



UKP&I

Rules 2022

UK P&I CLUB
IS MANAGED
BY **THOMAS
MILLER**

In recognition of all seafarers serving during the COVID-19 pandemic as well as supporting the Mission to Seafarers Flying Angels programme.



Emergency & Out of hours contact

If you need emergency assistance out of office hours and at weekends please call one of the following numbers to speak to an experienced duty claims executive, available 24 hours a day:

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- Correspondent contact information
- Ship Search functionality
- TM Connect
- The Club's electronic Terms and Conditions 2022)
- The Club's emergency contact telephone numbers
- The Club's publications, circulars and website

The app is available on iPhone, Android or Blackberry. Visit the UK Club website for more information on the app at www.ukpandi.com

The Rules

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The Rules

(Effective from noon Greenwich Mean Time on 20th February, 2022 to noon Greenwich Mean Time on 20th February, 2023).

The UK P&I Club is a mutual protection and indemnity association, which operates through The United Kingdom Mutual Steam Ship Assurance Association Limited and its subsidiary companies The United Kingdom Mutual Steam Ship Assurance Association (Bermuda) Limited and UK P&I Club N.V.

These Rules were adopted in accordance with the powers conferred by the articles of association of The United Kingdom Mutual Steam Ship Assurance Association Limited and of UK P&I Club N.V.

For the avoidance of doubt for the purpose of Rule 14 no contract of insurance or reinsurance with The United Kingdom Mutual Steam Ship Assurance Association Limited or UK P&I Club N.V. shall entitle any person to be or become a member of The United Kingdom Mutual Steam Ship Assurance Association (Bermuda) Limited or UK P&I Club N.V.

The notes to the Rules are for guidance only and do not form part of the Rules.

Rule 1

Introductory

- 1 The standard cover afforded by the Association to an Owner who has entered its ship in the Association is set out in Rule 2.
- 2 The risks specified in Rule 2 are always subject to the conditions, exceptions, limitations and other terms set out in Rule 5 and in the remainder of these Rules.
- 3 The cover set out in these Rules may be excluded, limited, modified or otherwise altered by any special terms which have been agreed in writing between an Owner and the Managers.
- 4 By virtue of Rules 3 and 4 an Owner may be insured against risks other than those set out in Rule 2 where such special terms have been agreed in writing between the Owner and the Managers. Unless otherwise expressly agreed such special insurance shall be subject to the conditions, exceptions, limitations and other terms set out in Rule 5 and in the remainder of these Rules.
- 5 An Owner is only insured against loss, damage, liability or expense incurred by it which arises:
 - i. out of events occurring during the period of entry of a ship in the Association;
 - ii. in respect of the Owner's interest in the entered ship; and
 - iii. in connection with the operation of the ship by or on behalf of the Owner.
- 6 An Owner who has entered its ship in the Association for insurance against any of the aforesaid risks is bound (subject to (7) below) to pay Calls to the Association in accordance with Rules 8 and 19 to 23 ("Call Entries").
- 7 By virtue of Rule 9 an Owner may be insured on the special terms that it is liable to pay a fixed premium to the Association ("Fixed Premium Entries"), provided that this has been expressly agreed in writing between the Owner and the Managers.
- 8 Save as provided in Rule 1(9), the cover provided by the Association as set out in these Rules is solely for the benefit of the Owner, and any Joint Owner, Co-Assured Group Affiliate, or other association or insurer, or permitted assign, to the extent allowed by Rules 10, 11, 13 and 15. It is not intended, save as provided in Rule 1(9), that rights should be acquired by any third party, through the operation of the Contracts (Rights of Third Parties) Act 1999 of the United Kingdom or similar legislation.

Rule 1 (continued)

- 9 Notwithstanding the provisions of Rule 5A, where an Owner has failed to discharge a legal liability to pay damages or compensation for illness, personal injury or death of a seafarer, the Association shall discharge or pay such claim on the Owner's behalf directly to such seafarer or dependent thereof

PROVIDED ALWAYS that:

- i. the seafarer or dependent has no enforceable right of recovery against any other party and would otherwise be uncompensated,
- 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,
- 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, but as agent only of the Owner, and the Owner shall be liable to reimburse the Association for the full amount of such claim.

Rule 2

Risks Covered

Unless otherwise agreed between an Owner and the Managers, the risks covered by the Association are as set out in Sections 0 to 26 below, PROVIDED ALWAYS that:

- i. Unless and to the extent that the Directors otherwise decide, an Owner is only insured in respect of such sums as it has paid to discharge the liabilities or to pay the losses, costs or expenses referred to in those sections;
- ii. The maximum amount recoverable by an Owner in respect of any one event may be limited by virtue of the limits set out in Rule 5(B), or by virtue of a resolution of the Directors made before the commencement of the relevant policy year;
- iii. Unless otherwise agreed between an Owner and the Managers, an Owner's recovery from the Association shall be subject to the deductibles as the Directors shall decide before each policy year commences.

Section 0 Liability to passengers

Liability to pay damages or compensation:

- A for personal injury, illness or death of any passenger and hospital, medical or funeral expenses incurred in relation to such injury, illness or death;
- B to passengers on board an entered ship arising as a consequence of a casualty to that ship while they are on board, including the cost of forwarding passengers to destination or return to port of embarkation and of maintenance of passengers ashore;
- C for loss of or damage to the effects of any passenger.

PROVIDED ALWAYS that:

- a) The terms of the passage ticket or other contract and any subsequent material changes thereof between the passenger and the Owner have been approved by the Managers in writing and cover for the liabilities set out in this Section (0) has been agreed between the Owner and the Managers on such terms as the Managers may require.
- b) There shall be no recovery from the Association under this Section (0) in respect of liabilities for personal injury or death, or loss of or damage to property, delay or any other consequential loss sustained by any passenger by reason of carriage by air, except where such liability occurs either:
 - i. during repatriation by air of injured or sick passengers or of passengers following a casualty to the entered ship; or
 - ii. subject always to proviso (c) of this Section (0), during an excursion from the entered ship.
- c) There shall be no recovery from the Association under this Section (0) in respect of liability of an Owner, incurred under a contract, for death

- or injury to a passenger whilst on an excursion from the entered ship in circumstances where either:
- i. that contract has been separately entered into by the passenger for the excursion, whether or not with the Owner, or
 - ii. the Owner has waived any or all of its rights of recourse against any sub-contractor or other third party in respect of the excursion.
- d) Unless and to the extent that the Owner has obtained appropriate special cover by agreement with the Managers, there shall be no recovery from the Association in respect of claims relating to cash, negotiable instruments, precious or rare metals or stones, valuables or objects of a rare or precious nature.
- e) For the purpose of this Section (0), 'casualty' means an incident involving either:
- i. 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
 - ii. a threat to the life, health or safety of passengers in general.
- f) Where liabilities to passengers include liabilities arising under a non-war certificate issued by the Association in compliance with either Article 4bis 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):
- 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
 - 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.

Section 1

Liability to persons other than seafarers

- A Liability to pay damages or compensation for personal injury, illness or death of any person (other than the persons specified in paragraph (B) of this Section and in Sections 0, 2 and 3) and hospital, medical or funeral expenses incurred in relation to such injury, illness or death.
- B Liability to pay damages or compensation for personal injury, illness or death of any person engaged to handle the cargo of an entered ship.
- PROVIDED ALWAYS that:
- a) Cover under paragraphs (A) and (B) of this Section is limited to liabilities arising out of a negligent act or omission on board or in relation to an

Rule 2 (continued)

- entered ship or in relation to the handling of cargo from the time of receipt of that cargo from the shipper or pre-carrier at the port of shipment until delivery of that cargo to consignee or onward carrier at the port of discharge.
- b) Where the liability arises under the terms of any contract or indemnity and would not have arisen but for those terms, that liability is not covered under this Section but may be covered under and in accordance with Section 14 of this Rule.
 - c) Where the liability is in respect of a person on another ship, and arises out of a collision between that ship and the entered ship, that liability is not covered under this Section but may be recoverable under and in accordance with Section 10(B) of this Rule.

Section 2 Injury and death of seafarers

Liability to pay damages or compensation for personal injury or death of any seafarer, and hospital, medical, funeral and other expenses necessarily incurred in relation to such injury or death, including expenses of repatriating the seafarer and sending abroad a substitute to replace the seafarer.

PROVIDED ALWAYS that:

Where the liability arises or the costs or expenses are incurred under the terms of a crew agreement or other contract of service or employment and would not have arisen but for those terms, that liability is not covered by the Association unless and to the extent that those terms shall have been previously approved by the Managers in writing.

Section 3 Illness and death of seafarers

Liability to pay damages or compensation for illness and death resulting from illness of any seafarer, and hospital, medical, funeral or other expenses necessarily incurred in relation to such illness or such death including expenses of repatriating the seafarer and sending abroad a substitute to replace the seafarer.

PROVIDED ALWAYS that:

Where the liability arises or the costs or expenses are incurred under the terms of a crew agreement or other contract of service or employment and would not have arisen but for those terms, that liability is not covered by the Association unless and to the extent that those terms shall have been previously approved by the Managers in writing.

Section 4
Repatriation and substitute expenses

A 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 seafarer of an entered ship who has been left ashore, or incurred under statutory obligation in repatriating any seafarer of the entered ship.

PROVIDED ALWAYS that:

This paragraph A of Section 4 does not cover expenses which arise out of or are the consequence of:

- i. the expiry of a seafarer'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.

B Repatriation and substitute expenses incurred in compliance with Guideline B2.5 of Regulation 2.5 of the 2006 Maritime Labour Convention (MLC 2006) or domestic legislation by a State Party implementing MLC 2006 unless costs are otherwise recoverable under Rule 2, Sections 2, 3 or 4A.

C Notwithstanding Rule 5A, where a Member has failed to discharge or pay the liabilities referred to in Section 4B above, the Association shall discharge or pay such claim on the Member's behalf directly to such seafarer.

PROVIDED ALWAYS that:

- (a) where the Association is under no liability in respect of the claim by reason of a cesser under Rule 29A or cancellation under Rule 31, the Association shall nevertheless discharge or pay a claim under Section 4C incurred within the earlier of three months of the date of cesser or cancellation, or the expiry of the policy, but only as agent of the Owner and the Owner shall reimburse the Association in full for such claim; and
- (b) the Owner shall reimburse the Association in full for any claim paid under Section 4B of Rule 2.

Rule 2 (continued)

Section 5

Loss of and damage to the effects of seafarers and others

Liability to pay damages or compensation for loss of or damage to the effects of:

- A Any seafarer,
 - B Any other person, on board an entered ship (other than the persons specified in Section 0.
- PROVIDED ALWAYS that:
- a) Unless and to the extent that the Owner has obtained appropriate special cover by agreement with the Managers, there shall be no recovery from the Association in respect of claims relating to cash, negotiable instruments, precious or rare metals or stones, valuables or objects of a rare or precious nature.
 - b) Where the liability arises under the terms of a contract and would not have arisen but for those terms, that liability is not covered by the Association unless and to the extent that those terms shall have been previously approved by the Managers in writing.

Section 6

Shipwreck unemployment indemnity

Liability to compensate any seafarer for the loss of employment caused in consequence of the actual or constructive total loss of an entered ship, where the wages or compensation are payable under statutory or other legal obligation or under the terms of any crew agreement or other contract of service or employment if and to the extent that those terms have previously been approved by the Managers.

Section 7

Diversion expenses

Expenses of diversion of an entered ship where and to the extent that those expenses (i) represent the net loss to the Owner (over and above such expenses as would have been incurred but for the diversion) in respect of the cost of fuel, insurance, wages, stores, provisions and port charges and (ii) are incurred solely for the purpose of securing treatment for an injured or sick person or while awaiting a substitute for such person or for the purpose of landing stow-aways or refugees, or (with the Managers' agreement) a deceased person, or for the purpose of saving life at sea.

Section 8 Stowaways and refugees

Expenses, other than those covered under Section 7 of this Rule, incurred by the Owner in discharging its obligations towards or making necessary arrangements for stowaways or refugees, but only if and to the extent that the Owner is legally liable for the expenses or they are incurred with the approval and agreement of the Managers.

Section 9 Life salvage

Sums legally due to third parties by reason of the fact that they have saved or attempted to save the life of any person on or from an entered ship but only if and to the extent that such payments are not recoverable under the Hull Policies of the entered ship or from cargo owners or underwriters.

Section 10 Collision with other ships

The liabilities, set out in paragraphs (A), (B) and (C) below, to pay costs and damages to any other person as a consequence of a collision between an entered ship and any other ship, but only if and to the extent that such liabilities are not recoverable under the collision liability clause contained in the Hull Policies of the entered ship:

- A One fourth, or such other proportion as may have been agreed in writing by the Managers, of the liabilities arising out of the collision other than the liabilities listed in paragraph (B) of this Section.
- B Four fourths of the liabilities arising out of the collision for or relating to:
 - i. removal or disposal of obstructions, wrecks, cargoes or any other thing whatsoever,
 - ii. any real or personal property or any thing whatsoever except other ships or property on other ships,
 - iii. the cargo or other property on the entered ship, or general average contributions, special charges or salvage paid by the owners of that cargo or property,
 - iv. loss of life, personal injury, illness, repatriation or substitute expenses,
 - v. an escape or discharge (other than from the entered ship), of oil or any other substance, or the threat thereof, but excluding damage to other ships with which the entered ship is in collision and property on such other ships.
 - vi. remuneration paid, pursuant to the Special Compensation P&I Club (SCOPIC) Clause, or any revision thereof, in respect of the salvage of a ship with which the entered ship is in collision.

Rule 2 (continued)

C That part of the Owner's liabilities arising out of the collision, other than the liabilities listed in paragraphs (A) and (B) of this Section, which exceeds the sum recoverable under the Hull Policies of the entered ship solely by reason of the fact that the sum of the liabilities arising out of the collision exceeds the valuation of the ship in those policies.

PROVIDED ALWAYS that:

- a) Unless and to the extent that the Members' Committee in its discretion otherwise decides, recovery from the Association under paragraph (C) of this Section shall be limited to the excess (if any) of the amount which would have been recoverable under the Hull Policies of the entered ship if that ship had been insured thereunder at the proper value in accordance with Rule 5(D).
- b) Unless otherwise agreed by the Managers at the time of entry or of subsequent annual renewal, an Owner shall not be entitled to recover from the Association any franchise or deductible borne by it under the Hull Policies of the entered ship.
- c) If a claim arises under this Section in respect of a collision involving two ships belonging wholly or partly to the same Owner, it shall be entitled to recover from the Association, and the Association shall have the same rights, as if the ships had belonged to different owners.
- d) Unless otherwise agreed between the Owner and the Managers as a term of the ship's entry in the Association, if both ships are to blame, then where the liability of either or both of the ships in collision becomes limited by law, claims under this Section shall be settled upon the principle of single liability, but in all other cases claims under this Section shall be settled upon the principle of cross-liabilities, as if the owner of each ship had been compelled to pay the owner of the other ship such proportion of the latter's damages as may have been properly allowed in ascertaining the balance or sum payable by or to the Owner of the entered ship in consequence of the collision.
- e) Unless otherwise agreed between the Owner and the Managers as a term of the ship's entry in the Association, there will be no recovery from the Association insofar as such collision liabilities are not recoverable under the hull policies by reason of any breach of such policies.

Note: Any oil pollution element in a claim under this Section 10 will be subject to the limitation set out in Rule 5(B) and in the corresponding note.

Section 11 Loss or damage to property

Liability to pay damages or compensation for any loss of or damage to any property (including infringement of rights) whether on land or water and whether fixed or moveable.

PROVIDED ALWAYS that:

- a) There shall be no recovery by an Owner under this Section in respect of:

- i. Liability which arises under the terms of any contract or indemnity to the extent that it would not have arisen but for those terms.
 - ii. Liability which is within the scope of the following Sections of this Rule, or within any proviso, limit, exclusion or deductible applicable to those Sections:
 - Section 0 Liability to passengers.
 - Section 5 The effects of seafarers and others.
 - Section 10 Collision with other ships.
 - Section 12 Pollution risks.
 - Section 13 Liability arising out of towage of or by an entered ship.
 - Section 15 Wreck liabilities.
 - Section 17 Cargo liabilities.
 - Section 18 Property on the entered ship.
 - iii. Any franchise or deductible borne by the Owner under the Hull Policies of the entered ship.
- b) If an entered ship causes loss or damage to property or infringes rights belonging wholly or in part to the Owner of the entered ship, the Owner shall have the same rights of recovery from the Association as if such property or rights belonged wholly to different owners.

Note: Any oil pollution element in a claim under this Section 11 will be subject to the limitation set out in Rule 5(B) and in the corresponding note.

Section 12 **Pollution risks**

The liabilities, losses, damages, costs and expenses set out in paragraphs (A) to (E) below when and to the extent that they are caused by or incurred in consequence of the discharge or escape from an entered ship of oil or any other substance, or the threat of such discharge or escape:

PROVIDED ALWAYS that:

- a) There shall be no recovery in respect of any liability, loss, damage, cost or expense arising as a consequence of the presence in, or the escape or discharge or threat of escape or discharge from, any land-based dump, storage or disposal facility, of any substance previously carried on the entered ship, whether or not as cargo, fuel, stores or waste, except to the extent that the Members' Committee in its discretion, and without having to give any reasons for their decision, otherwise determines.
- b) Unless and to the extent that special cover has been agreed in writing by the Managers, the Association shall not reimburse any liability, loss, cost or expense which would have been recoverable in general average if the cargo of the entered ship had been carried on terms no less favourable to the Owner than those of the York-Antwerp Rules.
- c) Unless the Managers otherwise agree in writing, the Owner of an entered ship which is a "relevant ship" as defined in the Small Tanker Oil Pollution Indemnification Agreement (STOPIA) shall during the currency of that Agreement be a party to STOPIA for the period of entry of such ship in the

Rule 2 (continued)

Association and, unless the Members' Committee otherwise determines, shall not be entitled to any recovery under this Rule 2, Section 12 in respect of such ship in relation to any casualty, event or matter occurring during a period when the Owner is not a party to STOPIA.

- d) Unless the Managers otherwise agree in writing, the Owner of an entered ship which is a "relevant ship" as defined in the Tanker Oil Pollution Indemnification Agreement (TOPIA) shall during the currency of that Agreement be a party to TOPIA for the period of entry of such ship in the Association and, unless the Members' Committee otherwise determines, shall not be entitled to any recovery under this Rule 2, Section 12 in respect of such ship in relation to any casualty, event or matter occurring during a period when the Owner is not a party to TOPIA.
- e) The Directors may determine prior to the commencement of the policy year that cover in respect of oil pollution liabilities, whether arising under any convention, statute, law, agreement or otherwise and whether arising in any geographical area or trade or otherwise shall be excluded, restricted or afforded only on terms that an additional premium is payable in respect of such cover, in which event such additional premium shall be payable in such amount and on such terms as the Directors may determine or as may be agreed between the Owner and the Managers.

A Liability for loss, damage or contamination.

B Any loss, damage or expense which the Owner incurs, or for which it is liable, as a party to any agreement approved by the Members' Committee including the costs and expenses incurred by the Owner in performing its obligations under such agreements.

C The costs of any measures reasonably taken for the purpose of avoiding or minimizing pollution or any resulting loss or damage together with any liability for loss of or damage to property caused by measures so taken.

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

- E The costs or liabilities incurred as a result of compliance with any order or direction given by any government or authority, for the purpose of preventing or reducing pollution or the risk of pollution, provided always that:
- a) such compliance is not a requirement for the normal operation or salvage or repair of the entered ship; and
 - b) such costs or liabilities are not recoverable under the Hull Policies of the entered ship.

Note: Oil pollution claims under this Section 12 will be subject to the limitation set out in Rule 5(B) and in the corresponding note.

Section 13

Liability arising out of towage of or by an entered ship

A Customary towage of an entered ship

Liability, other than for the cost of the contracted services, arising out of, or under the terms of a contract for the customary towage of an entered ship, that is to say:

- i. towage for the purpose of entering or leaving port or manoeuvring within the port during the ordinary course of trading, or
- ii. towage of such entered ships as are habitually towed in the ordinary course of trading from port to port or from place to place, to the extent that the Owner is not insured against such liability under the Hull Policies of the entered ship.

B Towage of an entered ship other than customary towage

Liability arising out of, or under the terms of a contract for towage of an entered ship other than the customary towage covered under paragraph (A) of this Section but only if and to the extent that cover for such liability has been agreed with the Managers upon such terms as the Managers may require.

Note: For the purpose of this paragraph B, the Managers will approve contracts for towage of an entered ship on terms not less favourable to the entered ship than:

- i. *The Lloyds standard form of salvage agreement (1980, 1990, 1995, 2000, 2011 or 2020, whether or not incorporating SCOPIC), or*
- ii. *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 of or damage to or wreck removal of their own ship, cargo or property and for loss of life or personal injury thereon, without recourse against the other and will indemnify the other against any such liability*

C Towage by an entered ship

Liability arising out of the towage of another ship or object by an entered ship

PROVIDED ALWAYS that:

There shall be no recovery by an Owner for loss of or damage to or wreck removal of a ship or other object towed by the entered ship or the cargo or other property on such tow (together with costs and expenses associated therewith) save in so far 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 or on such terms as the Managers may require.

Note: The Managers will ordinarily only approve contracts for towage by an entered ship in terms not less favourable to the towing ship than:

Rule 2 (continued)

- a) *United Kingdom, Netherlands and Scandinavian standard towage conditions;*
- b) *Towcon and Towhire*
- c) *The Lloyds standard form of salvage agreement (1980, 1990, 1995, 2000, 2011 or 2020, whether or not incorporating SCOPIC) – no-cure no pay;*
- d) *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 and for loss of life or personal injury thereon, without recourse against the other and will indemnify the other against any such liability (a “knock for knock” clause);*
- e) *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 Owner 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 Owner under the contract or otherwise to the maximum extent possible by law.*
- f) *Supply Boat Charters*

If the entered ship is working under a time charter and there is no contract between the Owner and the owner of the tow, then liability for loss of or damage to or wreck removal of a towed object and/or property on board shall only be covered where the Managers have approved the charter in writing and the charter contains:

 - (i) *a clause in terms set out in (d) above covering the property of sub-contractors of the charterers as well as the property of the charterers themselves, or*
 - (ii) *a separate clause requiring that all towage be carried out on terms no worse than as provided in (d) above; or*
 - (iii) *it otherwise complies with the requirements of (e) above.*
- g) *In addition, when cargo is carried on board the towed vessel the Managers will expect that:*
 - (i) *a Himalaya clause or similar provision is 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*
 - (ii) *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.*

Note: “Additional Offshore Supplying/Towing and Other Related Risks may be covered under the Association’s Offshore Additional Cover (Version 1)”, available from the Managers.

Note: Any oil pollution element in a claim under this Section 13 will be subject to the limitation set out in Rule 5(B) and in the corresponding note.

Section 14 **Liability arising under certain indemnities and contracts**

Liabilities, costs and expenses arising under the terms of an indemnity or contract given or made by or on behalf of the Owner relating to facilities or services provided or to be provided to or in connection with an entered ship, but only if and to the extent that:

- i. the terms have previously been approved by the Managers and cover for the liability has been agreed between the Owner and the Managers on such terms as the Managers may require, or
- ii. the Members' Committee in its discretion decides that the Owner should be reimbursed.

Note: Any oil pollution element in a claim under this Section 14 will be subject to the limitation set out in Rule 5(B) and in the corresponding note.

Section 15 **Wreck liabilities**

- A Costs or expenses relating to the raising, removal, destruction, lighting or marking of the wreck of an entered ship, when such raising, removal, destruction, lighting or marking is compulsory by law or the costs thereof are legally recoverable from the Owner.
- B Costs or expenses relating to the raising, removal or destruction of any property being carried or having been carried on an entered ship, not being oil or any other substance within the scope of Section 12 of this Rule, when such raising, removal or destruction is compulsory by law or the costs thereof are legally recoverable from the Owner.
- C Liabilities incurred by an Owner as the result of any such raising, removal or destruction of the wreck of an entered ship or any property as is referred to in paragraphs (A) and (B) of this Section, or any attempt thereat.
- D Liabilities incurred by an Owner as the result of the presence or involuntary shifting of the wreck of an entered ship or as a result of its failure to remove, destroy, light or mark such wreck, including liability arising from the discharge or escape from such wreck of oil or any other substance.
PROVIDED ALWAYS that:
 - a) The entered ship became a wreck as the result of a casualty occurring during the period of that ship's entry in the Association, in which case

Rule 2 (continued)

the Association shall continue to be liable for the claim notwithstanding that in other respects the liability of the Association shall have terminated pursuant to Rule 29(C).

