the Declared Communicable Disease.

c However even if the requirements of paragraph b above are met, no coverage will be provided under this insurance for any:

(i) liability, cost or expense to identify, clean up, detoxify, remove, monitor, or test for the Declared Communicable Disease whether the measures are preventative or remedial;

(ii) liability for or loss, cost or expense arising out of any loss of revenue, loss of hire, business interruption, loss of market, delay or any indirect financial loss, howsoever described, as a result of the Declared Communicable Disease;

(iii) loss, damage, liability, cost or expense caused by or arising out of fear of or the threat of the Declared Communicable Disease.

d As used in this Exclusion, Communicable Disease means any disease, known or unknown, which can be transmitted by means of any substance or agent from any organism to another organism where:

(i) the substance or agent includes but is not limited to a virus, bacterium, parasite or other organism or any variation or mutation of any of the foregoing, whether deemed living or not, and

(ii) the method of transmission, whether direct or indirect, includes but is not limited to human touch or contact, airborne transmission, bodily fluid transmission, transmission to or from or via any solid object or surface or liquid or gas, and

(iii) the disease, substance or agent may, acting alone or in conjunction with other co-morbidities, conditions, genetic susceptibilities, or with the human immune system, cause death, illness or bodily harm or temporarily or permanently impair human physical or mental health or adversely affect the value of or safe use of property of any kind.

e This Exclusion shall not extend this insurance to cover any liability which would not have been covered under this insurance had this Exclusion not been included.

f This Exclusion shall not apply in relation to liabilities not exceeding US$3 million in total any one accident or occurrence.

viii Coronavirus Exclusion

This clause shall be paramount and shall override anything contained in this insurance inconsistent therewith:

a This insurance excludes coverage for:

(**i**) any loss, damage, liability, cost or expense directly arising from the transmission or alleged transmission of:

(a) Coronavirus disease (COVID-19);

(b) Severe Acute Respiratory Syndrome Coronavirus 2 (SARS-CoV-2); or

(c) any mutation or variation of SARS-CoV-2;

or from any fear or threat of (a), (b) or (c) above;

(**ii**) any liability, cost or expense to identify, clean up, detoxify, remove, monitor, or test for (a), (b) or (c) above;

(**iii**) any liability for or loss, cost or expense arising out of any loss of revenue, loss of hire, business interruption, loss of market, delay or any indirect financial loss, howsoever described, as a result of any of (a), (b), or (c) above or from any fear or threat thereof.

18 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 Clauses **20-22** 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.

19 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 purpose 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, 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 Clause **19 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 b (i) (a) – (c) , has the same effect under its applicable law as a paper document performing those functions.

20 Preamble

i 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 Clauses **21 i-xxi** and **22** inclusive and as are agreed in the Certificate of Entry subject always to:

a The terms therein provided, and

b The terms of this Clause and of all other Clauses of Charterers' Protection and Indemnity insurance.

ii In addition to the risks covered, the Member shall also be entitled to protection and indemnity in respect of its liability as Charterer to indemnify the Owner of, or any party to whom the Member has sub-chartered, the Entered Ship in respect of such risks;

Provided always, unless otherwise agreed by the Managers in writing, that the terms of the charter or any indemnities given or other liabilities assumed thereunder:

a do not impose on the Member liability, howsoever arising, consequent upon any acts or omissions, negligence or breach of duty of the Owner, or sub-charterer, or any other parties for which the Member would not be liable but for the terms of the charter or indemnity; and/or

b do not waive or otherwise limit in any manner whatsoever the right to exclude or limit liability and/or any rights of recourse against any party otherwise available to the Member;

save to the extent customarily provided under standard forms of charter without material amendments; and

c where such liabilities, costs and expenses result from an incident caused or contributed to by any of the circumstances set out in Clause **16 i**, recovery shall be only on the terms and to the extent provided in Clauses **16 ii**, and **iii**.

