



APPENDIX A

AMENDMENTS TO THE RULES OF THE UNITED KINGDOM MUTUAL STEAM SHIP ASSURANCE ASSOCIATION (BERMUDA) LIMITED AND TO THE RULES OF THE UNITED KINGDOM MUTUAL STEAM SHIP ASSURANCE ASSOCIATION (EUROPE) LIMITED.

TO BE CONSIDERED BY THE MEMBERS OF THE ASSOCIATION AT THE SPECIAL GENERAL MEETING OF THE ASSOCIATION TO BE HELD IN BERMUDA ON 22nd JANUARY, 2013

AMENDMENTS TO THE RULES	EXPLANATORY NOTES
<p><u>Rule 1, paragraph 9 - Introductory</u></p> <p><i>Amend Rule 1, paragraph 9 by addition of the words in bold type and by deletion of the words indicated below:</i></p> <p>9 (a). Notwithstanding the provisions of Rule 5A, where an Owner has failed to discharge a legal liability (i) to pay damages, compensation or repatriation costs for illness, personal injury or death of a seaman or (ii) in respect of any other repatriation of a seaman under the 2006 Maritime Labour Convention or any equivalent statutory provisions, the Association shall discharge or pay such claim on the Owner's behalf directly to such seaman or dependent thereof.</p> <p>PROVIDED ALWAYS that</p> <p>(b). There shall be no recovery in respect of (a)(i) above unless the seaman or dependent has no enforceable right of recovery against any other party and would otherwise be uncompensated,</p> <p>(c). ii) - Subject to (iii) below, the amount payable by the Association shall under no circumstances exceed the amount which the Owner would otherwise have been able to recover from the Association under the Rules and the Owner's terms of entry,</p> <p>(d). iii) - Where the Association is under no liability to the Owner in respect of such claim in accordance with Rule 31(B)(ii)(a) and (d) by reason of cancellation for non-payment of amounts due to the Association, the Association shall nevertheless discharge or pay that claim to the extent only that it arises from an event occurring prior to the date of cancellation,</p> <p>(e). but Any payment made by the Association under (a)(ii) or (d) above shall be made as agent only of the Owner, and the Owner shall be liable to reimburse the Association for the full amount of such payment claim.</p>	<p><u>Rule 1, paragraph 9 - Introductory</u></p> <p><i>As from the 2009 Policy Year, paragraph 9 of Rule 1 was introduced to disapply two specific defences contained in the Rules, namely the Pay to be Paid condition and the retrospective termination of cover for non-payment of calls, in respect of valid claims for personal injury and death brought by seamen or their dependants. As the Maritime Labour Convention (MLC) will come into force during the next P&I policy year in 2013/14 and that the MLC has introduced a financial responsibility requirement in respect of repatriation as well as injury and death, it is necessary to add a reference to repatriation in paragraph 9 in order to disapply the two defences vis-a-vis repatriation claims under the MLC or any equivalent statutory provision.</i></p>
<p><u>Rule 2, Section 4 – Repatriation and substitute expenses</u></p> <p><i>Amend Rule 2, Section 4 by addition of the words in bold type below:</i></p> <p>Repatriation and substitute expenses which are not recoverable under Sections 2 and 3 of this Rule and which are incurred in sending abroad a substitute to replace a seaman of an entered ship who has been left ashore, or incurred under statutory obligation in repatriating any seaman of the entered ship.</p> <p>PROVIDED ALWAYS that:</p> <p>This section does not cover expenses which arise out of or are the consequence of (i) the expiry of a seaman's period of service on the entered ship either in accordance with the terms of a crew agreement or other contract of service or employment or by mutual consent of the parties to it, or (ii) breach by the Owner of any agreement or other contract of service or employment, or (iii) sale of the ship, or (iv) any other act of the Owner in respect of the entered ship, save to the extent permitted by Rule 1 Section 9 in respect of the Owner's liability for such expense under the Maritime Labour Convention 2006 or equivalent statutory provisions.</p>	<p><u>Rule 2, Section 4 – Repatriation and substitute expenses</u></p> <p><i>The Maritime Labour Convention (MLC) will come into force during the next P&I policy year in 2013/14. Certain liabilities of shipowners for repatriation under the MLC are not currently covered by the Club. The proposed change to Rule 2, section 4 will allow the Club (pursuant to Rule 1 paragraph 9) to provide the financial security required by MLC, while preserving the right of the Club to recover the costs where the shipowner is still solvent.</i></p>