- b) In respect of a claim under paragraph (A) of this Section, the value of all stores and materials saved, as well as the wreck itself, shall first be deducted from such costs or expenses and only the balance thereof, if any, shall be recoverable from the Association.
- c) Nothing shall be recoverable from the Association under this section if the Owner shall, without the consent of the Managers in writing, have transferred its interest in the wreck, otherwise than by abandonment, prior to the raising, removal, destruction, lighting or marking of the wreck or prior to the incident giving rise to the liabilities, costs and expenses referred to in this Section.
- d) Where the liability arises under the terms of an indemnity or contract, and would not have arisen but for those terms, such costs and expenses are only recoverable under this Section if and to the extent that:
 - i. the terms of the indemnity or contract have previously been approved by the Managers and cover has been agreed between the Owner and the Managers on such terms as the Managers may require, or
 - ii. the Members' Committee in their discretion decides that the Owner should be reimbursed.
- e) For the purpose of this rule only, 'casualty' means collision, stranding, explosion, fire or similar fortuitous event, but excludes any wreck caused by dereliction or neglect.

Note: Any oil pollution element in a claim under this Section 15 will be subject to the limitation set out in Rule 5(B) and in the corresponding note.

Section 16 **Quarantine expenses**

Additional expenses necessarily and solely incurred by the Owner of an entered ship as a direct consequence of an outbreak of infectious disease on that ship, including quarantine and disinfection expenses and the net loss to the Owner (over and above such expenses as would have been incurred but for the outbreak) in respect of the cost of fuel, insurance, wages, stores, provisions, port charges and cargo handling/loading/discharging.

Section 17 **Cargo liabilities**

The liabilities and costs set out in paragraphs (A) to (D) below when and to the extent that they relate to cargo intended to be or being or having been carried in an entered ship:

A Loss, shortage, damage or other responsibility

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

B Disposing of damaged cargo or sound cargo from a damaged ship

The additional costs (over and above those which would have been incurred by the Owner if the cargo or the entered ship had not been damaged) incurred by the Owner in discharging or disposing of damaged cargo or sound cargo following damage to an entered ship, always excepting such costs as are claimable in general average or for which the Owner has a right of recourse against any other party.

C Failure of consignee to remove cargo

The liabilities and additional costs (over and above the costs which would have been incurred by the Owner if the cargo had been collected or removed) incurred by an Owner solely by reason of the total failure of a consignee to collect or remove cargo at the port of discharge or place of delivery, but only if and to the extent that such liabilities or costs exceed the proceeds of sale of the cargo and the Owner has no recourse to recover those liabilities or costs from any other party.

D Through or transhipment bills of lading

Liability for loss, shortage, damage or other responsibility to cargo carried by a means of transport other than the entered ship, when the liability arises under a through or transhipment bill of lading, or other form of contract, approved by the Managers, providing for carriage partly to be performed by the entered ship, provided that the Owner has contracted on terms that seek to preserve rights of recourse against others involved in the performance of the contract of carriage.

Note: For the purpose of paragraph D, a contract is deemed to be approved if it incorporates the ICC Rules or the internationally accepted conventions such as CMR 1956 (Convention relative au Contrat de transport international de Marchandises par Route), CIM 1980 (Les règles uniformes concernant le Contrat de transport International ferroviaire de Marchandises), or the Warsaw Convention 1929 or 1955, as appropriate.

PROVIDED ALWAYS that:

a) Standard Terms of Contracts of Carriage

Unless and to the extent that the Members' Committee in their discretion otherwise decides, or special cover has been agreed in writing by the Managers, there shall be no recovery from the Association in respect of liabilities which would not have been incurred or sums which would not have been payable by the Owner if the cargo (including cargo on deck) had been carried under a contract incorporating terms no less favourable

Rule 2 (continued)

to the Owner than the Association's recommended standard terms of carriage which shall be the Hague Visby Rules and/or such other rules and/or conventions as the Members' Committee may from time to time determine.

Note: For the 2021 policy year the Standard Terms of Contracts of Carriage are the Hague Visby Rules, i.e. the Rules contained in the International Convention for the Unification of Certain Rules relating to Bills of Lading signed at Brussels on 25th August, 1924, as amended by the Protocol to that Convention signed at Brussels on 23rd February, 1968.

b) Deviation

Unless and to the extent that the Members' Committee in their discretion otherwise decides, or cover has been confirmed in writing by the Managers prior to the deviation, there shall be no recovery from the Association in respect of liabilities costs and expenses which arise out of or which are incurred as a consequence of a deviation, in the sense of a departure from the contractually agreed voyage or adventure which deprives the Owner of the right to rely on defences or rights of limitation which would otherwise have been available to it on the basis of the standard terms of carriage referred to in proviso (a) above to reduce or eliminate its liability.

c) Claims payable only at the discretion of the Members' Committee

Unless and to the extent that the Members' Committee in its discretion otherwise decides there shall be no recovery from the Association in respect of liabilities, costs or expenses arising out of:

- i. Discharge of cargo at a port or place other than the port or place provided in the contract of carriage;
- ii. Delivery of cargo carried under a non-negotiable bill of lading, waybill or similar document without production of such document by the person to whom delivery is made, where such production is required by the express terms of that document or the law to which that document, or the contract of carriage contained in or evidenced by it, is subject, except where the Owner is required by any other law to which the carrier is subject to deliver, or relinquish custody or control of, the cargo, without production of such document;
- iii. Delivery of cargo carried under a negotiable bill of lading or similar document of title (including an electronic bill of lading) without production (or the equivalent thereof in the case of an electronic bill of lading) of that bill of lading or document by the person to whom delivery is made, except where cargo has been carried on the entered ship
 - a) under the terms of a non-negotiable bill of lading, waybill or other non-negotiable document, and has been properly delivered as required by that document, notwithstanding that the Owner of that entered ship may be liable 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 that Owner providing for carriage partly by a means of transport other than the entered ship;

- b) under the terms of an approved electronic trading system and has been properly delivered to the person so entitled in accordance therewith.
- iv. The issue of an ante dated or post dated bill of lading, waybill or other document containing or evidencing the contract of carriage, that is to say a bill of lading, waybill or other document recording the loading or shipment or receipt for shipment on a date prior or subsequent to the date on which the cargo was in fact loaded, shipped or received as the case may be;
- v. A bill of lading, waybill or other document containing or evidencing the contract of carriage, issued with the knowledge of the Owner or the Master of the entered ship with an incorrect description of the cargo or its quantity or its condition;
- vi. Either the failure to arrive or late arrival of the entered ship at a port of loading, or the failure to load any particular cargo or cargoes in an entered ship other than liabilities, loss and expenses arising under a bill of lading already issued.

d) Ad Valorem Bills of Lading

Unless and to the extent that special cover has been agreed in writing by the Managers, the Association shall not pay for liability arising from 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 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 it would otherwise have been entitled and cause it to incur a greater liability than it would have done but for such declaration/insertion, to the extent that such liability thereby exceeds US\$2,500 (or the equivalent in any other currency) in respect of any such unit piece or package.

e) Rare and valuable cargo

Unless and to the extent that the Managers have been notified prior to any such carriage, and any directions made by the Managers have been complied with, there shall be no recovery from the Association in respect of claims relating to the carriage of specie, bullion, precious or rare metals or stone, plate or other objects of a rare or precious nature, bank notes or other forms of currency, bonds or other negotiable instruments.

f) Property of the Owner

In the event that any cargo lost or damaged on board the entered ship shall be the property of the Owner, such Owner shall be entitled to recover from the Association the same amount as would have been recoverable from it if the cargo had belonged to a third party and that third party had concluded a contract of carriage of the cargo with the Owner on the terms of the Association's recommended standard terms of carriage.

Rule 2 (continued)

Section 18

Property on the entered ship

Liability of an Owner for loss of or damage to any containers, equipment, fuel or other property on board the entered ship.

PROVIDED ALWAYS that:

- a) Such property is not within the scope of Section 0 or Section 5 of this Rule (the effects of passengers, seafarers and others) or Section 17 of this Rule (cargo liabilities) or within any proviso, exclusion, limit or deductible applicable to those Sections;
- b) Unless and to the extent that the Owner has obtained appropriate special cover by agreement with the Managers, the Association shall not reimburse an Owner to the extent that any liability arises under a contract or indemnity entered into by the Owner and would not have arisen but for such contract or indemnity.

Section 19

Unrecoverable general average contributions

The proportion of general average, special charges or salvage which an Owner may be entitled to claim from cargo or from some other party to the marine adventure and which is not legally recoverable solely by reason of a breach of the contract of carriage.

PROVIDED ALWAYS that:

Proviso (a) (Standard terms of carriage), Proviso (b) (Deviation) and Proviso (c) (Claims payable only at the discretion of the Members' Committee) of Section 17 of this Rule shall apply to any claim under this Section.

Section 20

Ship's proportion of general average

The entered ship's proportion of general average, special charges or salvage not recoverable under the Hull Policies by reason of the value of the ship being assessed for contribution to general average or salvage at a sound value in excess of the insured value under the Hull Policies.

PROVIDED ALWAYS that:

Unless and to the extent that the Members' Committee in their discretion otherwise decides, recovery from the Association under this Section shall be limited to the amount (if any) of the ship's proportion which would not have been recoverable under the Hull Policies if the ship had been insured thereunder at the proper value in accordance with Rule 5(D).

Section 21 Special compensation to salvors

Liability of an Owner to pay special compensation to a salvor of an entered ship, but only to the extent that such liability:

- i. is imposed on the Owner pursuant to Article 14 of the International Convention on Salvage, 1989, or is assumed by the Owner under the terms of a standard form of salvage agreement approved by the Members' Committee, and
- ii. is not payable by those interested in the salvaged property.

Note: Any oil pollution element in a claim under this Section 21 will be subject to the limitation set out in Rule 5(B) and in the corresponding note.

Note: At 2021, the Members' Committee have approved

- a) *Lloyd's Standard Forms of Salvage Agreement LOF 90, LOF 95, LOF 2000, LOF 2011, LOF 2020 and any other standard form of salvage contract incorporating the provisions of the International Convention on Salvage 1989, to the extent of the liability of the owner to pay special compensation pursuant to Article 14 of the Convention or to pay remuneration pursuant to the Special Compensation P&I Clause (SCOPIC) or its revision (SCOPIC 2000), if incorporated in such contract, and*
- b) *Lloyd's Standard Form of Salvage Agreement, 1980, to the extent of the liability of the owner of a tanker to reimburse a salvor for its "reasonably incurred expenses" (together with any increment awarded thereon) under the exception to the principle of "no cure-no pay" contained in clause 1(a) of that Agreement.*

Section 22 Fines

- A Fines as set out in paragraphs (B) to (F) below when and to the extent that they are imposed in respect of an entered ship by any court, tribunal or authority and are imposed:
- i. upon the Owner, or
 - ii. upon any person whom the Owner may be legally liable to reimburse (other than under the terms of a contract or indemnity) or reasonably reimburses with the approval of the Managers, or
 - iii. upon any person whom the Owner may be legally liable to reimburse under the terms of a contract or indemnity, but only if and to the extent that such terms have previously been approved by the Managers in writing;
- B Fines for short or overlanded or over delivery of cargo, or for failure to comply with regulations relating to declaration of goods or to documentation of the entered ship in respect of its cargo (other than fines

Rule 2 (continued)

or penalties arising from the smuggling of goods or cargo or any attempt thereat);

C [not used]

D Fines for contravention of any law or regulation relating to immigration;

E Fines in respect of an accidental discharge or escape of oil or other substance, or the threat thereof;

PROVIDED ALWAYS that:

There shall be no recovery from the Association in respect of fines arising out of

- a) the overloading of an entered ship or
- b) infringements or violations of or non-compliance with the provisions regarding construction, adaptation and equipment of ships contained in the International Convention for the Prevention of Pollution from Ships, 1973, as modified or amended by the Protocol of 1978 and any subsequent Protocol, or such of those aforesaid provisions as are contained in the laws of any State giving effect to that Convention or to such Protocol.

F Any fine to the extent that

- i. the Owner has satisfied the Members' Committee that it took such steps as appear to the Members' Committee to be reasonable to avoid the event giving rise to such fine and
- ii. the Members' Committee in its discretion and without having to give any reasons for their decision, decides that the Owner should recover.

G Notwithstanding the terms of Rule 5(G)(i), the Members' Committee in its discretion may authorise the payment, in whole or in part, of an Owner's claim for loss of an entered ship following confiscation of the ship by any legally empowered court, tribunal or authority by reason of the infringement of any customs law or customs regulation:

PROVIDED ALWAYS that:

- a) the amount recoverable from the Association shall under no circumstances exceed the market value of the ship without commitment at the date of the confiscation;
- b) the Owner shall have satisfied the Members' Committee that it took such steps as appear to the Members' Committee to be reasonable to prevent the infringement of the customs law or regulation giving rise to the confiscation;
- c) any amount claimed under this paragraph (G) of Section 22 shall be recoverable to such extent only as the Members' Committee in its discretion may determine without having to give any reasons for its decision.

Note: Claims relating to oil pollution fines under this Section 22 will be subject to the limitation set out in Rule 5(B) and in the corresponding note.

Section 23 Enquiry expenses

Costs and expenses incurred by an Owner in defending itself or in protecting its interests before a formal enquiry into the loss of or into a casualty involving the entered ship but only to the extent and on such conditions as the Members' Committee in its discretion may determine.

Section 24 Expenses incidental to the operation of ships

Liabilities, costs and expenses incidental to the business of owning, operating or managing ships which in the opinion of the Members' Committee fall within the scope of the Association;

PROVIDED ALWAYS that:

- a) Subject to paragraph (b) of this proviso there shall be no recovery under this Section in respect of liabilities, costs and expenses, which are expressly excluded by other provisions of these Rules;
- b) The Members' Committee may authorise payment of claims which are excluded by Rule 5(G) of these Rules but only if a majority of three-quarters of those members of the Members' Committee present when the claim is considered so decide;
- c) Any amount claimed under this Section shall be recoverable to such extent only as the Members' Committee in its discretion may determine without having to give any reasons for its decision.

Section 25 Sue and labour and legal costs

- A Extraordinary costs and expenses (other than those set out in paragraph (B) of this Section) reasonably incurred on or after the occurrence of any casualty, event or matter liable to give rise to a claim upon the Association and incurred solely for the purpose of avoiding or minimizing any liability or expenditure against which the Owner is wholly or, by reason of a deductible, partly insured by the Association, but only to the extent that those costs and expenses have been incurred with the agreement of the Managers or to the extent that the Members' Committee in its discretion decides that the Owner should recover from the Association.
- B Legal costs and expenses relating to any liability or expenditure against which the Owner is wholly, or, by reason of a deductible, partly insured by the Association, but only to the extent that those costs and expenses have been incurred with the agreement of the Managers or to the extent that the Members' Committee in its discretion decides that the Owner should recover from the Association.

Rule 2 (continued)

Section 26

Expenses incurred by direction of the Association

Costs, expenses and loss which an Owner may incur either (i) by reason of a special direction of the Members' Committee in cases in which the Members' Committee decide that it is in the interests of the Association that the direction be given, or (ii) in the absence of such special direction, as a result of action which the Owner has taken or refrained from taking if the Members' Committee in its discretion decide that such action was in the interests of the Association and that the Owner should recover from the Association.

Special Cover

- A Subject to the Articles, the Managers may accept entries of ships on terms which afford cover to an Owner against any special or additional risks not set out in Rule 2. The nature and extent of the risks and the terms of the cover shall be as agreed in writing between the Owners and the Managers.

- B Notwithstanding Rule 1(5), an Owner or a Charterer may be insured on the special term that the risks insured may arise otherwise than in respect of the entered ship or otherwise than in connection with the operation of the entered ship provided always that this shall have been expressly agreed in writing between the Owners and the Managers.

- C Without prejudice to the generality of Rule 13C, the Managers may reinsure in whole or in part the risk or risks of the Association insured under this Rule 3, or under Rule 4, and where such reinsurance is arranged the Owner shall be entitled to recover only the net amount actually recovered under such reinsurance arrangements, together with that portion (if any) of the risk or risks retained by the Association.

Rule 4

Special Cover for Specialist Operations, Passenger Ships, and TT Risks

Without prejudice to the generality of Rule 3, an Owner may be insured against such of the risks set out below as may be appropriate to its interest in an entered ship or to its operations as an Owner, but only by special agreement in writing with the Managers and upon such terms and conditions as the Managers may require.

Section 1 Offshore and Specialist operations

An Owner may be insured against any of the liabilities, fines, losses, costs or expenses which arise out of or during any of those operations in respect of which Cover is excluded or restricted either under Rule 5(H) or otherwise under these Rules upon such terms and conditions as may be expressly agreed in writing between the Owner and the Managers.

Note: A summary of the risks referred to in this section is set out in Appendix II: Offshore/Specialist Operations. The terms and conditions which the Managers will normally require to be agreed are set out in a separate document available from the Managers.

Section 2 Passenger ships

The Owner of a passenger ship may be insured against any of the following risks upon such terms and conditions as may be agreed by the Managers in writing:

- A Liability for loss of or damage to the effects of any passenger or personal injury, illness or death of any passenger and hospital, medical or funeral expenses incurred in connection therewith to the extent that such liability, costs or expenses are not recoverable under Section 0 of Rule 2.
- B Notwithstanding the provisions of sub-paragraph (vi) of Rule 5(G) liability to pay damages or compensation to passengers intended to be carried on board an entered ship arising as a consequence of a casualty to that ship, including the costs of travel and maintenance.

Section 3 TT Risks

An Owner may be insured against liabilities, fines, losses, costs or expenses in respect of carrying equipment upon such terms and conditions as may be expressly agreed in writing between the Owner and the Managers.

Note: A fuller description of covers available under Rule 4, Section 3 is contained in "Appendix III – TT Risks".

Conditions, Exceptions and Limitations

A Payment first by the Owner

Unless the Directors in their discretion otherwise decide, it is a condition precedent of an Owner's right to recover from the funds of the Association in respect of any liabilities, costs or expenses that the Owner shall first have discharged or paid the same out of funds belonging to it unconditionally and not by way of loan or otherwise.

B Limitation of the Association's liability

i. General

Subject to these Rules and to any special terms and conditions upon which a ship may be entered, the Association insures the liability of the Owner in respect of an entered ship as this liability may be determined and fixed by law including any laws pertaining to limitation of liability. The Association shall in no circumstances be liable for any sum in excess of such legal liability. If less than the full tonnage of a ship is entered in the Association, the Owner shall, unless the entry of the ship has been accepted on special terms which otherwise provide, be entitled only to recover such proportion of its claim as the entered tonnage bears to the full tonnage. Such proportion shall, if the Owner's claim is subject to any other limits under these Rules, be applied after the application of such limits.

ii. Oil Pollution

For the purpose of this sub-paragraph and the provisos thereto, and without prejudice to anything elsewhere contained in these Rules, a "claim in respect of oil pollution" shall mean a liability, cost, loss or expense, howsoever incurred, in respect of or relating to an escape or discharge of oil or any threat or consequence of such escape or discharge, but excluding liability for loss of or damage to such oil.

Unless otherwise limited to a lesser sum, the Association's liability for any and all claims in respect of oil pollution shall be limited to such sum or sums as the Directors may from time to time determine.

Such limit shall, unless the Directors otherwise decide, apply in respect of any one entered ship each event and shall apply irrespective of whether the event involves the escape or threatened escape of oil from one or more than one ship and to all claims in respect of oil pollution whether under one Section or more than one Section of Rule 2. If the aggregate of such claims exceeds that limit, the liability of the Association for each claim shall be limited to such proportion of that limit as such claim bears to the aggregate of all such claims.

PROVIDED ALWAYS that:

- a) Where the entered ship provides salvage or other assistance to another ship following a casualty, a claim by the Owner of the entered ship in respect of oil pollution arising out of the salvage, the assistance or the casualty shall be aggregated with any liabilities or

Rule 5 (continued)

costs incurred in respect of oil pollution by any other ship similarly engaged in connection with the same casualty when such other ships are insured for oil pollution risks by the Association or by any other insurer which participates in the Pooling Agreement. In these circumstances the limit of the Association's liability shall be such proportion of the limit determined by the Directors pursuant to sub-paragraph (ii) of this Rule 5(B) as the claim of the Owner bears to the aggregate of the said claims.

- b) Where a ship entered in the Association by or on behalf of any person (except a charterer other than a demise or bareboat charterer) is also separately insured in the name of or on behalf of the same or any other such person by the Association or by any other insurer which is a party to the Pooling Agreement for claims in respect of oil pollution, the aggregate recovery in respect of all such claims arising out of any one event shall not exceed the limit determined by the Directors pursuant to sub-paragraph (ii) of this Rule 5(B) and the liability of the Association to each such person insured by the Association shall be limited to such proportion of that limit as the maximum claim otherwise recoverable by such person from the Association bears to the aggregate of all such claims otherwise recoverable from the Association and from all such insurers.
- c) If and to the extent that the Owner has, in relation to any claim in respect of oil pollution, other insurance not being solely in excess of the limit determined by the Directors pursuant to this sub-paragraph (ii) of Rule 5(B) or being a quota share arrangement agreed in advance with the Association in writing, then
 - 1) the amount of the said limit shall, as applied to such claim, be reduced by the amount of the stated limit of such other insurance and
 - 2) the Association shall not pay such claim to the extent that it does not exceed the stated limit of such other insurance.

Note: For the 2021 policy year, the Directors have determined that the sums to which the Association's aggregate liability for any and all claims in respect of oil pollution shall be limited to are: US\$1,000 million each event in respect of each ship entered by or on behalf of an Owner not being a charterer other than a demise or bareboat charterer.

iii. **Passenger/Seafarer**

For the purpose of this sub-paragraph and the provisos thereto, and without prejudice to anything elsewhere contained in the Rules, a "Passenger" shall mean a person carried onboard a ship under a contract of carriage or who, with the consent of the carrier, is accompanying a vehicle or live animals covered by a contract for the carriage of goods and a "Seafarer" shall mean any other person onboard a ship who is not a Passenger.

Unless otherwise limited to a lesser sum, the Association's aggregate liability for any and all claims arising out of any one event shall not exceed

- 1) in respect of liability to Passengers US\$2,000 million; and
- 2) in respect of liability to Passengers and Seafarers US\$3,000 million, for each ship entered by or on behalf of an Owner not being a charterer other than a demise or bareboat charterer.

PROVIDED ALWAYS that:

Where a ship entered in the Association by or on behalf of any person (except a charterer other than a demise or bareboat charterer) is also separately insured in the name of or on behalf of the same or any other such person by the Association or by any other insurer which is a party to the Pooling Agreement

- a) the aggregate of claims in respect of liability to Passengers recoverable from the Association and/or such other insurers shall not exceed US\$2,000 million any one event and the liability of the Association shall be limited to such proportion of that sum as the claims recoverable by such persons from the Association bears to the aggregate of all such claims otherwise recoverable from the Association and all such insurers;
- b) the aggregate of all claims in respect of liability to Passengers and Seafarers recoverable from the Association and/or such other insurers shall not exceed US\$3,000 million any one event and the liability of the Association shall be limited:
 - i. where claims in respect of liability to Passengers have been limited to US\$2,000 million in accordance with proviso (a) to such proportion of the balance of US\$1,000 million as the claims recoverable by such persons in respect of liability to Seafarers bear to the aggregate of all such claims otherwise recoverable from the Association and all such insurers; and
 - ii. in all other cases, to such proportion of US\$3,000 million as the claims recoverable by such persons in respect of liability to Passengers and Seafarers bear to the aggregate of all such claims otherwise recoverable from the Association and all such insurers.

iv. Charterers Co-assureds

The aggregate amount recoverable from the Association by any and all affiliated or associated charterer(s) named as co-assured(s) under Rule 10B(a) in respect of all claims arising out of any one event, or (for cargo claims) any one cargo voyage, is limited to a maximum of US\$350 million,

PROVIDED ALWAYS that:

- a) for any and all claims in respect of oil pollution, the aggregate amount recoverable by any and all affiliated or associated charterer(s) under Rule 10B(a) and the Owner shall in no event exceed US\$1,000 million any one event, and shall be subject to terms of Rule 5(B)(ii).
- b) for any and all claims (i) in respect of liability to Passengers, the aggregate amount recoverable by any and all affiliated or associated charterer(s) under Rule 10B(a) and the Owner shall in no event exceed US\$2,000 million any one event and shall be

Rule 5 (continued)

subject to terms of Rule 5(B)(iii) and (ii) in respect of liability to Passengers and Seafarers, the aggregate amount recoverable by any and all charterers named as co-assured under Rule 10B(a) and by the Owner shall in no event exceed US\$3,000 million any one event and shall be subject to terms of Rule 5(B)(iii).