Note: *Standard forms of charter for the purposes of Clause **20** consist of:*

a *those charterparty forms currently listed in the Forms of Approved Documents issued by the Baltic and International Maritime Council Documentary Committee (BIMCO);*

b *the New York Produce Exchange Form, NYPE 93 and ASBATIME whether incorporating the NYPE InterClub Agreement, or not;*

c *Tanker Voyage and Timecharters issued by B P, ExxonMobil, Shell, Texaco, Vela;*

d *ASBATANKVOY, ASBA II, STBVOY, STBTIME;*

e *Vegoilvoy, Intertankvoy, Africanphos, Ausbar, Ausgrain, Baltimore Berth Grain, Euromed, Stemmor, Sugar Charterparty, C(Ore)7 Mediterranean Iron Ore; and*

f *Such other forms as the Managers may in their absolute discretion from time to time approve.*

21 P&I Risks

a Where cover is excluded under the Member's terms of entry, in respect of any sub-Clause of this Clause **21**, there shall be no recovery of costs, liabilities and expenses consequential upon such excluded risk under any other sub-Clause of this Clause **21**;

b The Club shall not insure under this Clause **21** any Member to any extent whatsoever against liabilities, costs and expenses against which the Member would be insured if entered under Clause **22**, without deductible, irrespective of whether the ship is entered for Damage to Hull or Time Charterers' Bunkers cover.

Liability to Persons

i Liabilities, costs and expenses as set out in Clause **21** ii and in respect of the categories of persons set out in Clause **21 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

c Repatriation expenses in respect of persons on board an Entered Ship consequent on illness or injury to such persons, or in any other case 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, d** and **e** of Clause **21 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 contract for carriage 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 Clause **21 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 Clause **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.

Exclusion of Pollution Liabilities	**j**	Without prejudice to any other provision, conclusion, limitation or condition set out in these Clauses, cover under Clauses **21 i-iii** or any other Clause is subject to Clause **17 vi**.
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 Clause **21 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
Supernumeraries	**b**	Supernumeraries and persons being carried other than pursuant to a contract for carriage.
Covered Risks:		The following risks as set out in Clause **21 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 ***Note:*** *It is recommended that whenever practicable an indemnity is taken from persons being carried other than pursuant to a contract for carriage. The Managers will provide a form of indemnity on request and may also arrange a separate insurance to cover such persons' risks and liabilities*
Passengers	**c**	Passengers

Covered Risks:

The following risks as set out in Clause **21 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 Clause **21 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 Member under contract in respect of contractual liabilities, costs or expenses incurred by a Member in respect of a passenger whilst on an excursion from the Entered Ship if:

(a) A separate contract has been 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 Clause **21 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; or

(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 Clause 21 ii are covered in respect of these persons

f 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 Clause **21 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 Clause **21 ii g (iv)** and the proviso thereto

Collision Liability **v** Liabilities, costs and expenses (other than in respect of, or consequent upon the loss of, or damage to, or for loss of earnings of, the entered vessel), arising within the categories and subject to the terms set out below, consequent upon collision between an Entered Ship and any other ship:

a Liability for loss of, or damage to, or interference with rights in relation to the other ship, or cargo or property therein, occasioned by collision with the Entered Ship.

b 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.

c 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 Clauses applicable to such cover.

(ii) Clause **21 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 Clauses.*

d If a claim arises under this Clause following a collision involving a ship owned by the same Member, the Member shall be entitled to recover from the Club, and the Club shall have the same rights, as if the ship which is lost or damaged and owned by the Member had belonged to a third party.

e Without prejudice to any other provision, exclusion, limitation or condition set out in these Clauses, cover under this Clause **21 v** is subject to Clause **17 vi**.

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.

Salvors' Expenses **e** If entered for pollution risks under Clause **21 vi**, liability for special compensation and any increment awarded thereon payable to salvors 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 on usual terms no less favourable to Owners than Lloyd's standard form of salvage agreement (1980, 1990, 1995 or 2000, whether or not incorporating SCOPIC) - no cure no pay, or under such terms as may otherwise be 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-c** of this Clause **21 vi** in respect of liabilities, costs and expenses which would have been recoverable by the Owner in general average if the relevant charterparty or other contract of carriage had incorporated the unamended York-Antwerp Rules 1994.

(ii) Without prejudice to any other provision, exclusion, limitation or condition set out in these Clauses, cover under this Clause **21 vi** is subject to Clause **17 vi**.