AMENDMENTS TO THE RULES	EXPLANATORY NOTES
<p><u>Rule 2, section 1, paragraph C – passenger Claims - prioritisation of claims under Athens/PLR</u></p> <p><i>Amend Rule 2, section 1, paragraph C by adding a new proviso f) in bold type below:</i></p> <p>f) Where liabilities to passengers include liabilities arising under a non-war certificate issued by the Association in compliance with either Article IV bis of the Athens Convention relating to Carriage of Passengers and their Luggage by Sea, 2002 and Guidelines for its implementation or Regulation (EC) No. 392/2009 of the European Parliament and of the Council which gives effect thereto (“Certified Liabilities”) and such liabilities exceed or may exceed in the aggregate the limit of cover of US\$2,000 million as specified in Rule 5(B)(iii)(1)</p> <p>i. the Managers may in their absolute discretion defer payment of a claim in respect of those liabilities or any part thereof until the Certified Liabilities, or such part of the Certified Liabilities as the Managers may decide, have been discharged; and</p> <p>ii. if, and to the extent any Certified Liabilities discharged by the Association exceed the said limit any payment by the Association in respect thereof shall be by way of loan and the Member shall indemnify the Association in respect of such payment.</p>	<p><u>Rule 2, section 1, paragraph C – passenger Claims - prioritisation of claims under Athens/PLR</u></p> <p><i>Passenger liabilities under the Athens Protocol/ PLR in respect of non-war risks are limited to SDR 400,000 per passenger, whereas the blue card requirement is limited to SDR 250,000 per passenger. It is proposed to add a new proviso to Rule 2, section 1, paragraph C in respect of passenger claims to prioritise payment of claims under non-war blue cards and to defer payment of non-certified claims until the Club's total exposure in respect of non-war blue cards has become clear. This is necessary to ensure that the aggregate of the Club's certificated liabilities and non-certificated payments does not exceed the USD2 billion limit on cover for passenger risks.</i></p>
<p><u>Rule 10 - Joint Entries</u></p> <p><i>Amend Rule 10 by addition of a new paragraph F in bold type below:</i></p> <p>F. The cover afforded under this Rule shall extend only to risks, liabilities and expenses arising out of operations and/or activities customarily carried on by or at the risk and responsibility of Owners and which are within the scope of the cover afforded by the Rules and any special terms set out in the Certificate of Entry.</p>	<p><u>Rule 10 - Joint Entries</u></p> <p><i>The additional words reflect conditions of cover for joint assureds that are already contained in the Pooling Agreement and have been included in the Rules to ensure consistency between the Rules and Pooling Agreement.</i></p>
<p><u>Rule 28 – Termination and its Effects</u></p> <p><i>Amend Rule 28, paragraph B by addition of a new reference to Rule 5V in bold type below:</i></p> <p>B Upon an Owner ceasing to be insured by the Association in respect of any ship pursuant to paragraph Q, or R or V of Rule 5 or ...</p>	<p><u>Rule 28 – Termination and its Effects</u></p> <p><i>This amendment is to ensure that the effect of a cessation of insurance under Rule 5V (exclusion of sanction risks) is clear, whereby the relevant Owner remains liable for calls and premiums on a pro rata basis and the Association remains liable in respect of events occurring prior to the cessation.</i></p>