C Set-off

Without prejudice to anything elsewhere contained in these Rules the Association shall be entitled to set off any amount due from an Owner against any amount due to such Owner from the Association.

D Exclusion of sums insurable under hull policies

Unless and to the extent that the Members' Committee in its discretion otherwise decides, or the Managers agree in writing as a term of entry, the Association shall not indemnify the Owner of an entered ship against any liabilities, costs or expenses against which that Owner would have been insured if at the time of the incident giving rise to those liabilities, costs or expenses the ship had been fully insured for its proper value under Hull Policies on terms equivalent to those of the Lloyd's Marine Policy MAR form 1/1/82 with the Institute Time Clauses Hulls 1/10/83 attached. For the purposes of these Rules "proper value" shall mean the market value of the ship, without commitment, at the date of the incident referred to above.

Note: When considering the proper value for which an entered ship should be insured or deemed to be insured for the purposes of claims under Rule 2 Sections 10 and 20, the Members' Committee will require to be satisfied that the hull and/ or excess liability policies of the Owner concerned have been the subject of periodic review as market conditions may require, so that the total amount of liability coverage contained in those policies is maintained at levels approximating to the market value of the ship without commitment. Owners are recommended to consult their brokers and/ or shipvaluers to assess periodically in the light of the above, the proper amount for which insurances should be effected to cover against collision and general average or salvage liabilities. Provided the necessary insurances are placed on the basis of the advice received, the Members' Committee will give every consideration to a claim if, as may transpire, the values and amounts upon which the insurances have been placed are lower than the values which may have been assessed by a Court or Tribunal for general average or salvage purposes.

E Exclusion of war risks

The Association shall not indemnify an Owner against any liabilities, costs or expenses (irrespective of whether a contributory cause of the same being incurred was any neglect on the part of the Owner or on the part of the Owner'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 caused by:

- i. 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.
- ii. Capture, seizure, arrest, restraint or detainment (barratry and piracy excepted) and the consequences thereof or any attempt thereat;
- iii. Mines, torpedoes, bombs, rockets, shells, explosives or other similar weapons of war (save for those liabilities, costs or expenses which arise solely by reason of the transport of any such weapons whether on board the entered ship or not), provided always that this exclusion shall not apply to the use of such weapons either as a result of government order or with the written agreement of the Directors or the Managers where the reason for such use is the avoidance or mitigation of liabilities, costs or expenses which would otherwise fall within the cover given by the Association.

PROVIDED ALWAYS that:

- a) In the event of any dispute as to whether or not an act constitutes an act of terrorism, the decision of the Directors shall be final.
- b) Ransom shall not be recoverable unless and to the extent that the Members' Committee in its discretion shall otherwise decide.
Note: when deciding whether to exercise its discretion, the Committee will consider the merits of each case individually including but not limited to whether the Owner had taken such precautions as appear to the Committee to be reasonable to avoid the event that gave rise to the ransom.
- c) The Directors may resolve that special cover be provided to the Owner against any or all of the risks set out in Rule 2 notwithstanding that those liabilities, costs or expenses would otherwise be excluded by this paragraph (E) and that such special cover should be limited to such sum or sums and be subject to such terms and conditions as the Directors may from time to time determine.

F Exclusion of nuclear risks

The Association shall not indemnify an Owner against any liabilities, costs or expenses (irrespective of whether a contributory cause of the same being incurred was any neglect on the part of the Owner or on the part of the Owner'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

Rule 5 (continued)

PROVIDED ALWAYS that:

- a) this exclusion shall not apply to liabilities, losses, costs or expenses arising out of the carriage of “excepted matter” as cargo on an entered ship. For this purpose “excepted matter” consists of certain radio isotopes, used in or intended to be used for any industrial, commercial, agricultural, medical or scientific purpose and such further exceptions as the Directors may approve within the scope of the definition of “excepted matter” contained in the Nuclear Installations Act 1965 of the United Kingdom and any regulations made thereunder.
- b) The Directors may resolve that special cover be provided to the Owner against any or all of the risks set out in Rule 2 notwithstanding that those liabilities, losses, costs, or expenses would otherwise be excluded by this paragraph (F) and that such special cover should be limited to such sum or sums and be subject to such terms and conditions as the Directors may determine.

G Exclusion of damage to entered ship, loss of hire, etc.

Subject to paragraph (G) of Section 22 and to Section 24 of Rule 2, the Association shall not, except as otherwise provided in this paragraph, pay for:

- i. Loss of or damage to the entered ship or any part thereof;
- ii. Loss of or damage to any equipment on board the entered ship or to any containers, lashings, stores or fuel thereon, to the extent that the same are owned or leased by the Owner or by any company associated with or under the same management as the Owner;
- iii. The cost of repairs to the entered ship or any charges or expenses in connection therewith;
- iv. Claims by or against the Owner relating to loss of freight or hire of an entered ship or any proportion thereof unless such loss of freight or hire forms part of a claim recoverable from the Owner for liabilities in respect of cargo or is, with the consent of the Managers, included in the settlement of such a claim;
- v. Salvage or services in the nature of salvage and any costs and expenses in connection therewith;
- vi. Loss arising out of cancellation of a charter or other engagement of an entered ship;
- vii. Loss arising out of irrecoverable debts or out of the insolvency of any person, including insolvency of agents;
- viii. Claims by or against the Owner relating to demurrage on, detention of or delay to an entered ship unless such demurrage, detention or delay forms part of a claim recoverable from the Owner for liabilities in respect of cargo within the scope of these Rules or is, with the consent of the Managers, included in the settlement of such a claim.

PROVIDED ALWAYS that:

The foregoing exceptions shall not apply to claims under the following Sections of Rule 2:

Section 9 Life Salvage,

Section 19 Unrecoverable general average contributions,

Section 20 Ship's proportion of general average,
Section 21 Special compensation to Salvors,
Section 25 Sue and labour and legal costs,
Section 26 Expenses incurred by direction of the Association.

H Exclusion of certain liabilities, costs and expenses of salvage ships, drilling ships, dredgers and others

Unless and to the extent that special cover shall have been agreed between the Owner and the Managers in accordance with the provisions of Rules 3 or 4, the Association shall not be liable for any claim relating to liabilities, costs and expenses incurred by the Owner of:

- i. An entered ship which is a salvage tug or firefighting ship or other ship used or intended to be used for salvage or firefighting operations, when the claim arises out of any salvage or firefighting service or attempted salvage or firefighting service (including for the purpose of this paragraph, wreck removal) other than
 - (a) liabilities, costs and expenses arising out of salvage or firefighting service or attempted salvage or firefighting service conducted by an entered ship for the purpose of saving or attempting to save life at sea; and
 - (b) liabilities, costs and expenses incurred by the Owner (being a professional salvor) which are covered by a special agreement between the Owner and the Association and which arise out of the operation of, and in respect of that Owner's interest in an entered ship.
- ii. An entered ship which is used to carry out drilling operations in connection with oil or gas exploration or production when the claim arises out of or during those operations.

PROVIDED ALWAYS that for the purposes of paragraph ii above:

- a) the entered ship shall be deemed to be carrying out production operations if (inter alia) it is a storage tanker or other ship engaged in the storage of oil, and either:
 - (i) the oil is transferred directly from a producing well to the storage ship; or
 - (ii) the storage ship has oil and gas separation equipment on board and gas is being separated from oil whilst on board the storage ship other than by natural venting; and
- b) in respect of any entered ship employed to carry out production operations in connection with oil or gas production, the exclusion shall apply from the time that a connection, whether directly or indirectly, has been established between the entered ship and the well pursuant to a contract under which the entered ship is employed, until such time that the entered ship is finally disconnected from the well in accordance with that contract.
- iii. An entered ship which is used for operations of dredging, blasting, pile-driving, well-intervention, cable or pipe laying, construction, installation, maintenance work, core sampling, depositing of spoil, power generation, decommissioning or such other operations as the

Rule 5 (continued)

Managers may determine from time to time, when the claim arises 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 Owner or the fitness for purpose or quality of the Owner's work, products or services; or
- (c) any loss of or damage to the contract work.

PROVIDED ALWAYS that this exclusion shall not apply to liabilities, costs and expenses incurred by an Owner in respect of:

- (i) loss of life, injury or illness of crew and other personnel on board the entered ship; or
 - (ii) the wreck removal of the entered ship; or
 - (iii) oil pollution emanating from the entered ship or the threat thereof, but only to the extent that such liabilities, costs and expenses are covered by the Rules.
- iv. An entered ship which is used for waste disposal or incineration operations, when the claim arises out of those operations:
 - v. An entered ship which is used for or in connection with the operations of submarines, mini-submarines, diving bells or remotely operated vehicles or equipment or an entered ship which is used for or in connection with professional or commercial diving operations, when the claim arises out of those operations, except a claim
 - (a) arising out of salvage operations being conducted by an entered ship provided that (i) the divers, fully licenced or otherwise certified, form part of the crew of that entered ship (or of diving bells or other similar equipment or craft operating from the entered ship); (ii) the Owner of that entered ship (except a charterer other than a demise or bareboat charterer) is responsible for the activities of such divers; (iii) the Owner at all times ensures compliance with any legislation, regulations, rules and other requirements regarding the employment of such divers; and
 - (b) incidental diving operations carried out in relation to the inspection, repair or maintenance of the entered ship or in relation to damage caused by the entered ship; and
 - (c) recreational diving activities.
 - vi. An entered ship which is moored (otherwise than on a temporary basis) and is open to the public as a hotel, restaurant, bar or other place of entertainment, when the claim is in respect of hotel or restaurant guests or other visitors or catering crew of such ship.
 - vii. An entered ship which is used as an accommodation vessel, when the claim is in respect of personnel (other than marine crew) on board such ship employed otherwise than by the Owner, where either:
 - a) Such vessel is providing accommodation to such personnel in relation to their employment on or about an oil or gas production or exploration facility; or

- b) there has been a contractual allocation of risk on terms less favourable to the Owner than Knock for Knock as between the Owner and the employer of the personnel which has been approved by the Managers.

PROVIDED ALWAYS that:

This exclusion is subject to and shall not override or supersede the exclusion in paragraph ii above.

- viii. An entered ship which is a semi-submersible heavy lift vessel or which is designed exclusively for the carriage of heavy lift cargo, when the claim is in respect of loss of or damage to or wreck removal of cargo, save where the cargo is carried under a contract on HeavyCon terms or any other terms approved in writing by the Managers.

I Double insurance

The Association shall not, unless and to the extent that the Members' Committee in its discretion otherwise decides, be liable for any liabilities, costs or expenses recoverable under any other insurance or which would have been so recoverable:

- i. apart from any terms in such other insurance excluding or limiting liability on the ground of double insurance; and
- ii. if the ship had not been entered in the Association with cover against the risks set out in these Rules.

J Contraband, blockade running, unlawful trade, imprudent or hazardous operations

No claim shall be recoverable from the Association if it arises out of or is consequent upon an entered ship carrying contraband, blockade running or being employed in an unlawful trade or if the Members' Committee, having regard to all the circumstances, shall be of the opinion that the carriage, trade or voyage was imprudent, unsafe, unduly hazardous or improper.

K Classification and statutory requirements

Unless otherwise agreed in writing between the Owner and the Managers, the following conditions are terms of the insurance of every entered ship:

- i. The ship must be and remain throughout the period of entry classed with a Classification Society approved by the Managers, and
- ii. Any incident or condition in respect of which that Classification Society might make recommendations as to repairs or other action to be taken by the Owner must be promptly reported to that Classification Society.
- iii. The Owner must comply with all the Rules, recommendations and requirements of the Classification Society relating to the entered ship within the time or times specified by the Society.
- iv. The Owner authorises the Managers to inspect any information, relating to the maintenance of class of the entered ship, in the possession of any Classification Society with which that ship is or at any time has been classed, and will where necessary authorise such Classification Society or Societies to disclose and make available that information to the Managers

Rule 5 (continued)

upon request by the Managers and for whatsoever purposes the Managers may consider necessary.

- v. The Owner must immediately inform the Managers if, at any time during the period of entry, the Classification Society with which the ship is classed is changed and advise the Managers of all outstanding recommendations, requirements or restrictions specified by any Classification Society relating to that ship as at the date of such change.
- vi. The Owner must comply with all statutory requirements of the state of the ship's flag relating to the construction, adaptation, condition, fitment, equipment and manning of the entered ship and must at all times maintain the validity of such statutory certificates as are issued by or on behalf of the state of the ship's flag in relation to such requirements and in relation to the International Safety Management (ISM) Code and the International Ship and Port Facility Security (ISPS) Code.

Unless and to the extent that the Members' Committee otherwise decides, an Owner shall not be entitled to any recovery from the Association in respect of any claim arising during a period when that Owner is not fulfilling or has not fulfilled those conditions.

L Marine Insurance Act 1906 and Insurance Act 2015

- i. These Rules and all contracts of insurance made by the Association shall be subject to and incorporate the provisions of the Marine Insurance Act, 1906 and, upon its entry into force, the Insurance Act 2015 of the United Kingdom and any statutory modifications thereof except insofar as such Acts or modifications may have been excluded by these Rules or by any term of such contracts.
- ii. The following provisions of the Insurance Act 2015 ("the Act") are excluded from the Rules and any contract of insurance as follows:
 - a) Section 8 of the Act is excluded. As a result any breach of the duty of fair presentation shall entitle the Association to avoid the policy, regardless of whether the breach of the duty of fair presentation is innocent, deliberate or reckless.
 - b) Section 10 of the Act is excluded. As a result all warranties in these Rules or any contract of insurance must be strictly complied with and if the Owner fails to comply with any warranty the Association shall be discharged from liability from the date of the breach, regardless of whether the breach is subsequently remedied.
 - c) Section 11 of the Act is excluded. As a result the Rules and all terms of the contract of insurance between the Association and the Owner, including terms which tend to reduce the risk of loss of a particular kind, loss at a particular location and/or loss at a particular time, must be strictly complied with and if the Owner fails to comply with any such term, the Association's liability may be excluded, limited or discharged in accordance with these Rules notwithstanding that the breach could not have increased the risk of the loss which actually occurred in the circumstances in which it occurred.

- d) Section 13 of the Act is excluded. As a result the Association shall be entitled to exercise its right to terminate the contract of insurance in respect of the Owner and all insureds in the event that a fraudulent claim is submitted by or on behalf of the Owner and/or any Group Affiliate.
- e) Section 13A of the Act is excluded: As a result the Rules and all terms of the contract of insurance between the Association and the Owner shall not be subject to or shall the Association be in breach of any implied term that it will pay any sums due in respect of a claim within a reasonable time save where the breach is deliberate or reckless and Section 13A of the Act is excluded to this extent.
- f) Section 14 of the Act is excluded. As a result, the contract of insurance between the Association and the Owner shall be deemed to be a contract of the utmost good faith, and any breach of the duty of the utmost good faith shall entitle the Association to avoid the contract of insurance.

M Obligation to sue and labour

Upon the occurrence of any casualty, event or matter liable to give rise to a claim by an Owner upon the Association, it shall be the duty of the Owner and its agents to take and to continue to take all such steps as may be reasonable for the purpose of averting or minimizing any expense or liability in respect whereof it may be insured by the Association. In the event that an Owner commits any breach of this obligation, the Members' Committee may in its discretion reject any claim by the Owner against the Association arising out of the casualty, event or matter, or reduce the sum payable by the Association in respect thereof by such amount as it may determine.

N Obligations with regard to claims

- i. An Owner must promptly notify the Managers of every casualty, event or claim upon it which is liable to give rise to a claim upon the Association, and of every event or matter which is liable to cause the Owner to incur liabilities, costs or expenses for which it may be insured by the Association.
- ii. An Owner must promptly notify the Managers of every survey or opportunity for survey in connection with a matter referred to under (i).
- iii. An Owner must at all times promptly notify the Managers of any information, documents or reports in its or its agents' possession, power or knowledge relevant to such casualty, event or matter as is referred to under (i) and shall further, whenever so requested by the Managers, promptly produce to the Association and/or allow the Association or its agents to inspect, copy or photograph, all relevant documents of whatsoever nature in its or its agents' possession or power and shall further permit the Association or its agents to interview any servant, agent or other person who may have been employed by the Owner at the material time or at any time thereafter or whom the Association may consider likely to have any direct or indirect knowledge of the matter or who may have been under a duty at any time to report to the Owner in connection therewith.

Rule 5 (continued)

- iv. An Owner shall not settle or admit liability for any claim for which it may be insured by the Association without prior written consent of the Managers.

In the event that an Owner commits any breach of its obligations referred to in (i) to (iv) above, the Members' Committee may in its discretion reject any claim by the Owner against the Association arising out of the casualty, event or matter, or reduce the sum payable by the Association in respect thereof by such amount as they may determine.

O Time bar

In the event that:

- i. an Owner fails to notify the Managers of any casualty, event or claim referred to in paragraph (N) (i) of this Rule within one year after it has knowledge thereof; or
- ii. an Owner fails to submit a claim to the Managers for reimbursement of any liabilities, costs or expenses within one year after discharging or settling the same;

the Owner's claim against the Association shall be discharged and the Association shall be under no further liability in respect thereof unless the Members' Committee in its discretion shall otherwise determine.

P Recoveries, savings by the Owner and subrogation

- i. Unless otherwise agreed in writing by the Managers, where the Association has paid a claim to or on behalf of an Owner the whole of any recovery from a third party in respect of that claim shall be credited and paid to the Association up to an amount corresponding with the sum paid by the Association together with any interest element on that sum comprised in the recovery, provided however that where, because of a deductible in its terms of entry, the Owner has contributed to settlement of the claim, any such interest element shall be apportioned between the Owner and the Association taking into account the payments made by each and the dates on which those payments were made.
- ii. Unless otherwise agreed in writing by the Managers, where the Owner, as a result of an event for which it is covered by the Association, has obtained extra revenue or saved costs or expenses which would otherwise have been incurred and which would not have been covered by the Association, the Association may deduct from the sum otherwise payable to the Owner an amount corresponding to the benefit obtained.
- iii. Unless otherwise agreed in writing by the Managers, where the Association has paid a claim to or on behalf of an Owner, the Association shall be subrogated to the rights of the Owner in respect of the claim to the extent of that payment, including the right to any interest accruing on that amount prior to its recovery and the right to recover any costs incurred in relation to the exercise of such rights.

Q Surveys of ships

The Managers at any time in their discretion may appoint a surveyor or such other person as they may think fit to inspect an entered ship on behalf of the Association. The Owner

- (i) shall afford such facilities as may be required for such inspection, and
- (ii) shall comply with such recommendations as the Managers may make following such inspection.

Unless and to the extent that the Members' Committee in its discretion otherwise decides, an Owner who commits any breach of its obligations referred to in (i) to (ii) above shall not be entitled, in relation to any casualty, event or matter occurring during the period of the breach, to any recovery from the Association in respect of any claim arising out of such casualty, event or matter.

Notwithstanding the above and in addition thereto, the Members' Committee may, in the light of such inspection or in the event of any breach of the obligations referred to in (i) to (ii) above, terminate the Owner's entry forthwith where-upon the Owner shall cease to be insured in respect of the entered ship.

R Surveys of ships after lay-up

- i. If an entered ship has been laid-up for a period of six months or more, whether the ship has been entered in the Association for all or part of the period of lay-up and whether or not laid-up returns have been claimed or paid in accordance with Rule 27, the Owner shall give the Managers notice that the ship is to be recommissioned not less than seven days before the ship leaves the place of lay-up.
- ii. Upon receipt of such notice the Managers in their discretion may appoint a surveyor or such other person as they may think fit to inspect the ship on behalf of the Association and the Owner shall afford such facilities as may be required for such inspection, and
- iii. The Owner shall comply with such recommendations as the Managers may make following such inspection.

Unless and to the extent that the Members' Committee in its discretion otherwise decides, an Owner who commits any breach of its obligations referred to in (i) to (iii) above shall not be entitled, in relation to any casualty, event or matter occurring during the period of the breach, to any recovery from the Association in respect of any claim arising out of such casualty, event or matter.

A breach of the obligation in (i) above shall be deemed to have started when the ship leaves the place of lay-up and to have ended at such time as the Owner has complied with its obligations referred to in (ii) and (iii) above, as determined by the Managers in their discretion.

Notwithstanding the above and in addition thereto, the Members' Committee may, in the light of such inspection or in the event of any breach of the obligations referred to in (ii) to (iii) above, terminate the

Rule 5 (continued)

Owner's entry forthwith where-upon the Owner shall cease to be insured in respect of the entered ship.

S Electronic communication

The Association's logs and records of any electronic communication sent or received by the Association shall, in the absence of manifest error, be conclusive evidence of such communication and of its despatch or receipt.

T Interest

In no case shall interest be paid upon sums due from the Association.

U Certificates and undertakings

Unless and to the extent that the Directors otherwise decide, the Association shall discharge on behalf of the Owner liabilities, costs, expenses arising under a demand made pursuant to the issue by the Association on behalf of the Owner of

- a) a guarantee or other undertaking given by the Association to the Federal Maritime Commission under Section 2 of US Public Law 89-777, or
- b) a certificate issued by the Association in compliance with Article VII of the International Conventions on Civil Liability for Oil Pollution Damage 1969 or 1992 or any amendments thereof, or
- c) an undertaking given by the Association to the International Oil Compensation Fund 1992 in connection with the Small Tanker Oil Pollution Indemnification Agreement (STOPIA), or except where such liabilities, costs or expenses arise from or are caused by an act of terrorism, the Tanker Oil Pollution Indemnification Agreement (TOPIA), or
- d) a certificate issued by the Association in compliance with Article 7 of the International Convention on Civil Liability for Bunker Oil Pollution Damage, 2001
- e) 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.
- f) a certificate issued by the Association in compliance with Article 12 of Nairobi International Convention on the Removal of Wrecks, 2007.
- g) Subject always to the MLC Extension Clause 2016, certificates issued by the Association in compliance with Regulation 4.2, Standard A4.2, paragraph 1(b) and Regulation 2.5.2, Standard A2.5.2 of the Maritime Labour Convention 2006, as amended (MLC 2006).

Note: the terms of the MLC Extension Clause 2016 are to be found in Appendix I to the Rule book.

PROVIDED ALWAYS THAT:

- i. The Owner shall indemnify the Association to the extent that any payment under any such guarantee, undertaking or certificate in

discharge of the said liabilities, costs and expenses is or would have been recoverable in whole or in part under a standard P&I war risk policy had the Owner entered into such policy and complied with the terms and conditions thereof, and

- ii. The Owner agrees that:
 - a) any payment by the Association under any such guarantee, undertaking or certificate in discharge of the said liabilities, costs and expenses shall, to the extent of any amount recovered under any policy of insurance or extension to the cover provided by the Association, be by way of loan; and
 - b) there shall be assigned to the Association to the extent and on the terms that it determines in its discretion to be practicable all the rights of the Insured Owner under any other insurance and against any third party.

For the purpose of this Rule 5(U), the Members' Committee shall have the sole discretion to determine what constitutes a standard war risk policy.

V Sanctions

- i. The Association shall not indemnify an Owner against any liabilities, costs or expenses where the provision of cover, the payment of any claim or the provision of any benefit in respect of those liabilities, costs or expenses may expose the Association to the risk of any sanction, prohibition, restriction or adverse action by any competent authority or government.
- ii. The Owner shall in no circumstances be entitled to recover from the Association that part of any liabilities, costs or expenses which is not recovered by the Association from any party to the Pooling Agreement and/or from any reinsurer because of a shortfall in recovery from such party or reinsurer by reason of any sanction, prohibition or adverse action by a competent authority or government or the risk thereof if payment were to be made by such party or reinsurer. For the purposes of this paragraph, "shortfall" includes, but is not limited to, any failure or delay in recovery by the Association by reason of the said party or reinsurer delaying payment or making payment into a designated account in compliance with the requirements of any competent authority or government.
- iii. Notwithstanding, and without prejudice to, any other provisions of these Rules, the Directors may terminate the insurance of an Owner in respect of any and all ships entered by it where, in the opinion of the Directors, the Owner has exposed or will expose the Association to a material risk of being or becoming subject to a sanction, prohibition, restriction or other adverse action by a competent authority or government, which may materially affect the Association.