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 Clause **21 vii** in respect of:

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

Clause **21 i-iii**	Persons
Clause **21 ii h**	Baggage and effects of seamen, supernumeraries or passengers
Clause **21 v**	Collision
Clause **21 vi**	Pollution
Clause **21 viii**	Non contact damage to ships
Clause **21 ix**	Towage contracts
Clause **21 xi**	Wreck

to the extent that those liabilities are recoverable under the respective Clauses set out above, or would be recoverable but for any exclusions or other conditions of those Clauses, 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 Clause **21 xiii** or would be recoverable but for any exclusions or other conditions of that Clause and/or under the terms of the Member's entry.

(iii) Liabilities arising under the terms of any contract or undertaking, other than a Charterparty of the Entered Ship to which the Member is party, unless approved in writing by the Managers on such terms as they may require.

b If a claim is made on the Club under this Clause **21 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 Clauses 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 Clause 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 Clauses, cover under this Clause **21 vii** is subject to Clause **17 vi**.

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 Clauses, cover under this Clause **21 viii** is subject to the following provisions:

(i) Clause **17 vi**; and.

(ii) 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 Clause **21 xiii**, and cover in respect of any such liabilities shall be subject to the terms of that Clause and to the applicable terms of entry.

b If a claim is made on the Club under this Clause **21 viii** 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 Clauses 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 Clause 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 loss of, or damage to, or for loss of earnings or use of the Entered Ship or 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;

(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; or

(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 Clause 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 Owner 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 Clause **21 ix**, and in the case of Members entered for Damage To Hull cover, Clause **22**, and cover hereunder is in any event limited to the liabilities set out under Clauses **21 i-xxi** (excluding this Clause **21 ix**) to the extent that such Clauses 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 Clauses, cover under this Clause **21 ix** is subject to Clause **17 vi**:

Note: *The Managers will ordinarily only approve contracts for towage by an Entered Ship pursuant to paragraph b (ii) above of this Clause* ***21 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 (d) 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 Clause (other than this Clause **21 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, other than a charterparty of the entered vessel to which the Member is party;

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 Clauses, cover under this Clause **21 x** is subject to Clause **17 vi**:

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 those costs are not recoverable 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 or a party whom the Member is liable to indemnify under the terms of the charter; and

(b) The casualty or event giving rise to a claim under paragraph a of this Clause **21 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 Clause **33 ii**.

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 Clause **21 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 Clause **21 xi**; and/or

(ii) All cargo saved, shall be deducted from any reimbursement made by the Club either under Clause **21 xi (a) (ii)** or Clause **21 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 Clause **21 xi** or any other Clause 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 Clause **21 xi**.

e There shall be no recovery under this Clause **xi** in respect of any liabilities arising under the terms of any contract or undertaking other than a charterparty of the Entered Ship to which the Member is a party, 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 Clauses, cover under this Clause **21 xi** is subject to Clause **17 vi** and **provisos (x)** and **(xii)** to Clause **21 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 is liable as Charterer to indemnify a party who is so liable or has incurred such costs 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 partly to be performed by an Entered Ship.

Provided that:

(i) the terms of any such contract of carriage for the cargo in respect of which the Member is liable as carrier have been approved in writing by the Managers on such terms as they may require;

(ii) where a Member is liable as carrier for carriage which is performed by transhipment between ships, of both of which the Member is either Charterer or Owner, but only one of which is entered by the Member 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 Clause **21 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 these terms, extending any exemptions and immunities of the carrier to that Member, and to each of his servants, agents and subcontractors.*

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 Clause **21 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 these terms, 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 Clause* ***21 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 Clause **21 xiii** is owned by the Member, and where agreed in writing by the Managers upon such terms as they may require, the Member shall be entitled to recover from the Club and the Club Clauses 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 Clause **21 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 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 loading, 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 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.

(g) the carriage of cargo to the port or place identified in the contract of carriage as the destination from any other port or place at which the cargo has been discharged and/or storage or other charges or expenses at any intermediate port or place.

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 Clause **21 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 then 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 these terms. 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 Clause* ***21 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 Clause* ***21 xiii****.*

Exclusion of Pollution Liabilities

(xi) There shall be no recovery under this Clause **21 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 and to the extent that 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 by the Member under the terms of a contract on Heavycon terms or on such terms as the Managers may otherwise agree in writing.

(xiii) Where the Member is liable by way of a claim for indemnity under a charterparty, recovery under this Clause **21 xiii** shall be excluded or limited to the extent that the liability would have been avoided or reduced had **provisos (i)** to **(xi)** applied to the liability in respect of which indemnity is sought.

Livestock

(xiv) Unless and to the extent otherwise agreed in writing by the Managers, there shall be no recovery from the Club under paragraphs a to d of this Clause **21 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)-(xiv)** to Clause **21 xiii** shall apply to any claim under this Clause **21 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 Clause.*

Fines

xv 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 Clauses 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 Clauses, and the limit of liability applicable to such cover.

Note: an escape or discharge in this context is "accidental" if it is not the proximate result of an act or omission done with intent to discharge any substance from the vessel or a reckless act or omission done (irrespective of intent) with knowledge that an escape or discharge from the vessel would probably result.

Other Fines **d** There shall be no recovery in respect of fines other than those specified in paragraphs **a-c** of this Clause **21 xv** 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 Clause **21 xv** 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 Clauses, cover under this or any other Clause, is subject to Clause **17 vi**.

Confiscation **xvi** Notwithstanding the terms of Clause **17**, the Directors in their discretion may authorise the payment, in whole or in part, of a Member'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 Member shall have satisfied the Directors that it 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 Clause **21 xvi** 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 **xvii** 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 Chartering **xviii** Liabilities, costs and expenses incidental to the business of chartering, 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 **xix**

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 Clause **21 xix** 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 **xx** loss of or damage to containers owned or leased by the Member;

provided always that:

there shall be no recovery under this Clause **21 xx** unless the Member has obtained the prior written agreement of the Managers to extend his cover in terms of this Clause 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 **xxi** Unless otherwise agreed:

a any liabilities, costs and expenses recoverable under Clause **21** 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.

22 Damage to Hull, Charterers' Proportion of General Average and Salvage Contributions, and Time Charterers' Bunkers

The liabilities, loss, damage, costs and expenses against which a Member may be protected and indemnified if entered in the Club for any of the risks set out in sub-Clauses

22 (i) Damage to Hull;

22 (ii) Charterers' Proportion of General Average and Salvage contributions; and/or

22 (iii) Time Charterers' Bunkers

are limited to those set out hereunder;

Subject always to:

a The terms of this Clause and of all other Clauses of Charterers' cover; and

b Any other terms and conditions applicable to the Member's entry.

Damage to Hull

i a In respect of its liabilities as Charterer to the Owner of the Entered Ship:

(i) For physical loss of or damage to the Entered Ship, its equipment, fittings, stores and supplies, excluding any property on board of whatsoever nature owned or leased by the Member or any other party in common or associated ownership or management, save that where the Member's liability for such loss arises under the terms of any contract with, or indemnity to the Owners, (other than the charterparty of the Entered Ship to which the Member is a party), or any third party, such terms have been approved in writing by the Managers.

(ii) For delay, detention or loss of use of the Entered Ship consequent on its physical loss or damage. Where by virtue of the provisions of the charterparty to which the Member is party the Entered Ship remains on hire, or time continues to run during periods of time lost in consequence of physical loss or damage to the Entered Ship for which the Member is responsible:

(a) hire or demurrage; and

(b) bunker consumption;

for that period shall be recoverable under this sub-Clause.

b For extraordinary costs and expenses reasonably and necessarily incurred by the Member in his capacity as Charterer of the Entered Ship for the removal and replacement of bunkers in order to avoid or minimise the Member's liability for physical damage to the Entered Ship, its engines or other equipment:

(i) to remove from the ship bunkers (including any fuel oil and/or lubricating oil);

(ii) to replace the bunkers so removed with new and sound bunkers;

(iii) to clean the ship's engines, tanks, pipelines and/or other similar affected areas; and

(iv) to lawfully dispose of removed bunkers from the Entered Ship as well as substances resulting from the cleaning of the Entered Ship's engines, tanks, pipelines and/or other similar affected areas.