W Paperless trading

There shall be no recovery from the Association in respect of liabilities, losses, costs and expenses arising from the use of any electronic

Rule 5 (continued)

trading system, other than an electronic trading system approved by the Association in writing, to the extent that such liabilities, losses, costs and expenses would not (save insofar as the Association in its sole discretion otherwise determines) have arisen under a paper trading system.

For the purpose of this Rule 5(W),

- a) 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:
 - i. are documents of title; or
 - ii. entitle the holder to delivery or possession of the goods referred to in such documents; or
 - iii. evidence a contract of carriage under which the rights and obligations of either of the contracting parties may be transferred to a third party.
- b) a 'document' shall mean anything in which information of any description is recorded including, but not limited to, computer or other electronically-generated information.

Owners and Successors Bound by Rules

- A All contracts of insurance effected by the Association shall, save and insofar as they contain any special terms inconsistent herewith, be deemed to incorporate and shall incorporate all the provisions of these Rules.

- B An Owner or other person (including an insurer to be reinsured under Rule 13) by whom or on whose behalf an application is made for insurance or reinsurance by the Association shall be deemed to have agreed not only on its own behalf but also on behalf of its successors and each of them that both it and they will in every respect be subject to and bound by the provisions of these Rules and by any contract of insurance with the Association.

Rule 7

Applications for Insurance

- A All contracts of insurance effected by the Association shall, save and insofar as they contain any special terms inconsistent herewith, be deemed to incorporate and shall incorporate all the provisions of these Rules.
- B The applicant Owner and any agent must make to the Managers a fair presentation of the risk by providing the Managers with all material particulars and information together with any additional particulars and information as the Managers may require.
- C The applicant Owner and any agent will ensure that every material representation as to a matter of fact is substantially correct, and every material representation as to a matter of expectation or belief is made in good faith.
- D In accordance with Rule 5L of the Association's Rules, Section 8 of the Insurance Act 2015 is excluded. Any breach of paragraphs B and C shall entitle the Association to avoid the contract of insurance, regardless of whether the breach is innocent, deliberate or reckless.
- E The Owner is obliged to disclose any change in any material information relating to an entry including, but not limited to, change of: management, flag, classification society, government authority responsible for ship certification for the trade in question, nationality of crew, trading or operating area or nature of trade or operation. Upon such disclosure, or failure to disclose, the Managers may amend the Owner's premium rating or terms of entry, or terminate the entry in respect of such ship with effect from the time of disclosure or failure to disclose.
- F The Managers shall be entitled, in their discretion and without assigning any reason, to refuse any application for the entry of a ship for insurance in the Association whether or not the applicant Owner of such ship is a Member.

Premium Rating

Before an application is accepted for the entry of a ship on the terms (as set out in Rule 1 (6)) that the Owner is to pay Calls (including Mutual Premiums, Supplementary Premiums, or Overspill Calls) to the Association ("Call Entries"), the applicant Owner and the Managers shall agree the premium rating of the ship concerned. In deciding upon the premium rating of any ship the Managers may take into account all matters which they may consider relevant including (without prejudice to the generality of the foregoing) the degree of risk estimated to be involved in the proposed insurance.

Rule 9

Fixed Premiums

- A Before an application is accepted for the entry of a ship on the terms (as set out in Rule 1 (7)) that the Owner is liable to pay a fixed premium to the Association ("Fixed Premium Entries"), the applicant Owner and the Managers shall agree the amount of the premium and the time or times at which it is payable.

- B Every Owner by whom or on whose behalf an application is made for the entry of a ship as a Fixed Premium Entry shall, if its application is accepted, be bound to pay and shall pay to the Association such sums as shall have been agreed with the Managers and at such time or times as the Managers shall have specified.

Joint Entries and Co-assureds

A Joint Owners

- (i) The Managers may accept the entry of more than one person as a Joint Owner and the terms upon which each Joint Owner shall be entitled to recover losses from the Association and upon which the Association shall be entitled to recover Calls or Fixed Premiums from the Joint Owners shall be such as may be agreed in writing between the Joint Owners and the Managers; and,
- (ii) for the purpose of this Rule, the liability of Joint Owners to each other shall not be excluded or discharged by reason of co-assurance and any payment to one of the Joint Owners in respect of any liabilities, losses, costs and expenses shall operate only as satisfaction but not exclusion or discharge of the liability of Joint Owners to each other.

PROVIDED ALWAYS that:

- a) Unless otherwise agreed in writing by the Managers all Joint Owners shall be jointly and severally liable to pay all contributions or other sums due to the Association in respect of such entry, and the receipt by any one of such persons for any sums payable by the Association in respect of such entry shall be a sufficient discharge of the Association for the same.
- b) The cover afforded under this Rule 10 A 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 shipowners and which are within the scope of the cover afforded by the Rules and any special terms set out in the Certificate of Entry.

B Co-Assureds

The Managers may accept the addition to the entry of a ship by an Owner of the following person or persons as a Co-assured :

- (i) Subject to Rule 5B(iv), a charterer, other than a bareboat charterer, which is affiliated to or associated with the Owner

PROVIDED ALWAYS that:

- a) such charterer shall only be covered for the risks, liabilities, costs and expenses for which that the Owner has cover in accordance with the terms of entry of the ship with the Association;
- b) for the purposes of this Rule 10 B(i) a charterer shall only be affiliated to or associated with the Owner if
 - (bi) both the Owner and the charterer have the same parent or
 - (bii) one of the Owner and charterer is the parent of the other; and
 - (biii) a parent is a company which owns at least 50% of the shares in and voting rights of another or owns a minority of the shares in the other and the ability to procure that it is managed and operated in accordance with its wishes.
- (ii) A contractor (including a charterer) of the Owner for the provision of services by or to the entered ship and, if so requested by the contractor, any persons in the contractor's group

Rule 10 (continued)

PROVIDED ALWAYS that:

- (a) the contract has been approved by the Association; and
 - (b) the contract is on knock for knock terms in respect of any and all persons in the contractor's group; and
 - (c) the Co-assured contractor shall only be covered for liabilities and costs and expenses which are to be borne by the Owner under the terms of the contract and to the extent they would, if borne by the Owner, be recoverable from the Association in accordance with the terms of entry of the ship in the Association.
- (iii) Other persons (except charterers other than bareboat charterers)

PROVIDED ALWAYS that

the liability of the Association to such persons only extends insofar as it may be found liable to pay in the first instance for loss or damage which is properly the responsibility of the Owner insured under the same entry and nothing herein contained shall be construed as extending cover in respect of any amount to the extent such amount would not have been recoverable from the Association by the Owner insured under the same entry had the claim in respect of such loss or damage been made or enforced against it. Once the Association has made indemnification under such cover it shall not be under any further liability and shall not make any further payment to any person whatsoever, including the Owner, Joint Owner or Co-assured insured under the same entry in respect of that loss or damage.

C GENERAL TERMS

In relation to the Owner, Joint Owners and Co-assureds (hereafter in this Rule 10 C referred to individually as an "Assured" and collectively as "Assureds"):

- (i) the Association shall not be bound to issue any Certificate of Entry or any Endorsement Slip to more than one Assured delivery of which to whom shall be sufficient delivery to all the Assureds;
- (ii) payment to any one Assured of any sums payable by the Association shall be a sufficient discharge of the Association for the same in respect of all the Assureds;
- (iii) the failure by any Assured to disclose material information within its knowledge shall be deemed to have been failure of all the Assureds;
- (iv) notice served on one Assured by the Association pursuant to Rule 41 shall be deemed to be served on all Assureds;
- (v) the conduct of any Assured which would have entitled the Association to decline to indemnify it shall be deemed the conduct of all the Assureds;
- (vi) any provision of these Rules which would entitle the Association to reject or reduce recovery in respect of one Assured shall be deemed to apply to all the Assureds;
- (vii) unless the Managers have otherwise agreed in writing, the contents of any communication from or on behalf of the Association to any Assured shall be deemed to be within the knowledge of all the Assureds, and any communication from any Assured to the Association, the Managers or their agents shall be deemed to have been made with the full approval and authority of all the Assureds;
- (viii) there shall be no reimbursement from the Association of claims relating to any liabilities, costs, expenses or disputes among the Assureds.

Group Affiliate Cover

- A The Managers may accept the entry of any ship upon terms that within the limits and upon the conditions set out in paragraphs (B), (C) and (D) of this Rule, the benefit of the cover afforded by the Association to the Owner in respect of that ship shall be extended to persons or companies affiliated or associated with that Owner. The rights and obligations as between the Association and any such persons or companies (both referred to hereafter in this Rule as Group Affiliates) shall, subject always to paragraphs (B), (C) and (D) of this Rule, be such as may be agreed between the Owner and the Managers.
- B The benefit of the cover extended to Group Affiliates in accordance with paragraph (A) of this Rule shall be limited to reimbursement of claims relating to liabilities, costs or expenses incurred by them to the extent that the Owner (i) would have incurred the same liabilities, costs and expenses if the same claims had been pursued against it and (ii) would thereafter have been entitled to obtain reimbursement from the Association in accordance with the terms of entry of the ship in the Association.
- C The total liability of the Association in respect of any one event to the Owner and to all Group Affiliates to whom the benefit of that Owner's cover has been extended in accordance with this Rule shall not exceed such sum as would have been recoverable from the Association in respect of such event by that Owner, and the receipt by any one of the Owner and any such Group Affiliates of that sum or of separate payments by the Association amounting in aggregate to that sum shall be a full and sufficient discharge of the Association's liability.
- D Conduct of any one of the parties insured under this Rule which would have entitled the Association to decline to indemnify it shall be deemed the conduct of all insureds under the same entry.

Rule 12

Certificate of Entry and Endorsement Slip

- A As soon as reasonably practical after accepting an application for the entry of a ship for insurance in the Association and at the commencement of each subsequent policy year during which such entry continues, the Managers shall issue to the Owner of such ship a Certificate of Entry in such form as may from time to time be prescribed by the Managers but so that such Certificate of Entry shall state the date of the commencement of the period of insurance or the policy year as the case may be and the terms and conditions on which the vessel has been accepted for insurance.
- B If at any other time or from time to time the Managers and the Owner of any ship entered for insurance shall agree to vary the terms relating to the entered ship, the Managers shall, as soon as reasonably practical thereafter, issue to the Owner of such ship an Endorsement Slip stating the terms of such variation and the date from which such variation is to be effective.
- C 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.

Reinsurance

- A Subject to the Articles, and save insofar as expressly prohibited by these Rules, the Managers may enter into contracts of reinsurance on behalf of the Association whereby the Association agrees to reinsure the risks arising in connection with any one or more ships insured by another association or insurer or else agrees to reinsure the whole or any part or proportion of the insurance business of any other association or insurer. The consideration payable to the Association and the terms and conditions on which the reinsurance is accepted by the Association shall be such as are agreed between the Managers and such other association or insurer. Save where otherwise agreed in writing the other association or insurer shall be in every respect subject to and bound by the provisions of these Rules and its contract with the Association shall for all purposes take effect as though it were the Owner of any ship or ships in connection with which the relevant risks may arise and had an Owner entered the ship or ships in the Association for insurance.
- B The Association may continue to be a party to the Pooling Agreement or to any other agreement of a similar nature or purpose.
- C The Managers shall have the right in their discretion to effect on behalf of the Association the reinsurance or ceding of any risks insured by the Association (including any risk which may fall on the Association by reason of a reinsurance or pooling agreement referred to in paragraphs (A) or (B) of this Rule) with such reinsurers and on such terms as the Managers shall consider appropriate.

Rule 14

Membership

- A If the Association accepts an application from an Owner who is not already a Member for a ship to be entered on terms that Calls are payable to the Association ("Call Entries"), then such Owner shall, as from the date of the acceptance of such entry, be and become a Member and its name shall be entered in the register of Members.

- B If the Association accepts an application from an Owner for a ship to be entered on terms that a fixed premium is payable to the Association ("Fixed Premium Entries"), the Managers may in their discretion decide either that the Owner is to be or that it is not to be a Member and they may accept the application on either basis.

- C Whenever the Association agrees to accept the reinsurance of any risks in accordance with Rule 13 (A) the Managers may in their discretion decide that the insurer reinsured by the Association and/or the Owner insured by such insurer is to be a Member or that neither of them is to be a Member and they may accept the application on any such basis.

- D An Owner shall cease to be a Member if for any reason whatsoever the period of insurance shall have terminated in respect of all ships entered in the Associations in its name. Whenever the period of any reinsurance shall have terminated the insurer reinsured by the Association and the Owner insured by such insurer, if previously a Member, shall cease to be one.

Assignment

- A No insurance given by the Association and no interest under these Rules or under any contract between the Association and any Owner may be assigned without the written consent of the Managers who shall have the right in their discretion to give or refuse such consent without stating any reason or to give such consent upon any such terms or conditions as they may think fit. Any purported assignment made without such consent or without there being due compliance with any such terms and conditions as the Managers may impose shall, unless the Managers in their discretion otherwise decide, be void and of no effect.

- B Whether or not the Managers shall expressly so stipulate as a condition for giving their consent to any assignment, the Association shall be entitled in settling any claim presented by the assignee to deduct or retain such amount as the Managers may then estimate to be sufficient to discharge any liabilities of the assignor to the Association, whether existing at the time of the assignment or having accrued or being likely to accrue thereafter.

Rule 16

Period of Insurance

- A Subject as otherwise provided in these Rules the insurance by the Association of a ship entered in the Association otherwise than for a fixed period shall commence at the time and date specified in the Certificate of Entry and shall continue until noon GMT of the 20th February next ensuing and thereafter, unless terminated in accordance with these Rules, from policy year to policy year.

- B The insurance by the Association of each ship entered for insurance for a fixed period shall, subject as otherwise provided in these Rules, cease at the expiry of such fixed period.

Variation of Contract

- A The Directors may decide during the course of any policy year that for the next ensuing policy year the premium ratings of the ships entered in the Association shall generally be increased by a single fixed percentage. If before the 20th December in any year the Managers shall have given notice to an Owner of such a decision, then the period of insurance shall continue for the next policy year upon the terms that the premium rating of the entered ship has been varied by the percentage fixed by the Directors, and the terms of entry of the entered ship shall be deemed for all purposes to have been varied accordingly, unless:
- i. a further notice of variation is given pursuant to paragraph (C) of this Rule; or
 - ii. a notice of termination is given pursuant to Rule 18; or
 - iii. the period of insurance has previously terminated for some other reason.

A notice of the Directors' decision shall constitute an Endorsement Slip for the purposes of Rule 12.

- B
- i. If before the end of any policy year these Rules shall have been altered in any respect which affects the terms and conditions of the contract of insurance between the Owner and the Association, then such alteration shall be binding upon the Owner and for all purposes take effect as from the commencement of the next ensuing policy year.
 - ii. Notwithstanding the provisions of sub-paragraph (i) above, where, in the opinion of the Directors, there occurs or may occur a material change in the risks to the Association or the cover provided by it, either as a result of the implementation of new legislation or for any other reason whatsoever, the Association may alter the Rules in accordance with Article 38 A of the Articles and decide that such alteration shall take effect during the policy year on no less than 30 days' notice.
- C If the Managers shall give a notice not later than noon GMT on the 20th January in any policy year that for the next ensuing policy year they require the premium rating of an entered ship to be altered (otherwise than in accordance with paragraph (A) of this Rule) or that they require some other change to be made in the terms or conditions of entry, then the insurance for the entered ship for the next ensuing policy year shall continue upon such premium rating, terms or conditions as may be agreed between the Owner and the Managers before noon GMT on the 20th February immediately following such notice and if by then no such agreement shall have been made the period of insurance shall thereupon terminate.

Rule 18

Notice of Termination

- A Without prejudice to Rule 5 Q and R, the insurance of any ship entered in the Association (otherwise than for a fixed period) may be terminated in the following manner:
- i. The Directors in their discretion and without giving any reason may give a written notice of termination to any Owner not later than noon GMT on the 20th January in any policy year.
 - ii. An Owner in its discretion and without giving any reason may give a written notice of termination to the Association not later than noon GMT on the 20th January in any policy year.
- B If a notice shall have been given pursuant to paragraph (A) of this Rule the insurance shall terminate at noon GMT on 20th February immediately following such notice. Save with the agreement of the Managers a ship may not be withdrawn from the Association or may any notice of termination be given by the Owner at any other time.
- C Without prejudice to paragraph A and B of this Rule, the Association may at any time and without giving any reason terminate the insurance on 30 days' written notice, given not later than 30 days before the expiry of the period of insurance specified in Rule 16.

Calls

- A The Owners who have entered ships for insurance in the Association in respect of any policy year (not being a policy year closed in accordance with Rule 25) otherwise than on terms that a fixed premium shall be payable in respect of such ship, shall provide by way of Calls to be levied from such Owners all funds which in the opinion of the Directors are required:
- i. To meet such of the general expenses of the Associations (or any of them) as the Directors may from time to time think fit to charge against the insurance business of the Associations in respect of such policy year;
 - ii. To meet the claims, expenses and outgoings (whether incurred, accrued or anticipated) of the insurance and/or reinsurance business of the Associations (or any of them) in respect of such policy year (including, without prejudice to the generality of the foregoing, any such excess of the claims and other outgoings in respect of fixed premium entries over the premiums payable to the Associations (or any of them) in respect thereof as the Directors may charge to such policy year, and any proportion of any claims, expenses or outgoings of any insurer other than the Associations which has fallen or which may be thought likely to fall upon the Associations (or any of them) by virtue of any reinsurance or pooling agreement concluded between the Associations (or any of them) and such other insurer);
 - iii. For such transfers to the contingency account, catastrophe or other reserves of the Associations (or any of them) (as referred to in Rule 24) and for subsequent application for the purposes of such reserves or otherwise as the Directors may think expedient;
 - iv. For such transfers as the Directors may think proper to meet any deficiency which has occurred or may be thought likely to occur in any closed policy year or years of the Associations (or any of them).
- B The said Calls shall be levied by means of Mutual Premium, Supplementary Premium and Overspill Calls in accordance with the provisions of Rules 20 to 22.

Rule 20

Mutual Premium

- A Before each policy year commences the Directors shall decide the percentage which is to be applied to the premium ratings of all ships entered for that year (other than Fixed Premium Entries) in ascertaining the Mutual Premium payable in respect of that policy year. This decision may be made at the same time as a decision to increase the premium ratings of entered ships pursuant to Rule 17(A).
- B An Owner of a ship (other than a Fixed Premium Entry) which is entered for any policy year shall be bound to pay by way of Mutual Premium in respect of such policy year a sum ascertained by multiplying the percentage ordered by the Directors pursuant to paragraph (A) of this Rule by the premium rating of the ship (as agreed between the Owner and the Managers and/or as increased pursuant to Rule 17(A), as the case may be) by the entered tonnage of the ship in the Association.
- C If at any time before the final instalment of Mutual Premium in respect of a policy year has become payable it shall appear to the Directors unlikely that the whole of such Mutual Premium (together with any transfers from reserves and provisions made for the credit of or in respect of such policy year) is required for the purposes set out in Rule 19;
- i. the Directors may resolve to reduce the amount of Mutual Premium payable in respect of that policy year by declaring a Mutual Premium Discount, expressed as a percentage of the Mutual Premium or of any instalment thereof, and
 - ii. the liability of the Owners under paragraph (B) of this Rule to pay Mutual Premium shall be reduced accordingly.

Supplementary Premium

- A At any time or times during or after the end of each policy year (but not after such policy year has been closed) the Directors may decide to levy from the Owners of ships entered in respect of that year (other than Fixed Premium Entries) one or more Supplementary Premiums. The Directors may levy such a Premium either (i) by deciding upon a percentage of the net Mutual Premium or (ii) by deciding upon a percentage of the premium ratings of all ships entered for that year.
- B An Owner of a ship (other than a Fixed Premium Entry) entered for any policy year shall be bound to pay by way of Supplementary Premium a sum ascertained, in the case of (i) by multiplying the percentage ordered by the Directors by the net Mutual Premium paid or payable by it in respect of such policy year and, in the case of (ii) by multiplying the percentage ordered by the Directors by the premium rating of the entered ship by the entered tonnage of the ship in the Association.
- C The Directors, the Managers or their servants or agents may at any time seek to enable Owners to become aware of their financial commitment for the relevant policy year by indicating an estimate of the percentage at which it is hoped that any Supplementary Premium will be levied. If any such estimate shall be given to any Owner it shall be without prejudice to the right of the Directors to levy Supplementary Premiums and Overspill Calls for the relevant policy year in accordance with these Rules at a greater or lesser percentage than so indicated and neither the Association, the Directors, the Managers or any of their servants or agents shall under any circumstances be under any liability in respect of any estimate so given or in respect of any error, omission or inaccuracy contained therein.

Rule 22

Overspill Claims, Calls and Guarantees

Section 1

Introductory

- A All claims (other than claims arising in respect of oil pollution) incurred by the Association or by any other party to the Pooling Agreement under the entry of any one ship arising from any one event including any claim in respect of liability for the removal or non-removal of any wreck shall for the purpose of the definitions in these Rules of “Overspill Claim” and “Group Reinsurance Limit” be treated as if they were one claim.
- B Any reference to a claim incurred by the Association or by any other party to the Pooling Agreement shall be deemed to include the costs and expenses associated therewith.
- C That part (if any) of a claim (other than a claim in respect of oil pollution) incurred by the Association or by any other party to the Pooling Agreement under the terms of entry of a ship which exceeds or may exceed the Group Reinsurance Limit is referred to herein as an “Overspill Claim”.

Section 2

Recoverability of overspill claims

- A Without prejudice to any other applicable limit, any Overspill Claim incurred by the Association shall not be recoverable from the Association in excess of the aggregate of:
 - i. that part of the Overspill Claim which is eligible for pooling under the Pooling Agreement but which, under the terms of the Pooling Agreement, is to be borne by the Association; and
 - ii. the maximum amount that the Association is able to recover from the other parties to the Pooling Agreement as their contributions to the Overspill Claim.
- B The aggregate amount referred to in paragraph (A) of this Section shall be reduced to the extent that the Association can evidence:
 - i. that costs have been properly incurred by it in collecting or seeking to collect
 - a) Overspill Calls levied to provide funds to pay that part of the Overspill Claim referred to in sub-paragraph (A)(i) of this Section, or
 - b) the amount referred to in sub-paragraph (A)(ii) of this Section; or
 - ii. that it is unable to collect an amount equal to that part of the Overspill Claim referred to in sub-paragraph (A)(i) of this Section which it had intended to pay out of the levy of Overspill Calls because any Overspill Calls so levied, or parts thereof, are not economically recoverable, provided that if, due to a change in circumstances, such amounts subsequently become economically recoverable, the aggregate amount referred to in paragraph (A) of this Section shall be reinstated to that extent.

- C In evidencing the matters referred to in sub-paragraph (B)(ii) above the Association shall be required to show that:
- i. it has levied Overspill Calls in respect of the Overspill Claim referred to in paragraph (A) of this Section on all Owners entered in the Association on the Overspill Claim Date in accordance with and in the maximum amounts permitted under Section 5 of this Rule 22; and
 - ii. it has levied those Overspill Calls in a timely manner, has not released or otherwise waived an Owner's obligation to pay those calls and has taken all reasonable steps to recover those calls.