Notwithstanding the above, the following are not covered:

(a) The economic value of the bunkers removed from the Entered Ship and/or the new and sound bunkers supplied to the Entered Ship;

(b) Costs and expenses resulting from measures which have been or could have been accomplished by personnel employed by the Member or by the reasonable use of equipment owned and controlled by the Member, and

(c) Costs and expenses incurred by the Member in any capacity other than as a charterer of the ship, including, without limitation, where acting as supplier of the bunkers removed and/or replaced.

c In respect of towage of or by the Entered Ship as provided for in Clause **21 ix** and provided in addition that:

(i) Such liabilities arise out of physical loss of or damage to the Entered Ship; and

(ii) the Owners or Master of the Entered Ship have first consented to such towage.

d To pay or indemnify another party or parties for its/their General Average and/or Salvage contributions levied upon or attributable to the Entered Ship and/or bunkers owned by parties other than the Member, including in respect of sacrifices.

Provided that there shall be no recovery under this Clause **22 i** in respect of liabilities howsoever arising out of transhipment operations including ship to ship transfers and/or bunkering other than in port, or at anchorage where it is customary for such operations to be carried out, in the absence of the Managers' prior agreement in writing to cover such operations under this sub- Clause, on such terms as they may require.

Charterers' Proportion of General Average and Salvage Contributions

ii A Member shall be entitled to recover its liability to contribute to general average and/or salvage on freight or, to the extent not covered by other insurances, bunkers and/or property other than cargo on board the Entered Ship.

Time Charterers' Bunkers

iii The value of bunkers, stores and supplies belonging to the Member on board the Entered Ship lost or damaged by:

a Perils of the sea, rivers, or other navigable waters including but not limited to stranding, grounding, sinking or capsizing;

b Fire or explosion;

c Violent theft by persons from outside the declared vessel;

d Collision or contact with vessel, craft, or conveyance or any external object;

e Accidents in loading or discharging bunkers;

f General average sacrifice;

g Jettison.

There shall be no cover under this Clause in respect of disputes concerning the quantity and/or quality of bunkers supplied.

Unless otherwise agreed by the Managers in writing, the Member shall declare the value of the bunkers, stores and supplies insured under this cover to the Managers in writing no later than the commencement of each voyage.

The amounts recoverable under this sub-Clause are:

(i) In the case of loss, or damage, in whole or in part, that proportion of the declared value as is equivalent to the quantity of bunkers lost or damaged, or quantity estimated by the Managers if unknown, as a proportion of the total amount on board at the commencement of the voyage, save that where bunkers are lost by way of general average sacrifice, credit shall be given for the amount recoverable from the other parties to the adventure in general average;

(ii) In addition, the Member shall be entitled to indemnity against legal liability for general average or salvage contributions attributable to the bunkers so declared or, if the value of the bunkers declared hereunder is less than that upon which such contributions are assessed, to a proportionately reduced indemnity.

23 Exclusions from Cover

The Club shall not be liable to indemnify the Member under these Clauses in respect of any claim which would, but for a deductible or franchise or limit, be recoverable under any other insurance of the Member.

24 Classification and Eligibility of Ships for Chartered Entry

i The Member shall ensure that:

a at the time when a ship is entered in the Club:

(i) The ship is classed with a classification society approved by the Managers;

(ii) Unless the Managers otherwise agree in writing, the ship is entered by its registered owner and any disponent Owner from whom the Member has sub-chartered the ship with member Clubs of the International Group of P&I Clubs for full P&I cover or has insurance which in the opinion of the Managers is equivalent.

b Under the charterparty, pursuant to which the Member has chartered the ship, the Owner warrants that on delivery and throughout the

currency of the charter the ship and its registered owner or their agents shall:

(i) maintain its Class and P&I insurance;

(ii) comply with all statutory requirements of the state of the ship's flag relating to the construction, adaptation, fitment, equipment, manning and safety management of the Entered Ship; and

(iii) have valid 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.

In the event that the Member becomes, or ought reasonably to be, aware that the Owner or the registered owner is in breach of the warranty in Clause **24 i** b, it shall immediately advise the Club in writing.

ii The Managers may, at any time, by giving prior notice, require any declared ship to be submitted for survey within such time as is required in such notice.

iii Where the findings of any survey or any other information available to the Managers in their opinion so require, the Member shall procure such repairs to the ship as are required by the Managers within such time as they specify.