Section 3 Payment of overspill claims

- A The funds required to pay any Overspill Claim incurred by the Association shall be provided:
- i. from such sums as the Association is able to recover from the other parties to the Pooling Agreement as their contributions to the Overspill Claim, and
 - ii. from such sums as the Association is able to recover from any special insurance which may, in the discretion of the Association, have been effected to protect the Association against the risk of payments of Overspill Claims, and
 - iii. from such proportion of any sums standing to the credit of the Catastrophe Reserve (as defined in Rule 24) of the Associations (or any of them) as the Directors in their discretion decide, and
 - iv. by levying one or more Overspill Calls in accordance with Section 5 of this Rule, irrespective of whether the Association has sought to recover or has recovered all or any of the sums referred to in sub-paragraph (ii) above but provided the Association shall first have made a determination in accordance with sub-paragraph (iii) above, and
 - v. from any interest accruing to the Association on any funds provided as aforesaid.
- B The funds required to pay such proportion of any Overspill Claim incurred by any other party to the Pooling Agreement which the Association is liable to contribute under the terms of the Pooling Agreement shall be provided in the manner specified in sub-paragraphs (A)(ii) – (v) of this Section.
- C To the extent that the Association intends to provide funds required to pay any Overspill Claim incurred by it in the manner specified in sub-paragraph (A)(iv) of this Section, the Association shall only be required to pay such Overspill Claim as and when such funds are received by it, provided that it can show from time to time that, in seeking to collect such funds, it has taken the steps referred to in paragraph (C) of Section 2 of this Rule 22.

Rule 22 (continued)

Section 4

Overspill claims - expert determinations

- A Any issue, arising from the application to an Overspill Claim (the “relevant Overspill Claim”) of paragraphs (B) or (C) of Section 2 of this Rule or paragraph (C) of Section 3 of this Rule, of whether
- i. costs have been properly incurred in collecting or seeking to collect funds to pay Overspill Claims, or
 - ii. any Overspill Claim or part thereof is economically recoverable, or
 - iii. in seeking to collect the funds referred to in Section 3(C), the Association has taken the steps referred to in that Section,
- on which the Association and the Owner cannot agree shall, notwithstanding Rule 40, be referred to a panel (the “Panel”) constituted in accordance with arrangements established in the Pooling Agreement which, acting as a body of experts and not as an arbitration tribunal, shall determine the issue.
- B If the Panel has not been constituted at a time when the Owner wishes to refer an issue to it, the Association shall, on request by the Owner, give a direction for the constitution of the Panel as required under the Pooling Agreement.
- C The Association may (and, on the direction of the Owner, shall) give such direction as is required under the Pooling Agreement for the formal instruction of the Panel to investigate any issue and to give its determination as soon as reasonably practicable.
- D The Panel shall in its discretion decide what information, documents, evidence and submission it requires in order to determine an issue and how to obtain these, and the Association and the Owner shall co-operate fully with the Panel.
- E In determining any issue referred to it under this Section 4 the Panel shall endeavour to follow the same procedures as it follows in determining issues arising in respect of the relevant Overspill Claim which are referred to it under the Pooling Agreement.
- F In determining an issue the members of the Panel
- i. shall rely on their own knowledge and expertise, and
 - ii. may rely on any information documents evidence or submission provided to it by the Association or the Owner as the Panel sees fit.
- G If the three members of the Panel cannot agree on any matter, the view of the majority shall prevail.
- H The Panel shall not be required to give reasons for any determination.
- I The Panel’s determination shall be final and binding upon the Association and the Owner (subject only to Paragraph J below) and there shall be no right of appeal from such determination.

- J If the Panel makes a determination on an issue referred to in sub-paragraphs (A)(ii) or (iii) of this Section 4 the Association or the Owner may refer the issue back to the Panel, notwithstanding paragraph (I) above, if it considers that the position has materially changed since the Panel made its determination.
- K The costs of the Panel shall be paid by the Association.
- L Costs, indemnities and other sums payable to the Panel by the Association in relation to any Overspill Claim, whether the reference to the Panel has been made under Section 4 of this Rule 22 or under the Pooling Agreement, shall be deemed to be costs properly incurred by the Association in respect of that Overspill Claim for the purposes specified in sub-paragraph (B)(i) of Section 2 of this Rule.

Section 5 Levying of overspill calls

- A If
- i. the Directors shall at any time determine that funds are or may in future be required to pay part of an Overspill Claim (whether incurred by the Association or by any other party to the Pooling Agreement); and
 - ii. the Directors shall have made a declaration under Rule 25(C)(i) or 25(C)(iii) that a Policy Year shall remain open for the purpose of levying an Overspill Call or Calls in respect of that Overspill Claim, the Directors in their discretion, at any time or times after such declaration has been made, may levy one or more Overspill Calls in respect of that Overspill Claim in accordance with paragraph (B) below.
- B The Directors shall levy any such Overspill Call
- i. on all Owners entered in the Association on the Overspill Claim Date in respect of ships entered by them at that time, notwithstanding the fact that, if the Overspill Claim Date shall be in a Policy Year in respect of which the Directors have made a declaration under Rule 25(C)(iii), any such ship may not have been entered in the Association at the time the relevant event occurred, and
 - ii. at such percentage of the Convention Limit of each such ship as the Directors in their discretion shall decide.
- C An Overspill Call shall not be levied in respect of any ship entered on the Overspill Claim Date with an overall limit of cover equal to or less than the Group Reinsurance Limit.
- D The Directors shall not levy on any Owner in respect of the entry of any one ship an Overspill Call or Calls in respect of any one Overspill Claim exceeding in the aggregate two and a half per cent (2.5%) of the Convention Limit of that ship.

Rule 22 (continued)

Section 6

Security for overspill calls on termination or cesser

- A If
- i. the Directors make a declaration in accordance with Rule 25 (C) (i) or 25 (C) (iii) that a Policy Year shall remain open for the purpose of levying an Overspill Call or Calls, and
 - ii. an Owner who is liable to pay any such Overspill Call or Calls as may be levied by the Directors in accordance with Section 5 of this Rule ceases or has ceased to be insured by the Association for any reason, or the Association determines that the insurance of any such Owner may cease the Managers may require such Owner to provide to the Association a guarantee or other security in respect of the Owner's estimated future liability for such Overspill Call or Calls, such guarantee or other security to be provided in such form and amount (the "guarantee amount") and by such date (the "due date") and upon such terms as the Managers in their discretion may deem to be appropriate in the circumstances.
- B Unless and until such guarantee or other security as is required by the Managers has been provided by the Owner, the Owner shall not be entitled to recovery from the Association of any claims whatsoever and whensoever arising in respect of any and all vessels entered in the Association by it or on its behalf for any Policy Year.
- C If such guarantee or other security is not provided by the Owner to the Association by the due date, a sum equal to the guarantee amount shall be due and payable by the Owner to the Association on the due date, and shall be retained by the Association as a security deposit on such terms as the Managers in their discretion may deem to be appropriate in the circumstances.
- D The provision of a guarantee or other security as required by the Association (including a payment in accordance with paragraph (C) above) shall in no way restrict or limit the Owner's liability to pay such Overspill Call or Calls as may be levied by the Directors in accordance with Section 5 of this Rule.

Payment

- A Every Call (Mutual Premium, Supplementary Premium or Overspill Call) shall be payable at such rate and, save as otherwise agreed in writing by the Managers, in such instalments and on such dates as the Directors may specify.
- B As soon as reasonably practical after the rate of any Call (Mutual Premium, Supplementary Premium or Overspill Call) shall have been so fixed the Managers shall notify each Owner concerned:
- i. Of such rate;
 - ii. Of the date on which the Call concerned is payable or, if such Call is payable by instalments, of the amounts of such instalments and the respective dates on which they are payable;
 - iii. Of the amount payable by such Owner in respect of each ship entered by it;
 - iv. If such Call is payable by such Owner in any currency other than U.S. Dollars, of such fact.
- C The Managers may require any Owner to pay all or any part of any Call payable by it in such currency or currencies as the Managers may specify.
- D No claim of any kind whatsoever by an Owner against any of the Associations shall constitute any set-off against the Calls, fixed premiums or other sums of whatsoever nature due to the Associations or shall entitle an Owner to withhold or delay payment of any such sum.
- E Without prejudice to the rights and remedies of the Association under these Rules and in particular Rules 29 to 33 inclusive, if any Call or instalment or part thereof or any other sum of whatsoever nature (including, without prejudice to the generality of the foregoing, any fixed premium and any amount due pursuant to Rules 30 or 33 and any part thereof) due from any Owner is not paid by such Owner on or before the date specified for payment thereof, such Owner 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.
- F The Association shall have a lien or other right of action against any ship entered by the Owner in respect of any sum of whatsoever nature owed by it to any of the Associations, notwithstanding that the cover of the Owner or in respect of any ship entered by it may have ceased or been terminated or cancelled.
- G If any Call or other payment due from an Owner to any of the Associations is not paid and if the Directors decide that payment cannot be obtained, the sums required to make good any resulting shortfall or deficiency in the funds of the Associations shall be deemed to be expenses of the Associations for which, as the Directors may decide, Calls may be levied in accordance

Rule 23 (continued)

with Rule 19 (or, if the shortfall or deficiency is in respect of an Overspill Call under Rule 22, Section 5, a further Overspill Call under that Rule), or the reserves may be applied in accordance with Rules 24 and 25.

- H An Owner shall pay on demand to the Association 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 Association to the Owner which the Association determines it or the Owner has or may become liable, and shall indemnify the Association and hold it harmless in respect of any loss, damage, liability, cost or expense which the Association may incur in respect of such premium tax or other similar tax.

Reserves

- A The Directors may establish and maintain such reserve funds or other accounts for such contingencies or purposes as they think fit.
- B Without prejudice to the generality of paragraph (A) of this Rule the Directors may establish and maintain reserves or other accounts for one or more of the following specific purposes:
- i. A reserve (herein called the “Catastrophe Reserve”) to provide a source of funds which may be applied towards meeting any Overspill Claim or Claims of the Associations whether occurring in the same or in any other policy year;
 - ii. A reserve (herein called the “Contingency Account”) to provide a source of funds which may be applied for any general purposes of the Association including the following; to stabilize the level of Mutual or Supplementary Premiums and to eliminate or reduce the need to levy such Premiums or any part thereof in respect of any policy year, past present or future; to eliminate or reduce a deficiency which has occurred or may be thought likely to occur in respect of any closed policy year; to protect the Associations against any actual or potential losses on exchange, or in connection with its investments, realised or unrealised; to make a distribution to Members or former Members insured or reinsured in the Association in such amounts, proportions and manner as is recommended by the Directors and approved by the Members in a general meeting of the Association.
- C The Directors may apply the sums standing to the credit of any reserve for any of the purposes for which the reserve was maintained even though the sum be paid in respect of any different policy year or years from that from which the funds originated. The Directors may also apply the sums standing to the credit of any reserve for any other or different purposes whenever the Directors consider this to be in the interests of the Members or the Associations. The Directors may also at any time transfer sums from one reserve to another including between the reserves of the Associations.
- D The funds required to establish such reserves or accounts may be raised in either or both of the following ways:
- i. The Directors, when deciding on the rate of any Mutual or Supplementary Premium for any policy year, may resolve that any specified amount or proportion of such Premium shall be transferred to and applied for the purposes of any such reserve or account;
 - ii. 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 transferred to and applied for the purposes of any such reserve or account.
- E If the Directors shall resolve as set out in paragraph (D) (i) of this Rule, then the Managers shall inform the Owners entered for such policy year on or before the time that payment is demanded.

Closing of Policy Years

- A The Directors shall with effect from such date after the end of each policy year as they think fit declare that such policy year shall be closed or that such policy year shall be closed save for the purpose of levying one or more Overspill Calls as provided in paragraph (C) of this Rule.
- B After any policy year shall have been closed no further Supplementary Premiums or Overspill Calls may be levied in respect of that policy year, save as provided in paragraph (C) of this Rule and under Rule 22.
- C i. If at any time prior to the expiry of a period of thirty-six months from the commencement of a Policy Year (the “relevant Policy Year”), any of the parties to the Pooling Agreement sends a notice (an “Overspill Notice”) in accordance with the Pooling Agreement that an event has occurred in the relevant Policy Year which has given or at any time may give rise to an Overspill Claim, the Directors shall as soon as practicable declare that the relevant Policy Year shall remain open for the purpose of levying an Overspill Call or Calls in respect of that claim and the relevant Policy Year shall not be closed for the purpose of making an Overspill Call or Calls in respect of that claim until such date as the Directors shall determine.
- ii. If at the expiry of the period of thirty-six months provided for in sub-paragraph (i) above, no Overspill Notice as therein provided for has been sent, the relevant Policy Year shall be closed automatically for the purpose of levying Overspill Calls only, whether or not closed for any other purposes, such closure to have effect from the date falling thirty-six months after the commencement of the relevant Policy Year.
- iii. If at any time after a Policy Year has been closed in accordance with the provisions of sub-paragraphs (i) or (ii) above, it appears to the Directors that an event which occurred during such closed Policy Year may then or at any time in the future give rise to an Overspill Claim, the Directors shall as soon as practicable declare that the earliest subsequent open Policy Year (not being a Policy Year in respect of which the Directors have already made a declaration in accordance with sub-paragraphs (C) (i) or (C) (iii) of this Rule) shall remain open for the purpose of levying an Overspill Call or Calls in respect of that claim and such open Policy Year shall not be closed for the purpose of making an Overspill Call or Calls in respect of that claim until such date as the Directors shall determine.
- iv. If the Directors shall make a declaration as provided for in sub-paragraphs (C) (i) or (C) (iii) of this Rule, the Managers shall inform the Owners entered for the Policy Year in respect of which such declaration is made.
- v. If at any time after the levying of an Overspill Call upon the Owners entered in the Association in any Policy Year, it shall appear to the Directors that the whole of such Overspill Call is unlikely to be required to meet the Overspill Claim in respect of which such Overspill Call was levied, the Directors may decide to dispose of any excess which in their opinion is

Rule 25 (continued)

- not so required in one or both of the following ways:
- a) by transferring the excess or any part thereof to the Catastrophe Reserve in accordance with Rule 24; or
 - b) by returning the excess or any part thereof to those Owners who have paid that Overspill Call in proportion to the payments made by them.
- vi. A Policy Year shall not be closed for the purpose of levying Overspill Calls save in accordance with this Rule 25.
- D Save as provided in paragraph (C) of this Rule, the Directors may declare that any policy year is closed notwithstanding that it is known or anticipated that there are in existence or may in the future arise claims, expenses or outgoings in respect of such policy year which have not yet accrued or whose validity, extent or amount have yet to be established.
- E If upon the closing of any policy year it shall appear to the Directors that the whole of the Calls and other receipts in respect of such policy year (and of all transfers from reserves and provisions made for the credit of or in respect of such policy year) are unlikely to be required to meet the claims, expenses and outgoings arising in respect of that policy year (as referred to in Rule 19(A) (i) and (ii)), then the Directors may decide to dispose of any excess which in their opinion is not so required in one or both of the following ways:
- i. By transferring the excess or any part thereof to the reserves of the Associations in accordance with Rule 24.
 - ii. By returning the excess or any part thereof to the Owners entered for such policy year in accordance with paragraph (H) of this Rule.
- F If at any time or times after a policy year shall have been closed it shall appear to the Directors that the claims, expenses and outgoings arising in respect of that policy year (as referred to in Rule 19(A)(i) and (ii)) exceed or are likely to exceed the totality of the Calls and other receipts in respect of such policy year (and of all transfers from reserves and provisions made for the credit of or in respect of such policy year) then the Directors may decide to provide for such deficiency in any one or more of the following ways:
- i. By transferring funds from the reserves of the Association;
 - ii. By transferring funds between the Associations;
 - iii. By transferring funds standing to the credit of any different closed policy year;
 - iv. By charging a Mutual Premium or Supplementary Premium in respect of an open policy year with the intention (as permitted by Rule 19 (A) (iv)) of applying a part thereof to meet any such deficiency.
- If the Directors shall resolve as set out in sub-paragraph (iii) above, then the Managers shall inform the Owners entered for such policy year on or before the time that payment is demanded.
- G At any time after any policy year shall have been closed the Directors may resolve to amalgamate the accounts of any two or more closed policy years and to pool the amounts standing to the credit of the same.

Rule 25 (continued)

If the Directors shall so resolve then the two or more closed policy years concerned shall for all purposes be treated as though they constituted a single closed policy year.

H Any amount which the Directors may decide to return to the Owners in accordance with paragraph (E)(ii) of this Rule shall be returned to the Owners entered in respect of such policy year in proportion to the Calls paid by them in respect of such policy year (after taking into account any returns or rebates applicable thereto under their terms of entry or under any other provision of these Rules).

PROVIDED ALWAYS that:

- a) No return shall be made to any Owner whose liability for Calls has been assessed in accordance with the provisions of Rules 30 or 33, and
- b) Where the insurance of an Owner has been cancelled in accordance with the provisions of Rule 31 any amounts due for any reason whatsoever (whether by way of Calls or otherwise and whether in respect of the policy year for which the return has been decided or in respect of any other policy year or years) from the Owner to the Association shall be deducted from the return and only the balance (if any) refunded to the Owner.

Investment

- A The funds of the Association may be invested as the Directors (or the Managers subject to the supervision of the Directors) may think fit.
- B Unless the Directors otherwise decide, all the funds standing to the credit of any policy year or of any reserve or account shall be pooled and invested as one fund.
- C When funds are pooled as provided in paragraph (B) above, the investment income arising on the pooled funds shall be apportioned among and between the different policy years, reserves and accounts as the Directors may think fit.

Rule 27

Laid-up Returns

Subject to any terms and conditions which may have been agreed, if an entered ship shall be laid-up without cargo on board in any safe port or place for a period of thirty or more consecutive days after finally mooring there, (such period being computed from the day of arrival to the day of departure, one only being excluded) the Owner shall be allowed a return of Calls payable in respect of such ship for the period of lay-up, calculated at such rate and after deduction of such allowance for reinsurance, administrative expenses and other outgoings as the Managers may from time to time determine, save that there shall be no laid-up returns in respect of Overspill Calls and any period during which the entered ship is undergoing repairs.

For the purposes of this Rule,

- a) the Managers shall have sole discretion in deciding whether the port or place involved is a safe port or place within the meaning of this Rule, and
- b) no claim for laid-up returns relating to any policy year shall be recoverable from the Association unless written notice thereof has been given to the Association within three months of the end of the policy year concerned.

Termination and its Effects

- A Upon an Owner ceasing to be insured by the Association in respect of any ship by virtue of a notice given (whether by the Owner or the Directors) in accordance with Rule 17 or Rule 18 and without prejudice to the effects of cancellation of insurance pursuant to Rule 31, then:
- i. Unless and to the extent that in the case of Call Entries the Owner's liability may have been otherwise agreed or assessed under Rule 30 (Release Calls upon Cesser), such Owner and its successors shall be and remain liable for all contributions, premiums and other sums payable in respect of the whole of the policy year in which such notice was given, and in respect of previous policy years, and
 - ii. Subject to the other provisions of these Rules and to the terms of entry the Association shall remain liable in respect of such entered ship for all claims under these Rules arising by reason of any event which had occurred prior to noon GMT on 20th February immediately following the giving of such notice, but shall not otherwise be under any liability whatsoever by reason of anything occurring at or after that date and time.
- B Upon an Owner ceasing to be insured by the Association in respect of any ship pursuant to paragraph Q, R or V of Rule 5 or otherwise than in accordance with Rule 17, Rule 18, Rule 29 (A), (B) or (C), or Rule 31 (A), then:
- i. Unless and to the extent that in the case of Call Entries the Owner's liability may have been agreed or assessed under Rule 30 (Release Calls upon Cesser), such Owner and its successors shall be and remain liable in relation to any Overspill Calls for the whole amount payable by it in accordance with Rule 22, and in relation to all other contributions, premiums and other sums payable:
 - a) in respect of the policy year in which such cessation occurs, on a pro rata basis, namely for the proportion of such sums applicable to the period beginning at the commencement of that policy year (or, in the case of a ship entered during that policy year, the date of entry) and ending at noon GMT on the date of such cessation, and
 - b) in respect of previous policy years, for the whole of those policy years, and
 - ii. Subject to the other provisions of these Rules and to the terms of entry the Association shall remain liable in respect of such entered ship for all claims under these Rules arising by reason of any event which had occurred prior to noon GMT on the day of such cessation, but shall not otherwise be under any liability whatsoever by reason of anything occurring at or after that date and time,

PROVIDED ALWAYS that:

nothing in paragraph (B) of this Rule shall be taken to confer validity on any notice purporting to terminate the entry of any ship given otherwise than in accordance with Rule 17, Rule 18 or Rule 31 (A).

Rule 29

Cesser of Insurance and its Effects

- A An Owner shall forthwith cease to be insured by the Association in respect of any and all ships entered by it or on its behalf upon the happening of any of the following events:
- i. Where the Owner is an individual,
 - a) upon death,
 - b) if a receiving order is made against the Owner,
 - c) if the Owner becomes bankrupt,
 - d) if the Owner makes any composition or arrangement with its creditors generally,
 - e) if the Owner becomes incapable by reason of mental disorder of managing or administering its property and affairs;
 - ii. Where the Owner is a corporation,
 - a) upon the passing of any resolution for its voluntary winding up (other than voluntary winding up for the purposes of company or group reorganisation),
 - b) upon an order being made for its compulsory winding up,
 - c) upon its dissolution,
 - d) upon a receiver or manager being appointed of all or part of its business or undertaking,
 - e) upon its commencing proceedings under any bankruptcy or insolvency laws to seek protection from its creditors or to reorganise its affairs.

PROVIDED ALWAYS that if an Owner ceases to be insured by the Association in accordance with any provision in this Rule 29 A, the entry and insurance of any other Joint Owner entered pursuant to Rule 10 (A) shall continue unless the Managers in their discretion decide to terminate such entry and insurance with effect from the date the Owner ceases to be insured or on such other date as the Managers may chose.

- B Unless otherwise agreed in writing by the Managers, an Owner shall forthwith cease to be insured by the Association in respect of any ship entered by it or on its behalf upon the happening of any of the following events in relation to such ship:
- i. upon the Owner parting with or assigning the whole or any part of its interest in the ship whether by bill of sale or other formal document or agreement or in any other way whatsoever;
 - ii. upon the mortgaging or hypothecation of the ship or of any part of the Owner's interest in that ship;
 - iii. upon the managers of the ship being changed by the appointment of new managers;
 - iv. upon undisputed possession being taken of the ship by or on behalf of a secured party.
 - v. upon the Owner, as at noon GMT on 20th February in any policy year, failing to pay in respect of the ship any amounts due from it to the Association.

Rule 29 (continued)

- vi. upon the Owner, as at noon GMT on 20th February in any policy year, being in breach of, or otherwise failing to fulfil, its obligations in respect of the ship under Rules 5 (K), 5 (Q) or 5 (R).
- C Unless otherwise agreed in writing by the Managers, an Owner shall forthwith cease to be insured by the Association in respect of any ship entered by it or on its behalf upon the happening of whichever shall be the earliest of the following events:
- i. upon the ship being missing for ten days from the date when it was last heard of;
 - ii. upon the ship being posted at Lloyd's as missing;
 - iii. upon the ship becoming an actual total loss;
 - iv. upon acceptance by hull underwriters (whether of marine or war risks) that the ship is a constructive total loss;
 - v. upon agreement by hull underwriters (whether of marine or war risks) to pay to the Owner of the ship an unrepaired damage claim which exceeds the market value of the ship without commitment immediately prior to the casualty which gave rise to such claim;
 - vi. upon a compromise or settlement with hull underwriters (whether of marine or war risks) on the basis of which the ship is considered or deemed to be an actual or constructive total loss;
 - vii. upon a decision by the Managers that the ship is to be considered or deemed to be an actual or constructive total loss or otherwise commercially lost.
- PROVIDED ALWAYS that:
- a) Notwithstanding the cesser of the insurance under Rule 29 (C) the Association shall, subject always to the Rules and to the terms and conditions of the entry of the ship in the Association, remain liable as regards liabilities flowing directly from the casualty which has given rise to the actual or constructive loss of the ship.
 - b) If the Managers agree that the insurance of the ship shall continue after the happening of any of the events listed in paragraph (B) and (C) of this Rule they may in their discretion impose such terms and conditions as they think fit for the continuation of the insurance.
- D On the occurrence of any of the events specified in paragraphs (A) to (C) inclusive of this Rule in respect of an entered ship, the Owner shall give notice in writing of such event to the Managers within one month after the date thereof.
- E Upon an Owner ceasing to be insured by virtue of paragraph (A) of this Rule, and upon an Owner ceasing to be insured in respect of any ship by virtue of paragraphs (B) or (C) of this Rule, and without prejudice to the effects of cancellation of insurance pursuant to Rule 31 (A) then:
- i. Unless and to the extent that in the case of Call Entries the Owner's liability may have been agreed or assessed under Rule 30 (Release Calls upon Cesser), such Owner and its successors shall be and remain liable in relation to any Overspill Calls for the whole amount payable by

Rule 29 (continued)

it in accordance with Rule 22, and in relation to all other contributions, premiums and other sums payable:

- a) in respect of the policy year in which such cessation occurs, on a pro rata basis, namely for the proportion of such sums applicable to the period beginning at the commencement of that policy year (or, in the case of a ship entered during that policy year, the date of entry) and ending at noon on the date of such cessation; provided that, if the Owner fails to give notice of the event in accordance with paragraph (D) of this Rule, such period shall end at noon GMT on such later date as the Managers in their discretion shall decide, and
 - b) in respect of previous policy years, for the whole of those policy years, and
- ii. Subject to the other provisions of these Rules and to the terms of entry the Association shall remain liable in respect of any ship entered by such Owner or in respect of such entered ship (as the case may be) for all claims under these Rules arising by reason of any event which had occurred prior to the date of such cessation, but shall not otherwise be under any liability whatsoever by reason of anything occurring after that date.

Release Calls upon Cesser of Insurance

Upon an entered ship ceasing to be insured by the Association for any reason, whether or not the circumstances giving rise to such cesser of insurance shall be any of those specified in Rules 17 and 18 or in paragraphs (A), (B) and (C) of Rule 29, the Managers may:

- A Release the Owner from liability to pay Supplementary Premiums in respect of such ship, wholly or partly or upon such terms as the Managers in their discretion may deem to be appropriate in the circumstances.
- B Whether or not negotiations may have taken place with the view to the application of paragraph (A) hereof, assess as at the date of the cesser of insurance the amount which seems to the Managers in their discretion to represent the likely liability of the Owner for Supplementary Premiums and for Mutual Premiums falling due after such date in respect of such ship.

If the Managers shall exercise their powers under paragraph (A) or paragraph (B) of this Rule, then:

- i. Any terms imposed by the Managers or agreed between the Managers and the Owner pursuant to paragraph (A) hereof shall be performed at such time or times as the Managers shall have specified;
 - ii. The amount of any assessment made under paragraph (B) hereof shall be payable by the Owner without deduction on demand; and
 - iii. If the Managers shall exercise their power under paragraph (A) or (B) or (C) of this Rule, then the Owner shall be under no liability for any Supplementary Premiums which the Directors may decide to levy after the date of a release given under paragraph (A) hereof or after the date of an assessment made under paragraph (B) hereof, as the case may be, or for any Mutual Premiums becoming due after such date, and the Owner shall have no right to share in any return of contributions or other receipts, or any Mutual Premium Discount, which the Directors may thereafter decide to declare or make in accordance with Rule 20 or 25 (E) respectively.
 - iv. The Owner shall not be released from liability to pay Overspill Calls.
- C Notwithstanding paragraph (A) and paragraph (B) of this Rule, the Managers may in their discretion at any time or times accept a guarantee in an amount, in the form and from a bank approved by them, within any time limit the Managers may have specified, to secure the payment by the Owner of Supplementary Premiums and Mutual Premiums falling due in respect of such ship after the date when it has ceased to be insured by the Association.

Rule 31

Cancellation of Insurance and its Effects

- A Where an Owner has failed to pay, either in whole or in part, any amount due from it to the Association, the Managers may give it notice in writing requiring it to pay such amount by any date specified in such notice, not being less than seven days from the date on which such notice is given. Further
- (i) Unless the Members' Committee otherwise decides, an Owner shall not be entitled to recover from the Association any liabilities, cost and expenses in respect of any claim arising from the date of such failure until the date such sum owing to the Association is paid in full;
 - (ii) If the Owner fails to make such a payment in full on or before the date so specified, the insurance of the Owner (whether the insurance is current on such date or has ceased by virtue of paragraphs (A), (B), or (C) of Rule 29 or in accordance with any other provisions of these Rules) in respect of any and all ships referred to in such notice and entered in the Association by it or on its behalf shall be cancelled forthwith without further notice or other formality.
- B When the insurance of an Owner is cancelled in accordance with paragraph (A) of this Rule (which time is hereinafter in this Rule 31 referred to as "the date of cancellation") then:
- i. Unless and to the extent that in the case of Call Entries the Owner's liability may have been otherwise assessed under Rule 33 (Release Calls upon Cancellation), such Owner and its successors shall be and remain liable in relation to any Overspill Calls for the whole amount payable by it in accordance with Rule 22, and in relation to all other contributions, premiums and other sums payable:
 - a) in respect of the policy year in which the date of cancellation falls, on a pro rata basis, namely for the proportion of such sums applicable to the period beginning at the commencement of that policy year (or, in the case of a ship entered during that policy year, the date of entry) and ending on the date of cancellation or such earlier date as the Managers in their discretion decide and agree in writing, and
 - b) in respect of previous policy years, for the whole of those policy years, and
 - ii. The Association shall with effect from the date of cancellation cease to be liable for any claims of whatsoever kind under these Rules in respect of any and all ships in relation to which the insurance of the Owner has been cancelled.
 - a) irrespective whether such claims have occurred or arisen or may arise by reason of any event which has occurred at any time prior to the date of cancellation, including during previous years;
 - b) irrespective whether such claims arise by reason of any event occurring after the date of cancellation;

Rule 31 (continued)

- c) irrespective whether the Association may have admitted liability for or appointed lawyers, surveyors or any other person to deal with such claims;
- d) irrespective whether the Association at the date of or prior to the date of cancellation knew that such claims might or would arise, and as from the date of cancellation any liability of the Association for such claims shall terminate retrospectively and the Association shall be under no liability to such Owner for any such claims or on any account whatsoever;

PROVIDED ALWAYS that:

The Directors may in their discretion and upon such terms as they think fit, including but not restricted to terms as to payment of contributions, premiums or other sums, admit either in whole or in part any claim in respect of any ship entered by an Owner for which the Association is under no liability by virtue of paragraph (A) or (B) of this Rule, whether such claim has arisen before or arises after the date of cessation or the date of cancellation as the case may be, or remit wholly or partly any payment of contribution, premiums or other sums due to the Association.

Rule 32

Sums Due to the Association for the Purpose of Application of the Rules on Cancellation

- A For the purpose of determining whether any (and, if so, what) sum is due for the purposes of Rule 31 (A) or otherwise under these Rules no account shall be taken of any amount due or alleged to be due by the Associations to the Owner on any ground whatever, and no set-off of any kind (including set-off which might otherwise have arisen by reason of the bankruptcy or winding up of the Owner) shall be allowed against such sum (whether or not any set-off against contributions has been allowed at any time in the past), except to the extent (if any) to which any sum demanded by the Managers as due, and required to be paid in a notice served under the said sub-paragraph, may (in the Managers' discretion) in itself have already allowed for a set-off or credit in favour of the Owner.
- B Without prejudice to the generality of Rule 39 no act, omission, course of dealing, forbearance, delay or indulgence of any kind by or on behalf of the Association or the granting of time, or the acceptance by the Association (whether express or implied) of liability for, or the recognition of, any claim, and whether occurring before or after any date of cessation or date of cancellation as hereinbefore referred to shall derogate from the effect of Rules 28 to 33 inclusive or be treated as any waiver of any of the Association's rights thereunder.

Release Calls upon Cancellation

- A Upon the cancellation of an Owner's insurance in accordance with paragraph (A) of Rule 31, notwithstanding that, if there has been a cesser of insurance prior to such cancellation, the Managers at the time of such prior cesser may not have exercised or may have agreed not to exercise the powers described in paragraphs (A) and (B) of Rule 30, the Managers may assess as at the date of the cancellation of insurance the amount which seems to the Managers in their discretion to represent the likely liability of the Owner for Supplementary Premiums and for Mutual Premiums falling due after such date in respect of such ship.
- B If the Managers shall exercise their powers under paragraph (A) of this Rule 33, then:
- i. The amount of any such assessment made under paragraph (A) hereof shall be payable by the Owner without deduction on demand, and
 - ii. The Owner shall be under no liability for any Supplementary Premiums which the Directors may decide to levy after the date of such assessment made under paragraph (A) hereof, or for any Mutual Premiums becoming due after such date, and the Owner shall have no right to share in any return of contributions or other receipts or any Mutual Premium Discount, which the Directors may thereafter decide to declare or make in accordance with Rule 20 or 25 (E) respectively.

Rule 34

Regulations by Directors

- A The Directors may make regulations prescribing the conditions or forms of contracts, such as contracts of carriage or other contracts, or risk management measures, either generally or for use in any particular trade or at any particular port or place, as the situation may require. Such regulation shall take effect forthwith upon issuance of the regulation unless otherwise advised by the Managers in writing and shall be deemed to be incorporated in the Rules from the beginning of the Policy Year next following the time and date of the taking effect of such regulation.
- B Notice of issuance of a regulation made pursuant to this Rule shall be sent to every Owner by post or by electronic transmission. If any Owner shall commit a breach of any regulation, the Directors may reject or reduce any claim made by the Owner to the extent to which it would not have arisen if it had complied with the regulation and may further impose such terms upon it as the Directors think fit as a condition of the continuance of the entry of the Owner's ship or ships in the Association.

Managers' Remuneration

The Managers shall be remunerated by the Association on such basis as may be approved by the Directors.

Rule 36

Claims

- A Without prejudice to any other provision of these Rules and without waiving any of the Association's rights hereunder, the Managers may at any and all times appoint and employ on behalf of the Owner upon such terms as the Managers may think fit lawyers, surveyors or other persons for the purpose of dealing with any matter liable to give rise to a claim by an Owner upon the Association, including investigating or advising upon any such matter and taking or defending legal or other proceedings in connection therewith. The Managers may also at any time discontinue such employment if they think fit.
- B All lawyers, surveyors and other persons appointed by the Managers on behalf of the Owner or appointed by the Owner with the prior consent of the Managers shall at all times be and be deemed to be appointed and employed on the terms that they have been instructed by the Owner at all times (both while so acting and after having retired from the matter) to give advice and to report to the Association in connection with the matter without prior reference to the Owner and to produce to the Association without prior reference to the Owner any documents or information in their possession or power relating to such matter, all as if such person had been appointed to act and had at all times been acting on behalf of the Association.
- C The Owner shall provide to all lawyers, surveyors and other persons appointed by the Managers on behalf of the Owner any information or documentation relevant to any matter liable to give rise to a claim by the Owner upon the Association of which it is aware or is in its power, custody or control and make available for interview any employee or agent of the Owner whom the lawyers, surveyors or the Association believe may have any knowledge of the matter. The Owner shall not withhold or conceal any documents or other evidence which may be relevant to disclose or make any false statements and where such evidence is withheld or concealed or a false statement made any liabilities, costs and expenses incurred or reimbursed by the Association shall be repaid by the Owner.

Powers of the Managers relating to the Handling and Settlement of Claims

- A The Managers shall have the right if they so decide to control or direct the conduct of any claim or legal or other proceedings relating to any liability, loss or damage in respect whereof the Owner is or may be insured in whole or in part, and to require the Owner to settle, compromise or otherwise dispose of such claim or proceedings in such manner and upon such terms as the Managers see fit.

- B If the Owner does not settle, compromise or dispose of a claim or of proceedings after being required to do so by the Managers in accordance with paragraph (A) of this Rule, any eventual recovery by the Owner from the Association in respect of such claim or proceedings shall be limited to the amount the Owner would have recovered if it had acted as required by the Managers.

- C The Association is under no obligation to provide bail or other security on behalf of any Owner, but where the same is provided it shall be on such terms as the Managers may consider appropriate and shall not constitute any admission of liability by the Association for the claim in respect of which the bail or other security is given. It shall be a condition of the provision of bail or other security that the Owner shall indemnify the Association for any costs or liability arising therefrom or associated therewith, save to the extent that such costs or liability would have been recoverable from the Association if the Owner had incurred them directly.

Rule 38

Meetings of the Members' Committee

The Members' Committee shall meet as often as they may consider necessary for the settlement of claims which shall be paid by the Association as the Members' Committee may determine in accordance with these Rules and the Members' Committee shall have power from time to time to authorise the Managers, without prior reference to the Members' Committee, to effect payment of claims of such types and up to such sums as the Members' Committee may determine. No Member of the Members' Committee shall act as such in the settlement of any claim in which it is interested.

Forbearance and Reimbursement

- A No act, omission, course of dealing, forbearance, delay or indulgence by the Association in enforcing any of these Rules or any of the terms or conditions of its contracts with Owners or any granting of time by the Association shall prejudice or affect the rights and remedies of the Association under these Rules or under such contracts, and no such matter shall be treated as any evidence of waiver of the Association's rights thereunder, or shall any waiver of a breach by an Owner of such Rules or contracts operate as a waiver of any subsequent breach thereof. The Association shall at all times and without notice be entitled to insist on the strict application of these Rules and on the strict enforcement of its contracts with Owners.

- B The Owner shall reimburse to the Association on demand the amount of any payment made to any third party by the Association on behalf of or as guarantor for such Owner to the extent that such payment is in respect of any amount which in the opinion of the Managers is not recoverable from the Association.

Rule 40

Disputes

- A The Owner hereby submits to the jurisdiction of the High Court of Justice of England in respect of any action brought by the Association to recover sums which the Association may consider to be due to it from the Owner. Without prejudice to the foregoing the Association shall be entitled to commence and maintain in any jurisdiction any action to recover sums which the Association may consider to be due to it from the Owner.
- B Save as provided in Section 4 of Rule 22, if any other difference or dispute shall arise between an Owner or any other person and the Association out of or in connection with these Rules or any contract between the Owner and the Association or as to the rights or obligations of the Association or the Owner or any other person thereunder or in connection therewith, such difference or dispute shall in the first instance be referred to and adjudicated upon by the Directors, unless the Directors elect to waive such adjudication, whereupon the Owner or such other person concerned shall be entitled to refer the difference or dispute to arbitration in accordance with the provisions of paragraph C of this Rule. Such reference and adjudication shall be on written submissions only.
- C If the Owner or such other person concerned in such difference or dispute does not accept the decision of the Directors it shall be referred to the arbitration in London of two Arbitrators (one to be appointed by the Association and the other by such Owner or such other person) and an Umpire to be appointed by the Arbitrators, and the submission to arbitration and all the proceedings therein shall be subject to the provisions of the English Arbitration Act, 1996, and any statutory modification or re-enactment thereof.
- D No Owner or such other person shall be entitled to maintain any action, suit or other legal proceedings against the Association upon any such difference or dispute
- i. unless and until the same has been so referred to the Directors for adjudication under paragraph (B) of this Rule and the Directors shall have given their decision thereon or the reference to such adjudication shall have been waived in accordance with the proviso to paragraph (B) of this Rule, and
 - ii. if such decision is not accepted by such Owner or such other person or if the reference to such adjudication shall have been waived, unless and until such difference or dispute shall have been referred to arbitration as provided in paragraph (C) of this Rule and the Award in such reference shall have been published, and
 - iii. then only for such sum (if any) as the Award may direct to be paid by the Association, and
 - iv. the sole obligation of the Association to such Owner or such other person under these Rules and any contract between the Association and the Owner or otherwise howsoever in respect of any such dispute or difference shall be to pay such sum as may be directed by such an Award.

- E If any difference or dispute shall arise between an Owner or any other person and the Managers or their servants or agents (collectively the Managers' Group), out of or in connection with these Rules or any contract between the Owner and the Association or as to the rights or obligations of anyone of the Manager's Group or the Owner in any other way in connection therewith, such difference or dispute shall be referred to arbitration in London of two Arbitrators (one to be appointed by the Manager's Group and the other by such Owner or other person) and an Umpire to be appointed by the Arbitrators, and the submission to arbitration and all the proceedings therein shall be subject to the provisions of the English Arbitration Act, 1996, and any statutory modification or re-enactment thereof.

Rule 41

Notices

- A A notice or other document required under these Rules to be served on the Association may be served by sending it by courier or through the post in a prepaid letter or by sending it by telegram, cable, radio telegraph, telex or facsimile transmission (fax) addressed to the Association at the Association's registered office for the time being.
- B A notice or other document required under these Rules to be served on an Owner may be served by sending it by courier or through the post in a prepaid letter or by sending it by telegram, cable, radio telegraph, telex, facsimile transmission (fax) or electronic transmission (e-mail) addressed to such Owner:
- i. at the address which shall have been expressly furnished by the Owner to the Association as the address at which notices from the Association may be served upon it, or,
 - ii. if no such address shall have been furnished, at its address as appearing in the Register of Members, or,
 - iii. if such Owner is not and was not a Member at the address which is its last known address to the knowledge of the Managers.

In the case of Joint Owners all such notices or other documents shall be served upon the Joint Owner whose address has been furnished in accordance with sub-paragraph (i) above, or, if no such address has been furnished, upon the senior of the Joint Owners and such service shall be sufficient service on all the Joint Owners. For this purpose seniority as between Joint Owners shall be determined by the order in which the names stand as Joint Owners in the Register of Members.

- C Any such notice or other document if served by courier or by post shall be deemed to have been served on the day following the day on which the letter containing the same was handed to the courier or put into the post, and in proving such service it shall be sufficient to prove that the letter containing the notice or document was properly addressed and handed to the courier or put into the post as a prepaid letter. Any such notice or other document if served by telegram, cable, radio telegraph, telex, facsimile transmission (fax) or electronic transmission (e-mail) shall be deemed to have been served on the day on which it was handed in to the telegraph, cable or radio telegraph office or, in the case of telex, facsimile transmission (fax) or electronic transmission (e-mail), despatched, and in proving such service it shall be sufficient to prove that such telegram, cable or radio telegraph was duly handed in or, in the case of telex, facsimile transmission (fax) or electronic transmission (e-mail) that the notice or other document was duly despatched.
- D Any such notice or other document may be sent or supplied to an Owner by making it available on the Association's website (www.ukpandi.com), and it is deemed served or delivered when the Owner is notified by electronic transmission (e-mail) that it is available on such website.

Rule 41 (continued)

- E. The successors of anyone who is or was at any time an Owner of an entered ship shall be bound by a notice or other document served as aforesaid if sent to the last such address of such Owner notwithstanding that the Association may have notice of the Owner's death, disability, lunacy, bankruptcy or liquidation.

Rule 42

Law of Contract

Any contract of insurance howsoever made between the Association and an Owner and these Rules shall be governed by and construed in accordance with English law.

Delegation

- A Whenever any power, duty or discretion is conferred or imposed upon the Managers by virtue of these Rules, such power, duty or discretion may, subject to any terms, conditions or restrictions contained in these Rules, be exercised by any one or more of the Managers or by any servant or agent of the Managers to whom the same shall have been delegated or sub-delegated.

- B Whenever any power, duty or discretion is stated in these Rules to be vested in the Directors, such power, duty or discretion shall be exercisable by the Directors unless the same shall have been delegated to any Committee of the Directors or to the Managers or to the Members' Committee in accordance with the provisions as regards delegation contained in the Articles, in which event the power, duty or discretion may be exercised by any person to whom the same shall have been so delegated.

Rule 44

Definitions

In these Rules the words standing in the first column of the table next hereinafter contained shall bear the meanings set opposite to them respectively in the second column thereof, if not inconsistent with the subject or context:

Applicant Owner	In relation to a ship which is desired or intended to be entered for insurance in the Association, means owner, owners in partnership, owners holding separate shares in severalty, part owner, mortgagee, trustee, bareboat charterer, operator, manager or builder of such ship and any other person (not being an insurer seeking reinsurance), by or on whose behalf an application has been, is being or is to be made for the entry of the same in the Association for insurance whether it be or is to be a Member of the Association or not.
Articles	The articles for the time being of The United Kingdom Mutual Steam Ship Assurance Association Limited.
Association	The United Kingdom Mutual Steam Ship Assurance Association Limited or UK P&I Club N.V., as applicable.
Associations	The United Kingdom Mutual Steam Ship Assurance Association Limited, UK P&I Club N.V., and The United Kingdom Mutual Steam Ship Assurance Association (Bermuda) Limited.
Call entry	An insurance on terms that the Owner is bound to pay calls to the Association.
Calls	Sum or sums payable to the Association in respect of an entered ship pursuant to Rules 19 to 23, including Mutual Premiums, Supplementary Premiums and Overspill Calls.
Cargo	Goods, including anything used or intended to be used to pack or secure goods, in respect of which an Owner enters into a contract of carriage, but excluding containers or other equipment owned or leased by the Owner.
Catastrophe Reserve	Any reserve maintained by the Association pursuant to Rule 24(B)(i).
Charterer	Charterer shall mean a charterer other than a demise or bareboat charterer.
Closed policy year	A policy year of the Association which has been closed in accordance with the provisions of Rule 25.

Convention Limit	In respect of a ship, the limit of liability of the owner of that ship for claims (other than claims for loss of life or personal injury) at the Overspill Claim Date, calculated in accordance with Article 6 paragraph 1(b) (but applying 334 Units of Account to each ton up to 500 tons) of the International Convention on Limitation of Liability for Maritime Claims 1976 (the "Convention") and converted from Special Drawing Rights into United States Dollars at the rate of exchange conclusively certified by the Association as being the rate prevailing on the Overspill Claim Date, provided that, (a) where a ship is entered for a proportion (the "relevant proportion") of its tonnage only, the Convention Limit shall be the relevant proportion of the limit of liability calculated and converted as afore-said and (b) each ship shall be deemed to be a sea-going ship to which the Convention applies, notwithstanding any provision in the Convention to the contrary.
Directors	The Board of Directors for the time being of The United Kingdom Mutual Steam Ship Assurance Association Limited, or the Management Board and/or Supervisory Board for the time being of UK P&I Club N.V., as applicable.
Electronic Trading System	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 are documents of title, or entitle the holder to delivery or possession of the goods referred to in such documents, or evidence a contract of carriage under which the rights and obligations of either of the contracting parties may be transferred to a third party. For the purpose of the definition, a "document" shall mean anything in which information of any description is recorded including, but not limited to, computer or other electronically generated information.
Entered ship	A ship which has been entered in the Association for insurance.
Entered tonnage	The tonnage figure recorded as entered tonnage in the Certificate of Entry of an entered ship and used for the purposes of calculation of calls whether (a) the tonnage of the ship or (b) a proportion of the tonnage of the ship or (c) a figure exceeding the tonnage of the ship.

Rule 44 (continued)

Fines	Includes penalties and other impositions similar in nature to fines.
Fixed premium	A fixed premium payable to the Association in respect of an entered ship pursuant to Rule 9.
Fixed premium entry	An insurance on terms that the Owner is bound to pay a fixed premium to the Association.
Group Excess Reinsurance Policies	The excess of loss reinsurance policies effected by the parties to the Pooling Agreement.
Group Reinsurance Limit	The amount of the smallest claim (other than any claim arising in respect of oil pollution) incurred by the Association or by any other party to the Pooling Agreement which would exhaust the largest limit for any type of claim (other than a claim arising in respect of oil pollution) from time to time imposed in the Group Excess Reinsurance Policies.
Hull policy	A policy effected on the hull and machinery of a ship including an Excess Liability Policy.
Insurance	Any insurance or reinsurance.
In writing	Written, printed or lithographed, or visibly expressed in all or any of those or any other modes of representing or reproducing words.
Knock for Knock	A provision or provisions stipulating that (i) each party to a contract shall be similarly responsible for (a) loss of or damage to, and/or death of or injury to, any of its own property or personnel, and/or the property or personnel of its contractors and/or of its and their subcontractors and/or of other parties and/or; (b) liability arising out of the ownership or operation of its own property, and that (ii) such responsibility shall be without recourse to the other party and arise notwithstanding any fault or neglect of any party; and that (iii) each party shall, in respect of those losses, damages or liabilities for which it has assumed responsibility, correspondingly indemnify the other against any liability that that party shall incur in relation thereto.
Managers	The Managers for the time being of the Association.
Member	A Member for the time being of The United Kingdom Mutual Steam Ship Assurance Association Limited..