iv Without prejudice to any other rights available to or exercised by the Managers under these Clauses, in the event of any non-compliance with any of the provisions of Clauses **24 i-iii** above, or with any requirements made pursuant thereto, the Managers shall be empowered in their absolute discretion to:

a Decline the entry of a declared ship;

b 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;

c 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;

d Exclude cover for claims arising out of or contributed to by such noncompliance or defects or any other deficiencies found in any such survey;

e 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;

f Vary the terms and conditions of entry, including premium rating and/or exclusion or limitation of risks covered, save that when the Member

does not accept any such variation, it may withdraw the ship from the Club forthwith on giving written notice within seven days of notification of the variation by the Managers;

g Give notice, requiring such acts as they may in their absolute discretion determine to be taken to achieve compliance with Clauses **24 i-iii**. Non-compliance with such notice by the date specified in such notice shall empower the Managers to exercise their powers under Clauses **24 iv (a)** to **(g)** above.

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) to (iv) above. The exercise of their discretion by the Directors shall be final and conclusive for all purposes.

v Nothing in this Clause, 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.

vi Neither the Club nor the Managers shall be under any liability whatsoever or howsoever arising in respect of any recommendations or advice given by any surveyor or any other person nominated or appointed by the Managers.

25 Prudent Uninsured

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).

26 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 Clause shall be given directly to the Manager's London representative.

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 Clause 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.

27 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 Clauses 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 Clauses, 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 Clauses 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.

28 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 Clauses, 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 Clauses, 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.

29 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 Clauses 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 Clause 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 Clause 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.

30 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 of the International Group of P&I Clubs (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 Clause) 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, 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 Clause **39** 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 other competent authority, 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 Clause **30 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 Clauses to reflect the introduction of sanctions and other similar legislation affecting the Club directly or indirectly. The Managers draw particular attention to Clause **30 iv**.*

The Club:

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

ii) may pool 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 Clause **30 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 / reinsurance contract or arrangement.*

31 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.

ii If at any time or times after a Policy Year has been closed it shall appear to the Directors that the claims expenses and outgoings arising in respect of a Policy Year exceed the premium and other receipts in respect of such Policy Year the Directors may decide to provide for such deficiency from the funds and reserves of the Club.

32 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 save where otherwise agreed by the Managers in relation to an Open Cover, 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 Clause **32 i a** to **e** in respect of the ships entered by it, the entry and insurance of all other Joint Members entered pursuant to Clause **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 Clause **32 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 Clause **32** 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 outstanding premium, save that where such premium is calculated per diem such liability shall be limited

to the greater of the agreed minimum premium payable or the premium accrued due on a per diem basis on the happening of the relevant event but the Club shall thereupon cease to be liable (irrespective of how premium is calculated) for any claims under these Clauses 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 Clause **34**, to terminate or rescind cover, and to require payment of premium as herein provided.

33 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 a party holding a security interest in respect of the ship takes uncontested possession pursuant to the exercise of the same, unless that party agrees with the Member to perform the charter.

ii 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;

iii 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.

Provided that in relation to the events specified in paragraphs i to iii above of this Clause:

a The Member's liability for premium in respect of such ship and the Club's liability for claims in respect thereof under these Clauses shall be as stipulated in the **proviso (iii)** to Clause **32**; and

b 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 Clauses **33 i,** **ii** or **iii** above, for such period, and upon such terms and conditions, and upon payment of such premium as the Managers think fit.

34 Non-payment of Premium and Other Sums

i Irrespective of whether entered as a special and/or fixed premium and/or mutual entry under the Rules of the Club and these Clauses, including those relating to payment of premium, a Member and, if applicable, any Joint Members or Assureds and/or Members liable for payment of sums under Clause **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 the

Rules and/or these Clauses, 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 Clauses:

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 Clause, 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 Clauses (other than this Clause **34 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 Clause **34**:*

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 Clause **34** 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 Clause, 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.

35 Directors' Discretion in Relation to Cessation

Notwithstanding the provisions of Clauses **32, 33** and **34**, 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.

36 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.

ii For the purpose of this Clause 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 Clause, 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 Clauses, 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 secure recovery of any such sums, the Member shall pay the costs incurred by the Club of, 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 these Clauses and/or the Certificate of Entry, then, without prejudice to the Member's and the Club's rights under Clause **43**, 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 Clause **36** in respect of such sums and paragraph **v** of this Clause **36** shall apply in the event of non-payment.

37 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 Clauses 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 Clauses, 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.

38 Subrogation

Where the Club makes payment to its Member in accordance with a Member's rights under these Clauses, 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.

39 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 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 these Clauses 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 Clause **39 iii b**.

40 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.

41 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 Clauses, 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 Clauses.*

42 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 Member or of a ship pursuant to this Clause **provisos (iii)** and **(iv)** to Clause **32** shall apply.

43 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 Clauses or any amounts due from the Club to the Member or 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 Clause **43 i**, where it appears to the Managers that any difference or dispute between or affecting a Member and the Club has arisen, the Managers 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 Clause **43 i** a above, then

a the dispute or difference 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 Clause **43 ii a**. In default of such written notice the Directors' adjudication under Clause **43 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 Clause **43 i b (ii)** and **43 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 Kings'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 Clause **43 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 Clause, 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 Clauses 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 Clause.

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 Clause **43 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 Clause **43** including paragraph i, or in any other Clause 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 Clauses.

viii These Clauses 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:

(i) The sections of the English Insurance Act 2015, as set out in Clauses **6 ii** and **7 iv** shall not apply;

(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, and

(iii) 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- Clauses **43 i b, iii, iv b, vii** and **viii** of this Clause **43** as if the reference to Member had been to that third party.

44 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.

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

Charterers 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.'

CLAUSES FOR CHARTERERS' TERMS OF ENTRY INDEX

Title	Clause	Sub-Clause	Page
Assignment	37		56
Bio-Chemical risks	15		14
Calculation and Payment of Premium	10		9
Cargo Liabilities	21	xiii	34
Cargo's Proportion of General Average	21	xiv	40
Categories of Persons	21	iii	24
Certificate of Entry	7		6
Cessation of Insurance of Individual Vessels	33		53
Cessation of Membership	32		52
Charterers' Proportion of General Average and Salvage	22	ii	44
Classification and Eligibility of Ships for Chartered Entry	24		45
Clauses Recommended by the Association			63
Closure of Policy Years	31		51
Collision Liability	21	v	26
Communicable Diseases – Coronavirus	17	vii	18
Confiscation	21	xvi	41
Contracts and Indemnities	21	x	39
Cyber Risks	16	ii (d) (ii)	16
Damage to Fixed and Floating Objects	21	vii	28
Damage to Hull	22	i	42
Damage to Hull, Charterers' Proportion of General Average and Salvage Contributions and Time Charterers' Bunkers	22		42
Damage to Vessels Without Collision	21	viii	29
Deductibles and Policy Limits	21	xxi	42
Deduction, Set Off, Interest and Costs	36		55
Definitions	2		1
Directors	5		4
Directors' Discretion in Relation to Cessation	35		55
Directors' Power to Pass Claims	28		48
Dispute Resolution, Adjudication	43		59
Double Insurance	18		20
Enquiry	21	xvii	41
Entry	6		4
Equipment and Freight and Other Risks	17		17
Exclusions from Cover	23		45
Expenses Incidental to Chartering	21	xviii	41
Fines	21	xv	40
Forbearance	27		48
General Terms and Conditions	26		47
Handling of Claims	29		49
Imprudent or Unlawful Trading	19		20
Insurance Act	6, 7		4, 6

Title	Clause	Sub-Clause	Page
Introductory	1		1
Joint Members and Assureds	9		7
Legal and Other Expenses	21	xix	41
Liability to Persons	21	i	22
Liability to Persons Covered Risks	21	ii	22
Life Salvage	21	iv	26
Loss of or Damage to Containers	21	xx	42
Managers' Remuneration	40		58
Members	8		7
Non-Payment of Premium and Other Sums	34		53
Nuclear Risks	15		14
P&I Risks	21		22
Part Entries and Open Covers	4		4
Period of Cover	11		10
Pollution	21	vi	28
Preamble	20		21
Premium and Other Taxes	44		62
Provision of Bail	39		57
Prudent Uninsured	25		47
Quarantine Expenses	21	xii	33
Recovery	13		11
Regulations and Recommendations by Directors	41		58
Reinsurance	30		50
Removal of Wreck	21	xi	39
Reserves	12		10
Sanctions	42		58
Scope of Cover	3		3
Specialist Operations	14		12
Subrogation	38		56
Time Charterers' Bunkers	22	iii	42
Towage	21	ix	30
War Risks	16		14