Rule 44 (continued)

Members' Committee	A committee of the Members constituted in accordance with the Articles.
Overspill Call	A call levied by the Association pursuant to Rule 22 for the purpose of providing funds to pay all or part of an Overspill Claim.
Overspill Claim	That part (if any) of a claim (other than a claim in respect of oil pollution) incurred by the Association or by any other party to the Pooling Agreement under the terms of entry of a ship which exceeds or may exceed the Group Reinsurance Limit.
Overspill Claim Date	In relation to any Overspill Call, the time and date on which there occurred the event giving rise to the Overspill Claim in respect of which the Overspill Call is made or, if the Policy Year in which such event occurred has been closed in accordance with the provisions of Rules 25(C)(i) and 25(C)(ii), noon GMT on 20th August of the Policy Year in respect of which the Association makes a declaration under Rule 25(C)(iii).
Owner	In relation to an entered ship means owner, owners in partnership, owners holding separate shares in severalty, part owner, mortgagee, trustee, bareboat/demise charterer, operator, manager or builder of such ship and any other person (not being an insurer reinsured under Rule 13) named in the certificate of entry or endorsement slip, by or on whose behalf the same has been entered in the Association whether it be a Member or not.
Policy year	A year from noon G.M.T. on any 20th February to noon G.M.T. on the next following 20th February.
Pooling Agreement	The agreement dated 17th November 1992 between certain members of the group known as the International Group of Protection and Indemnity Associations and any addendum, variation, or replacement of the said agreement, or any other agreement of a similar nature or purpose.
Premium rating	The agreed rating per ton entered for insurance upon which Calls are payable to the Association according to the terms of such ship's entry for insurance in the Association.
Rules	These Rules as originally framed or as from time to time altered, abrogated or added to and for the time being in force.

Rule 44 (continued)

Seafarer	Any person (including the Master and apprentices) employed as part of a ship's complement under the terms of a crew agreement or other contract of service or employment to serve on board an entered ship, whether or not on board that ship.
Ship	Ship (in the context of a ship entered or proposed to be entered in the Association) shall mean 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) or intended to be used for any purpose whatsoever in navigation or other-wise on, under, over or in water or any part thereof or any proportion of the tonnage thereof or any share therein.
Standard terms of contracts of carriage	The terms of contracts of carriage referred to in Proviso (a) to Rule 2 Section 17.
Statutory obligation	Any obligation, liability or direction imposed by any legislative enactment, decree order or regulation having the force of law in any country.
Successors	In relation to all the persons hereinbefore specified in connection with "Owner" and "Applicant Owner" and in relation to any other person whatsoever by whom or on whose behalf a ship shall have been entered for insurance or reinsurance in the Association, shall include their heirs, executors, administrators, personal representatives, assigns (when permitted under these Rules), receiver, curator or other person authorised to act on behalf of one who becomes incapable by reason of mental disorder of managing its property or affairs, trustee in bankruptcy, liquidator and other successors whatsoever.
Ton	The unit of tonnage.
Tonnage	The register tonnage of a ship as certified in the Certificate of Registry of such ship or in any other official document relating to the registration of such ship.

Words importing the singular number only shall include the plural number and vice versa. Words importing persons shall include corporations.

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Appendix I: Clauses

Clauses referred to in Owners' Certificates of Entry or Endorsement Slips.

This Appendix contains full wordings of clauses which may be incorporated, where contractually agreed, in the terms and conditions on which a ship is entered in the Association by, or on behalf of the Owner, by means of a short form reference to such clause in the Certificate of Entry or in an Endorsement Slip.

Attention is drawn to Rule 5L & Rule 7 concerning the exclusion of the Insurance Act 2015.

1. Space Charterers/Consortium Extension Cover Clause

This entry is extended to cover the Owner's liabilities, incurred as space charterer of a Consortium Vessel operating in a consortium identified in the Certificate of Entry/Endorsement, arising out of the carriage of cargo and excluding any physical damage to such a Consortium Vessel, its equipment or containers on board, but only where space is exchanged or shared on a reciprocal basis as defined below. This entry is subject to the Rules and the terms and conditions of entry of the entered ship and the aggregate amount recoverable from the Association under this entry in respect of all claims arising out of any one event, or (for cargo claims) any one cargo voyage, is limited:

- a) in respect of all entered ships employed in the consortium to a maximum of US\$350 million,
- b) where the Owner has ships entered in the Association and any other insurer which is a party to the Pooling Agreement, to that proportion of a maximum of US\$350 million as the claims incurred by the Association bear to the claims incurred by the Association and any such other insurers.

PROVIDED ALWAYS that for any and all claims in respect of oil pollution, the aggregate amount recoverable by the Owner in respect of any one entered ship and any Consortium Vessel shall not exceed US\$1,000 million any one event, and shall be subject to provisos (a) and (b) of Rule 5(B)(ii) and to Rule 5(B)(iv).

An exchange or sharing a space will be on a reciprocal basis if the intention is that the space given and taken is broadly in balance.

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2. War Risks P&I Excess Cover Clause

In accordance with the proviso to Rule 5(E) of the Association's Rules, special cover is provided to the Owner against risks which are excluded from cover solely by virtue of the provisions of Rule 5(E). Unless otherwise agreed in writing, such cover shall be subject to all other terms and conditions of the entered ship and shall be provided upon and subject to the terms of the Director's Resolution dated 3rd February 2020 issued in the Club Circular on War Risks P&I Excess Cover Special Cover under Proviso to Rule 5E.

3. Nickel Ore Clause

It is a condition of this insurance that a Member who intends to load any nickel ore cargoes from ports in Indonesia or the Philippines must provide advance notice to the Managers as early as possible before loading.

Such notice shall be in writing to the Managers and shall include the following information where possible:

- ship name
- port/anchorage of loading and estimated time of arrival
- date of intended loading
- charterer/shipper's details
- agent's details
- a copy of the shipper's cargo declaration and supporting certificates

The Managers may, at their discretion, require that a survey of the cargo be conducted on behalf of the Member to determine the condition of such cargo before loading is allowed to commence which survey may be continued into loading operations.

Unless the Association in its sole discretion otherwise determines, there shall be no recovery from the Association in respect of liabilities, losses, costs or expenses to the extent that such liabilities, losses, costs or expenses result from events relating directly or indirectly to the condition of the cargo where the above specified written notice has not been provided in advance of the loading of the cargo, or where any subsequent requirement or recommendation of the Managers in relation to the cargo has not been complied with.

4. Tanker carrying cargo of persistent oil

- 1 It is hereby agreed that the ship will carry persistent oil as cargo during the policy year. Notwithstanding the foregoing, any ship insured hereunder that is not carrying persistent oil or its residues (other than slops) for a period of thirty or more consecutive days (such period(s) being computed from the day on which the ship is not carrying persistent oil or its residues (other than slops) until the day the next persistent oil cargo is loaded, one day only being excluded) shall be entitled to receive a return of Mutual Premium for such period(s) upon application to the Managers. No such return shall be made by the Association unless the Managers receive written notification within three months of the end of the policy year in which the returns are claimed.
- 2 For the purposes of this clause, "Persistent Oil" is any hydro-carbon mineral oil other than oil which consists of hydro-carbon fractions:
 - a) at least 50% of which, by volume, distils at a temperature of 340 degrees C and
 - b) at least 95% of which distils at a temperature of 370 degrees C when tested by the ASTM Method D 86/78 or any subsequent revision thereof.

5. Tanker carrying cargo other than persistent oil

- 1 It is hereby agreed that the ship will carry cargoes other than persistent oil during the policy year. Notwithstanding the foregoing, any ship insured hereunder that carries persistent oil as cargo at any time during the policy year shall be held covered, provided the carriage of such cargo is promptly declared to the Managers and an additional Mutual Premium as specified by the Managers is paid for the period.
- 2 If the Owner fails to notify the Managers in accordance with paragraph (1) above, the Owner shall cease to be insured by the Association in respect of this ship with effect from the date of the commencement of loading persistent oil as cargo (the date of cessation). The terms of Rule 28(b) shall apply. Provided always that the Directors may in their discretion and upon such terms as they think fit reinstate the entry of the ship or admit in whole or in part any claim in respect of the ship for which the Association is not liable by virtue of the insurance having ceased in accordance with this paragraph (2).
- 3 For the purposes of this clause, "Persistent Oil" is any hydro-carbon mineral oil other than oil which consists of hydro-carbon fractions:
 - a) at least 50% of which, by volume, distils at a temperature of 340 degrees C and
 - b) at least 95% of which distils at a temperature of 370 degrees C when tested by the ASTM Method D 86/78 or any subsequent revision thereof.

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6. OBO carrying cargo of persistent oil

- 1 It is hereby agreed that the ship will carry persistent oil as cargo during the policy year. Notwithstanding the foregoing, any ship insured hereunder that carries dry cargoes and/or wet cargoes other than persistent oil or its residues for a period of thirty or more consecutive days, (such period(s) being computed from the day on which the ship is not carrying persistent oil or its residues (other than slops) until the day the next persistent oil cargo is loaded, one day only being excluded) shall be entitled to receive a return of Mutual Premium for such period upon application to the Managers. No such return shall be made by the Association unless the Managers receive written notification within three months of the end of the policy year in which the returns are claimed.
- 2 For the purposes of this clause, "Persistent Oil" is any hydro-carbon mineral oil other than oil which consists of hydro-carbon fractions:
 - a) at least 50% of which, by volume, distils at a temperature of 340 degrees C and
 - b) at least 95% of which distils at a temperature of 370 degrees C when tested by the ASTM Method D 86/78 or any subsequent revision thereof.

7. OBO carrying cargoes other than persistent oil

- 1 It is hereby agreed that the ship will carry carries dry cargoes and/or wet cargoes other than persistent oil or its residues during the policy year. Not-witstanding the foregoing, any ship insured hereunder that carries persistent oil as cargo at any time during the policy year shall be held covered, provided the carriage of such cargo is promptly declared to the Managers and an additional Mutual Premium as specified by the Managers is paid for the period.
- 2 If the Owner fails to notify the Managers in accordance with paragraph (1) above, the Owner shall cease to be insured by the Association in respect of this ship with effect from the date of the commencement of loading persistent oil as cargo (the date of cessation). The terms of Rule 28(b) shall apply. Provided always that the Directors may in their discretion and upon such terms as they think fit reinstate the entry of the ship or admit in whole or in part any claim in respect of the ship for which the Association is not liable by virtue of the insurance having ceased in accordance with this paragraph (2).
- 3 For the purposes of this clause, "Persistent Oil" is any hydro-carbon mineral oil other than oil which consists of hydro-carbon fractions:
 - a) at least 50% of which, by volume, distils at a temperature of 340 degrees C and

- b) at least 95% of which distils at a temperature of 370 degrees C when tested by the ASTM Method D 86/78 or any subsequent revision thereof.

8. ATHENS 2002 PLR EXTENSION CLAUSE

1 Cover

- 1.1 This entry is extended, notwithstanding Rule 5E, to include cover for liabilities incurred by the Owner pursuant to Athens 2002 PLR for an incident occurring during the policy period but only in respect of claims arising out of those perils specified within the IMO Reservation and Guidelines for the Implementation of the Athens Convention adopted 19 October 2006, namely:

- war, civil war, revolution, rebellion, insurrection, or civil strife arising there from, or any hostile act by or against a belligerent power,
- capture, seizure, arrest, restraint or detainment, and the consequences thereof or any attempt thereat,
- derelict mines, torpedoes, bombs or other derelict weapons of war,
- act of any terrorist or any person acting maliciously or from a political motive and any action taken to prevent or counter any such risk,
- confiscation and expropriation

The indemnity provided for under this cover extension is payable if and to the extent that:

- Limits of Underlying War Covers arranged for the Owner are exceeded by other claims having been settled and having fully absorbed cover otherwise disposable for liabilities qualifying for settlement under Athens 2002 PLR; or
- any claims by the Owner under Underlying War Covers are denied as a result of the assertion by the underwriters thereon of a policy defence or the breach of policy terms and/or conditions; or
- the Owner is unable to recover claims from Underlying War Covers for any reason including cancellation thereof: and/or
- the Owner is required to make advance payments to passengers within the time constraints imposed by Article 6 of the Passenger Liability Regulation.

- 1.2 The maximum indemnity payable hereunder each ship each distinct occasion shall be the amount prescribed by Athens 2002 PLR as the limit of liability of the Association or other person providing evidence of insurance.

- 1.3 The Association shall only be obliged to indemnify the Owner, or pay any claims at the request of the Owner if a proper legal assessment has

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been made of liability under Athens 2002 PLR and/or the Association at its discretion has decided to make payments, interim or otherwise, in order to mitigate any potential liability having taken into consideration professional legal advice.

It is understood, within the IMO Guidelines for Implementation of Athens 2002, that the Association may be obliged to withhold from settlements to passenger claimants certain amounts when, in the consensual opinion of the Owner and the Association, claims might be presented which in the aggregate exceed the relevant ship's overall limitation as defined in Athens 2002 PLR and ahead of a proportionate distribution of all claims against the Owner.

- 1.4 If and to the extent that the Association pays any Athens 2002 PLR claim either direct to passengers or by way of indemnity to the Owner, it shall be entitled, on the terms set out in Clause 5 below, to exercise by subrogation such rights of recovery from the Underlying War Covers as are available to the Owner.

1A Financial security

- 1A.1 The Association agrees to act as guarantor of the Owner's liabilities under Athens 2002 PLR and to provide evidence of war insurance attesting that this cover is in force, for the purpose of enabling the Owner to obtain certification of insurance as required by Art. 4 *bis* of Athens 2002 PLR.
- 1A.2 The Association will accordingly meet all liabilities incurred by it to passengers under Athens 2002 PLR in its capacity as guarantor arising from the provision of such evidence of war insurance.

Contained within the provisions of Athens 2002 PLR are exemptions from liability, amongst which the following are stated:-

- a) War Automatic Termination and Exclusions Clause (30 days' notice clause in cases not covered by War Automatic Termination and Exclusion Clause per IMO Reservation and Guidelines for Implementation of Athens 2002 PLR).
- b) Institute Radioactive Contamination, Chemical, Biological, Biochemical and Electromagnetic Weapons Exclusion Clause CL370 10/11/03
- c) Institute Cyber Attack Exclusion Clause CL.380 10/11/03.

The full wordings of such exemptions are to be found within Appendix A of the Guidelines for the implementation of Athens 2002 PLR.

- 1A.3 In accordance with Athens 2002 PLR:-

- a) The Association's liability shall be applicable only to passenger claims brought under Article 3, paragraphs 1 or 2 of Athens 2002 PLR, paragraph 1.2 of the Reservation, and paragraph 2.2 of the associated Guidelines.
- b) In accordance with Article 4 *bis*, paragraph 11 of Athens 2002 PLR, any sums provided by insurance maintained in accordance with paragraph 1 of the same article, shall be exclusively for the satisfaction of claims from passengers for death or for personal injury under Athens 2002 PLR and any payments made of such sums shall discharge any liability arising under Athens 2002 PLR to the extent of the amounts paid.
- c) The Association's obligations on each distinct occasion each ship shall be reduced by any payments effected by the Owner and/or their Underlying War Cover insurers in their names or on their behalf and/or other parties defined in the Evidence of War Insurance in respect of liabilities incurred and settled under the terms of Athens 2002 PLR.
- d) Subject to any reduction in its obligations permitted under clause 1.A.3 c) above, the Association's obligations on each distinct occasion each ship shall be satisfied in full once the total amounts paid to all claimants equals the limit applicable to each ship.

1A.4 If and to the extent that the Association, in its capacity as guarantor, incurs liability to passengers pursuant to Athens 2002 PLR, it shall be entitled, on the terms set out in Clause 5 below, to exercise by subrogation such rights of recovery from the Underlying War Covers as are available to the Owner.

2 Duration

This insurance is arranged in respect of losses arising out of an event occurring during the period noon 20th February 2021 or later date of entry to noon 20th February 2022 or earlier date of termination under the Rules.

3 Limit

The maximum indemnity payable hereunder shall be the amount prescribed by Athens 2002 PLR as the limit of liability of the Association, namely the lower of:

SDRs 250,000 per passenger registered as being on board the ship at the time of the occasion of the incident, the subject of the claim hereon, or SDRs 340,000,000

as required each distinct occasion, each ship.

The Association will also pay legal costs incurred by the Owner with the prior written consent of the Association or which the Owner or the Association

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may be compelled to pay in contesting liability or taking proceedings to limit liability in respect of any claim covered hereon.

4 Definitions (for the purposes of this Insurance)

4.1 "Athens 2002 PLR" means the Athens Convention relating to the Carriage of Passengers and their Luggage by Sea, 2002 (being the 1974 Athens Convention as amended by the Protocol of 2002 to the Convention and the 2006Reservation, and subject to modifications made by the associated IMO Guidelines for Implementation of the Athens Convention), and/or Regulation (EC) No. 392/2009 of the European Parliament and of the Council of 23 April 2009 on the liability of carriers of passengers by sea in the event of accidents (also known as "Passenger Liability Regulation")

4.2. "Underlying War Covers" means the combination of War Risks insurances as summarised herein:

4.2.1 P & I War Risks Insurances provided as a separate limit to the Owner's Hull and Disbursements War Risks policies to at least the aggregate of the insured value of the Hull and insured amounts in respect of Disbursements of the Owner's ship or a minimum of USD 500,000,000, whichever is the lower and on terms providing cover as per the Institute Protection and Indemnity War Strikes Clauses - Hulls Time CL.345 (20/7/87) and/or the Institute War and Strikes Clauses - Hulls Time CL.281 (1/11/95) and/or other equivalent War P & I clauses (to be approved by Contract Leader)

and

4.2.2 P & I War Risks (International Group P & I Clubs) as endorsed as an extension to the entry of the Owner's ship into an International Group P & I Club. Such entry means an unrestricted entry into a Protection and Indemnity Association which is a member of the International Group of P&I Clubs.

4.3 "Evidence of War Insurance" means the documentary proof ("Certificates furnished as evidence of (War) insurance pursuant to Article 4 *bis* of the Athens Convention relating to the Carriage of Passengers and their Luggage by Sea, 2002") attesting that insurance is in force in compliance with the stipulations of Athens 2002 PLR.

4.4 "Athens Certificates" means the "Certificate of Insurance or Other Financial Security in respect of Liability for the Death or Personal Injury to Passengers" issued in accordance with the Provisions of Athens 2002 PLR.

4.5 "Total Claims" means the aggregation of Athens 2002 PLR Claims, non-Athens 2002 PLR passenger claims and other claims including, but not

limited to claims in respect of crew, wreck removal and pollution each vessel each incident.

5 Underlying War Cover and Rights of Subrogation

5.1 Subject to the terms of this cover extension, the Association shall be entitled to seek to recover from the Underlying War Covers any and all payments made pursuant to liabilities incurred by the Owner under Athens 2002 PLR.

5.2 No Evidence of War Insurance will be issued by the Association unless the Owner arranges the insurances that comprise the Underlying War Covers, with War Risks Insurers approved by the Association as described at 4.2.1 and 4.2.2 respectively.

The Owner is to provide corresponding confirmation of such cover prior to the annual inception of each policy and/or entry year, stating the schedule of insurers with whom they arrange such policies or entries and that these policies or entries will be maintained in force without intentional breach of cover for the duration of any Evidence of War Insurance on behalf of the relevant ships.

The Association agrees that the conditions above shall be deemed to be satisfied in respect of the ships pending re-confirmation of the Owner's renewal of war policies, including if required, transfer between war insurers.

The Owner is obliged to take all reasonable steps to preserve such coverage including, but not limited to, the maintenance of cover in accordance with approved market practices in the event that any ship insured hereunder navigates in waters that are subject to the JWC Hull War, Piracy, Terrorism and Related Perils Listed Areas (17 May 2019) (JWLA024) and any updated version thereof.

5.3 Any and all payments made by the Association in its capacity as guarantor under the provisions of Athens 2002 PLR shall be deemed to be made as agent of, and for the account of, the Owner whether or not it is obliged or liable to the Owner under this extension of cover.

5.4 Upon the payment of any sums hereunder whether by way of indemnity or pursuant to Athens 2002 PLR, the Association shall be subrogated to all the rights and remedies of the Owner, who is under a duty to assist and co-operate with the Association in its efforts to effect recovery of any such payment.

5.4.1 In event that the Association, having paid any such sums, proves unable to effect a recovery under the Underlying War Cover by reason of a policy defence or the breach of policy terms and/or conditions involving

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the actual fault or privity of the Owner, the Association reserves the right to seek recovery of such sums from the Owner.

- 5.5 If it appears that estimated Total Claims are reasonably likely to exceed the cover available under the Underlying War Covers, the Association will, upon request of the Owner agree to refrain from exercising rights of recovery pursuant to the preceding clause 5.4 from the Underlying War Cover insurers, unless and until and to the extent that the estimated Total Claims are found not to exceed the available cover provided by the Underlying War Covers.
- 5.6 If the insurers of the Underlying War Covers have paid Athens 2002 PLR claims (whether directly to claimants or by way of reimbursement of the Owner or the Association) and Total Claims are subsequently found to exceed the limit of the Owner's Underlying War Covers, the Association will reimburse the insurers of the Underlying War Covers in respect of such Athens 2002 PLR payments if and to the extent that Total Claims exceed the limit of the Underlying War Covers(subject always to the limit of this cover as defined in Clause 3 of this extension).
- 5.7 The Association is entitled to call for and to have received on their own behalf and on behalf of the Owner, confirmations of cover and undertakings from the insurers of the Owner's P & I War Risks Insurances (Hull) (as described at 4.2.1 above) that they will issue at least 30 days notice of their intention to cancel the insurance by reason of the failure to pay, when due and demanded, any premium sums due.
- 5.8 The Association is entitled to maintain on file all information submitted in the Application Forms for Evidence of Insurance.
- 5.9 It is understood and agreed by the parties that the provisions of Clause 5.6 above confer a benefit on the insurers of the Underlying War Covers which is intended to be enforceable by those insurers under the Contracts (Rights of Third Parties) Act 1999.
- 6 Provision of Evidence of War Insurance
- 6.1 The Association is under no obligation to provide security on behalf of any Owner, but where the same is provided it shall be on such terms as the Association may consider appropriate in the context of Athens 2002 PLR and shall not constitute any admission of liability by the Association for the claim in respect of which the bail or other security is given. In no case shall cash deposits be made by the Association.

Having either provided security or paid claims in compliance with the terms of Athens 2002 PLR, the Association shall be entitled to seek to be indemnified for any costs associated with the provision of such security and for any liability the Association may incur to third parties to

the extent that such payments are not recoverable from Underlying War Cover Insurers as described in Para 5.4.1 above.

- 6.2 Where the Association hereon and/or Underlying War Cover Insurers might be under no liability to pay claims by reason of the operation of a so-called Cesser or Cancellation Clauses (United Kingdom Mutual Steam Ship Assurance Association Ltd Rules 29 or 31 (or equivalent at other clubs) or provisions in Hull War policies for cancellation for non-payment of premium), the Association's payment of any claims in their capacity as guarantors per Section 1.A, is effected as agent of the Owner, and the Owner shall re-imburse the Association in full for such claim.

7 Notification of Claim

The Owner shall report in writing to the Association any circumstances which may give rise to a claim under this insurance within 14 days of becoming aware of the occurrence of an event that could give rise to a claim to Underlying War Covers and shall thereafter keep the Association fully informed of all developments.

8 Claims Procedures

The Association and the Owner agree:

- 8.1 To encourage the primary war risk underwriters to instruct the Association to adjust claims on their behalf as well as on its own behalf.
- 8.2 That in adjusting Athens 2002 PLR claims the Owner and its representatives shall seek to minimize the need for adjustment or reallocation of claims payments by way of subrogation under clause 5.4 above, reimbursement under 5.6 above or otherwise between the Association and insurers on the Underlying War Covers.

9 Termination

In accordance with the conditions set out above under which it issues Evidence of War Insurance:

- 9.1 The Association shall be entitled to request that the terms under which Evidence of War Insurance is provided be re-negotiated immediately and/or Notice will be tendered to cancel any associated Evidence of War Insurance to the Authority to whom the Athens 2002 PLR Certificate is addressed within seven (7) days of the receipt of any Notices of Cancellation or advices of withdrawal of the Owner's Underlying War Covers.
- 9.2 The Association shall be entitled to request that the terms under which Evidence of War Insurance is provided be re-negotiated immediately

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and/or tender Notice to cancel any associated Evidence of War Insurance to the Authority to whom the Athens 2002 PLR Certificate is addressed within seven (7) days of learning of any cessation or breach of conditions of the Owner's Underlying War Covers.

- 9.3 The Association shall be entitled to request that the terms under which Evidence of War Insurance is provided be re-negotiated immediately and/or to tender Notice to cancel any associated Evidence of War Insurance to the Authority to whom the Athens 2002 PLR Certificate is addressed within seven (7) days of the discovery that any one of the following circumstances has occurred since the inception date of this Policy:
- a) a State Insurance Department or similar regulatory authority has ordered an insurer involved as part or all of security of the "Underlying War Covers" to cease accepting business, or
 - b) an insurer involved as part or all of security of the "Underlying War Covers" to cease accepting business has become insolvent or has been placed into liquidation or receivership (whether voluntary or involuntary), or there has been instituted against it proceedings for the appointment of a receiver, liquidator, rehabilitator, conservator, or trustee in bankruptcy, or other agent known by whatever name, to take possession of its assets or control its operations, or
 - c) the AM Best rating of an insurer involved as part or all of security of the "Underlying War Covers" has been assigned or downgraded below A -, or
 - d) the Standard and Poor's rating of an insurer involved as part or all of security of the "Underlying War Covers" has been assigned or downgraded below BBB.

9. MARITIME LABOUR CONVENTION EXTENSION CLAUSE 2016

- 1 Subject only to the other provisions of this MLC Extension ("the Extension"), the Association shall discharge and pay on the Member's behalf under the 2006 Maritime Labour Convention as amended (MLC 2006) or domestic legislation by a State Party implementing MLC 2006:
- (a) Liabilities in respect of outstanding wages and repatriation of a seafarer together with costs and expenses incidental thereto in accordance with Regulation 2.5, Standard A2.5 and Guideline B2.5; and

- (b) Liabilities in respect of compensating a seafarer for death or long-term disability in accordance with Regulation 4.2, Standard A4.2 and Guideline B4.2.
- 2 The Member shall reimburse the Association in full:
 - (a) any claim paid under paragraph 1(a) save to the extent that such claim is in respect of liabilities, costs or expenses recoverable under Rule 2, Sections 2, 3, 4(A), or 6, and
 - (b) any claim paid under paragraph 1(b) save to the extent that such claim is in respect of liabilities, costs or expenses recoverable under Rule 2, Sections 2 or 3.
 - 3 There shall be no payment under paragraph 1(a) or paragraph 1(b) if and to the extent that the liability, cost or expense is recoverable under any social security scheme or fund, separate insurance or any other similar arrangement.
 - 4 The Association shall not discharge or pay any liabilities, costs or expenses under paragraph 1(a) or paragraph 1(b), irrespective of whether a contributory cause of the same being incurred was any neglect on the part of the Member or the Member's servants or agents, where such liabilities, costs or expenses were directly or indirectly caused by or contributed to by or arise from:
 - (a) Any chemical, biological, bio-chemical or electromagnetic weapon
 - (b) The use or operation, as a means for inflicting harm, of any computer system, computer software programme, computer virus or process, or any other electronic system.
 - 5
 - (a) The Extension may be cancelled in respect of War Risks by the Association on 30 days' notice to the Member (such cancellation becoming effective on the expiry of 30 days from midnight of the day on which notice of cancellation is issued).
 - (b) Whether or not such notice of cancellation has been given the Extension hereunder shall terminate automatically in respect of the War Risks:
 - (i) Upon the outbreak of war (whether there be a declaration of war or not) between any of the following: United Kingdom, United States of America, France, the Russian Federation, the People's Republic of China;
 - (ii) In respect of any ship, in connection with which cover is granted hereunder, in the event of such ship being requisitioned either for title or use.
 - (c) The Extension excludes loss, damage, liability or expense arising from:
 - (i) The outbreak of war (whether there be a declaration of war or not) between any of the following: the UK, the USA, France, The Russian Federation, the People's Republic of China;
 - (ii) Requisition for title or use.

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- 6 The Extension shall be subject to Rules 5(F) and 5(V).
- 7 Without prejudice to paragraph 5, cover under the Extension shall cease 30 days after notice of termination in accordance with Regulation 2.5, Standard A2.5.2.11 or Regulation 4.2, Standard A4.2.12.
- 8 Any dispute arising out of or in connection with the Extension shall be resolved in accordance with Rule 40.
- 9 For the purpose of the Extension:
“Member” means any insured party who is liable for the payment of calls, contributions, premium or other sums due under the terms of entry.
“Seafarer” shall have the same meaning as in MLC 2006.
“War Risks” means the risks set out in Rule 5(E).

Appendix II: Offshore/Specialist Operations

Additional covers relating to offshore specialist operations and related risks (referred to in Rule 4, Section 1) may be provided where contractually agreed, as set out in the following sections:

- Salvors Extension Cover
- Offshore Specialist Operations
- Offshore Underwater Operations
- Offshore Supply/Towing and Others

The terms and conditions which the Managers will normally require are set out in a separate document – Offshore/Specialist Operations Additional Covers (Rules) – available from the Managers.

Appendix III

Appendix III: TT Risks

This Appendix contains a summary of the risks which may be incorporated where contractually agreed, in the terms and conditions on which a ship is entered in the Association by, or on behalf of, the Owner or the Charterer, by means of a short form reference to such summary in the Certificate of Entry or in an Endorsement Slip.

Through Transport Risks

A General Terms and Conditions of Cover

Pursuant to and subject to Rules 3 and 4, Section 4 of the Association's Rules, it is hereby agreed that the cover afforded to the above-named Member in respect of the entered ship includes the risks set out in B below but on terms and conditions and subject always to the exceptions and limitations referred to in C below.

B Risks Covered

This insurance covers the Member's liability, whether as an Owner or Charterer of the entered ship in respect of the following risks:

1. Carrying Equipment
2. Cargo Liabilities
3. Third Party Liabilities
4. Fines and Duty
5. Costs
6. Discretionary Insurance
7. Handling Equipment

C Terms, conditions, exceptions and limitations

The terms, conditions, exceptions and limitations upon which cover is afforded in respect of each and all of the risks in B above is set out in a separate document available from the Managers.

Articles of Association

**THE UNITED KINGDOM
MUTUAL STEAM SHIP
ASSURANCE ASSOCIATION
LIMITED**

COMPANY NUMBER 00022215

Managers

Thomas Miller P&I Ltd.

90 Fenchurch Street

London

EC3M 4ST

Articles of Association

Preliminary

- 1 The following regulations constitute the articles of association of the Company and the model articles for private companies limited by guarantee set out in Schedule 2 of the Companies (Model Articles) Regulations 2008 shall not apply to the Company.

Interpretation

- 2 In these Articles the following expressions shall where the context so admits have the following respective meanings:-

“The Acts” means the Companies Acts as defined in section 2 of the Companies Act 2006 from time to time in force concerning companies insofar as the same applies to the Company.

“The Company” means The United Kingdom Mutual Steam Ship Assurance Association Limited.

“The Companies” means the Company and each of its subsidiaries from time to time within the meaning of section 1159 of the Companies Act 2006, as amended.

“Register of Members” means the Register of Members for the time being maintained by the Company.

“Bankruptcy” includes individual insolvency proceedings in a jurisdiction other than England and Wales which have an effect similar to that of bankruptcy.

“The Rules” means the Rules from time to time in force governing the conduct of the whole or any part of the business of the Company.

“Board” means the Board of Directors of the Company.

“The Directors” means the members of the Board for the time being.

“Chairman” means the Chairman of the Board.

“Chairman of the Members’ Committee” means the Chairman of the Members’ Committee.

“Deputy Chairman” and **“Secretary”** mean, respectively, only the officers of the Company having such titles.

“The Managers” means the Managers for the time being of the Company.

“Members’ Committee” means a committee of the members of the Company as may be constituted from time to time in accordance with Article 19.

“Ship” (in the context of a ship entered or proposed to be entered in the Company) means ship, boat or hovercraft or any other description of vessel or structure (including any ship, boat, hovercraft or other vessel or

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structure (including any ship, boat, hovercraft or other vessel or structure under construction) used or intended to be used for any purpose whatsoever in navigation or otherwise on, under, over or in water or any part thereof or any proportion of the Tonnage thereof or any share therein.

“Tonnage” means the gross tonnage of a ship as certified in the Certificate of Registry of such ship or in any other official document relating to the registration of such ship.

“Entered Tonnage” means the Tonnage figure recorded as entered tonnage in the certificate of entry of an entered Ship, and **“Entered Tons”** shall be construed accordingly.

“Ton” means the unit of Tonnage.

“Insurance” means any insurance or reinsurance.

“Owner” in relation to an entered Ship means owners, owners in partnership, owners holding separate shares in severalty, part owner, mortgagee, trustee, charterer, operator or builder of such Ship and any other person (not being an insurer reinsured under the Rules or the rules of any of the other Companies) named in the certificate of entry or endorsement slip, by or on whose behalf the same has been entered in any of the Companies whether it be a member of the Company or not.

“Reserves” means such reserves as the Directors may from time to time decide to establish and maintain.

“Year” means calendar year unless otherwise specifically stated.

“Month” means calendar month.

“Notice” means written notice unless otherwise specifically stated.

“May” shall be construed as permissive.

“Special Resolution” means a resolution (i) passed at a meeting of the members on a show of hands by not less than 75% of the votes cast (in person or by proxy) by those entitled to vote or (ii) passed at a meeting of the members on a poll by members representing not less than 75% of the total voting rights of the members who (being entitled to do so) vote by person or by proxy on the resolution.

“shall” shall be construed as imperative.
Words importing only the singular number shall also include the plural number and vice versa.

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Words importing only the masculine gender shall also include the feminine and neuter genders.

Words importing persons shall also include companies or associations or bodies of persons whether corporate or unincorporated.

“In writing” and **“written”** means visibly expressed in any mode of permanently representing or reproducing words, including telegram, facsimile transmission (fax) and other electronic communication. Words and expressions shall (a) bear the same meaning as in the Acts or any statutory modification thereof in force for the time being and (b) to the extent consistent with those Acts and any modification thereof in force for the time being, bear the same meaning as in the Rules.

The Company

- 3 The Company is a company limited by guarantee, and not having a capital divided into shares.
- 4 The registered office of the Company will be situated in England.

Membership

- 5 The Company shall consist of an unlimited number of members.
- 6
 - A Every Owner who has a Ship entered for Insurance in any of the Companies, whether in the name of the Owner or by way of reinsurance, and every insurer reinsured by any of the Companies, shall, provided the name of such Owner (or as the case may be such insurer) is entered in the Register of Members and subject to the proviso to paragraph (B) of this Article, be a member of the Company.
 - B Subject to the proviso to this paragraph, any Owner who desires to enter a Ship for Insurance in any of the Companies, and any Owner whose ship is the subject or part of the subject of an application by an insurer for reinsurance by any of the Companies and any insurer who applies for reinsurance by any of the Companies shall, if he is not already a member of the Company, be deemed in applying for such entry or reinsurance to have agreed that if such entry or reinsurance is accepted he will thereupon become and be a member of the Company in accordance with these Articles, PROVIDED ALWAYS that subject to the Rules
 - a) The Managers shall have the right to require that acceptance of an application from an Owner shall be upon terms that such Owner shall not be or become a member of the Company, and

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- b) Unless otherwise agreed in writing by the Managers or otherwise provided in the Rules or the rules of any of the other Companies no insurer who applies for reinsurance by any of the Companies and no Owner whose Ship is the subject or part of the subject of such application for reinsurance shall be or become a member of the Company, but in any event the Insurance of every Owner and the reinsurance of every insurer shall be subject to these Articles and to the Rules and the rules of the other Companies (as applicable) whether or not such Owner or insurer be a member of the Company.
- C Subject to Articles 37A(c) and 37B, every Director of the Company and every member of the Members' Committee whilst holding that office shall be a member of the Company and his name shall be entered in the Register of Members.
- D Membership shall not be transferable or transmissible.
- E The Register of Members shall be open to inspection by any officer of a member in person on payment of any expenses incurred. A member is not entitled to make copies of any entry in the Register.
- F Every member shall in respect of any period during which it is a member pay to the Company such membership fee as the Directors may determine from time to time.

Cesser of membership

- 7 A A member shall ipso facto cease to be a member:-
 - i) If, being a member in his capacity as a Director and not otherwise, he shall cease to be a Director;
 - ii) If, being a member in his capacity as a member of the Members' Committee and not otherwise, he shall cease to be a member of the Members' Committee;
 - iii) If, being an individual, he shall die or a bankruptcy order shall be made against him or he shall make any arrangement or composition with his creditors generally;
 - iv) If, being an individual, he becomes incapable by reason of mental disorder of managing and administering his property and affairs;
 - v) If, being a corporation, it be wound up or dissolved;
 - vi) If, not being a member in his capacity as a Director or in his capacity as a member of the Members' Committee, he shall cease to have any Ship entered for Insurance in any of the Companies, whether the entry be in his name or by way of reinsurance; or
 - vii) If, being an insurer reinsured by the Company, he shall cease to be reinsured by any of the Companies.

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B A member who ceases to be a member and his estate, personal representatives, trustees in bankruptcy, receiver or other person authorised to act on behalf of a member who becomes incapable by reason of mental disorder of managing his property and affairs or liquidator as the case may require shall, notwithstanding such cesser, be and remain liable to pay to the Companies all moneys which under these Articles or the Rules or the rules of any of the other Companies such member would, had he not ceased to be a member, have been liable to pay to any of the Companies in respect of the period down to and including the 20th February next after the date of such cesser.

Meeting of members

- 8 A general meeting of the members of the Company shall be held at least once in every year either in England or elsewhere at a time and place to be fixed from time to time by the Board.
- 9 Notice of each annual general meeting of the Company shall be given by an officer of the Company in writing to each member entitled to receive notice and to attend and vote at general meetings. Save as permitted by the Acts, all such notices shall be sent not less than fourteen days before the meeting convenes, stating the date, time, place and objects,

PROVIDED ALWAYS that only members:-

- a) who are members by reason of their position as Directors of the Company or who are members by reason of their position as members of the Members' Committee; or
- b) who are entered in the Register of Members at least sixty days prior to the date of any general meeting of the Company, shall be entitled to receive notice of and (provided that such members continue to be members at the time of the meeting) attend and vote (either in person or by proxy) at such meeting and all references in these Articles to the rights and obligations of members in respect of general meetings shall be construed accordingly.

10 The Board, the Members' Committee or any two members of the Board or the Members' Committee or the Chairman or the Chairman of the Members' Committee may convene a special general meeting of the members upon, save as permitted by the Acts, at least fourteen days' notice in writing to each member. Such notice shall state the date, time, place and objects of such meeting, which may be held either in England or elsewhere.

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- 11 Notices of general meetings shall be given to the members of the Members' Committee and to the Directors and, notwithstanding any other provision of these Articles, notices of general meetings may be given on a website in accordance with the Acts, or on such a website in combination with any notice given in any other manner permitted by these Articles. The accidental omission to give notice to, or the non-receipt of notice by, any person entitled to receive notice shall not invalidate the proceedings at any general meeting.
- 12 The chairman of a general meeting of the members, or of a meeting of the Board or of a meeting of the Members' Committee or of a meeting of a committee of the Directors or of a meeting of a committee of the Members' Committee may, provided that a quorum is present, with the consent of a majority of those present and if so directed by the meeting, adjourn the same from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than business left unfinished at the meeting from which the adjournment took place.

Voting at meetings of members

- 13 Five members of the Company present in person or by proxy and having the right to vote shall constitute a quorum at any general meeting of the members.
- 14 If within half an hour from the time appointed for the meeting a quorum is not present, the meeting shall stand adjourned to such day and at such time and place as the persons entitled to convene a general meeting in accordance with Article 10 may determine, and if at such adjourned meeting a quorum is not present within fifteen minutes from the time appointed for holding the meeting, the members present in person or by proxy shall be a quorum, but so that not less than two individuals having the right to vote at the meeting shall constitute the quorum.
- 15 A Where an appointment is made in writing (but not by electronic communication) the instrument appointing the proxy shall be signed under the hand of the appointor or his attorney or, if such appointor is a corporation, the proxy shall be executed on behalf of the corporation by one of its directors or authorised signatories.
- B Where an appointment is made by electronic communication it shall be subject to such procedure for verifying appointments made in this manner as the Board shall from time to time specify; provided however, that if the Board has not specified any such procedure for verifying appointments made in this manner, no appointment may be made by electronic communication.

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C The instrument appointing a proxy shall, subject always to Article 74 hereof, be in the form in the schedule annexed hereto. A person appointed a proxy need not be a member.

16 A Where an appointment is made by an instrument in writing (but not by an electronic communication) the instrument appointing a proxy shall be left with the Secretary not less than (i) forty-eight hours before the holding of the meeting or adjourned meeting, as the case may be, at which the person named in such instrument proposes to vote or (ii) in the case of a poll taken more than forty-eight hours after it was demanded, not less than twenty-four hours before the time appointed for taking the poll.

B Where an appointment is contained in electronic form and an address has been specified for the purpose of receiving proxies in electronic form

- i) in the notice convening the meeting, or
- ii) in any instrument of proxy sent out by the Company in relation to the meeting, or
- iii) in any invitation contained in a communication in electronic form to appoint a proxy issued by the Company in relation to the meeting,

the communication in electronic form shall be received at such address not less than (i) forty-eight hours before the commencement of the meeting or adjourned meeting at which the person named in such appointment proposes to vote or (ii) in the case of a poll taken more than forty-eight hours after it was demanded, not less than twenty-four hours before the time appointed for taking the poll. In relation to communications in electronic form 'address' includes any number or address used for the purpose of such communications.

An appointment of proxy which is not deposited, delivered or received in a manner permitted in this Article shall be invalid unless the chairman of the meeting, in his absolute discretion in relation to any such appointment, waives any such requirement and decides to treat that appointment as valid.

17 A All questions proposed for consideration by the members at any general meeting of the Company shall, unless otherwise provided for in these Articles, be determined by a majority of votes of those present or represented by proxy. All such questions shall be decided by a show of hands, unless a poll is demanded by the chairman of the meeting or by at least five of the members present or represented by proxy. At any general meeting, unless the matter is determined by a poll, a declaration by the chairman of that meeting that a resolution has been carried and an entry made to that effect in the minutes of

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the meeting shall be sufficient evidence of the fact. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting shall be entitled to a further or casting vote.

- B Any ballot for the election of a member of the Members' Committee pursuant to Article 21Ciii or for the election of a Director pursuant to Article 37Diii shall be conducted in such manner and at such time as the Members' Committee or the Directors, as applicable, may from time to time decide and may be by means of a postal ballot or otherwise provided that on such ballot a member shall not vote for more candidates than there are vacancies and in respect of each candidate for whom he votes he shall be entitled to the same number of votes which he would have had on a poll. The result of such ballot shall be announced and be deemed to be an integral part of a general meeting of the Company.
- C i) Every member shall, on a show of hands, have one vote.
- ii) On a poll members shall have the vote or votes specified in sub paragraphs (a) to (c) below, and shall be entitled to cast votes under more than one of those sub-paragraphs if qualified to do so:
- a) A Director and/or a member of the Members' Committee who is a member by virtue of Article 6C, in his capacity as member (including where he is a member both by virtue of him being a Director and a member of the Members' Committee) – one vote;
 - b) A member in whose name a Ship or Ships is or are entered for Insurance in any of the Companies on terms that such member is liable to pay a fixed premium to any of the Companies in respect of such Ship or Ships – one vote;
 - c) A member in whose name a Ship or Ships is or are entered for Insurance in any of the Companies on terms that such member is liable to pay Calls (as defined in the Rules or the rules of any of the other Companies) to any of the Companies:
 - i) For each Ship whose entered tonnage is 1500 Tons or more – one vote; or
 - ii) For other such Ships each of whose Entered Tonnage is less than 1500 Tons – one vote only, irrespective of the number of those other Ships.

PROVIDED ALWAYS that:

An insurer reinsured by any of the Companies shall not in any event be entitled to a vote under any of the sub-sections of this Article.

- D Where a number of persons are members of the Company by virtue of their having jointly entered the same Ship for Insurance in any of

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the Companies, then only one member shall be entitled to receive notice of and to attend and vote (by reason of the ownership of that Ship) either in person or by proxy at any general meeting of the Company and, in the absence of agreement between those members, the member first named in the relevant certificate of entry shall be the one entitled to notice and to attend and vote either in person or by proxy.

18 No member shall, unless the Board otherwise determines, be entitled to vote at any general meeting, either personally or by proxy, or to exercise any privilege as a member unless all sums presently due from him to the Company have been paid.

Members' Committee

19 The members of the Company may by Special Resolution constitute a Members' Committee. The first members of the Members' Committee shall be appointed by Special Resolution. The members shall determine the powers, duties, discretions and responsibilities of the Members' Committee and may by Special Resolution dissolve the Members' Committee.

20 The number of members of the Members' Committee shall be not less than twenty nor more than forty-five or such other number as the members of the Company may from time to time determine.

21 A i) Any person who has not attained the age of seventy shall be eligible to be appointed, elected or re-elected a member of the Members' Committee if he is the owner or agent or a director of, or employed in an executive capacity by, a corporation which is the owner or agent of a Ship or Ships entered for Insurance in any of the Companies to the extent of not less than 10,000 Entered Tons, and

ii) A person who is not eligible under Article 21A(i) solely by reason of having attained the age of seventy shall nevertheless be eligible to be appointed, elected or re-elected to serve on the Members' Committee if and for as long as the Members' Committee or the Directors consider such service to be in the interests of the Company.

B No Manager and no employee of any Manager shall be eligible to be appointed or elected as a member of the Members' Committee.

C i) At each annual general meeting of the members of the Company those members of the Members' Committee who have been in office for three years since their last election or re-election as a member of the Members' Committee (or, if relevant, their last

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election or re-election as a member of the members' committee of a subsidiary of the Company) shall retire from office. For the purpose of this Article, "year" means a period from one annual general meeting of the Company to the next annual general meeting.

- ii) A member of the Members' Committee retiring in accordance with Article 21Ci and qualified to hold office under Article 21A shall be eligible for re-election.
- iii) The Company at the meeting at which a member of the Members' Committee retires in the manner aforesaid may fill the vacated office by electing a qualified person thereto, and in default the retiring member of the Members' Committee shall, if offering himself for re-election, be deemed to have been re-elected, unless at such meeting it is expressly resolved not to fill such vacated office or unless a resolution for the re-election of such member of the Members' Committee shall have been put to the meeting and lost. If there shall be more candidates than vacancies for any office(s) of members of the Members' Committee, then the persons to be elected shall be selected by ballot conducted in accordance with the provisions of Article 17B.
- iv) No person other than a member of the Members' Committee retiring at the meeting shall be eligible for election to the office of a member of the Members' Committee at any general meeting unless not later than 60 days prior to the date of such general meeting there shall have been delivered to the registered office of the Company:
 - (a) notice in writing signed by at least five members of the Company none of whom has any commercial, proprietary or business interests in any ship entered for Insurance in any of the Companies by or on behalf of any of the other members of the Company whose names appear in the said notice, and each of whom is duly qualified to attend and vote at such meeting, of their intention to propose such person for election; and
 - (b) notice in writing signed by that person of his willingness to be elected.
- v) The Members' Committee shall have power from time to time and at any time to appoint any qualified person to fill a casual vacancy in the Members' Committee, and the continuing members of the Members' Committee may act, notwithstanding any vacancy in their number provided that in the event that the number of continuing members of the Members' Committee has been reduced below the number of twenty the continuing members of

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the Members' Committee must immediately appoint a sufficient number of persons to restore the number of continuing members of the Members' Committee to a minimum of twenty. Any member of the Members' Committee so appointed shall hold office only until the next following annual general meeting, and, provided always that he is qualified to hold office under Article 21A, shall then be eligible for re-election.

22 The Members' Committee may delegate any of their powers to a committee consisting of members of the Members' Committee and such other persons (not being members of the Members' Committee) as the Members' Committee may think appropriate, but every such committee shall conform to such directions as the Members' Committee shall impose on it.

23 The Members' Committee may from time to time delegate to the Managers such of the powers, duties or discretions hereby or by the Rules or the rules of any other Companies, in each case as are reserved to the Members' Committee, as they think fit and such powers, duties or discretions may be made exercisable for such period and upon such terms and conditions and subject to such restrictions as the Members' Committee may determine and the Members' Committee may at any time revoke such delegation: Provided that nothing hereinbefore in this Article contained shall entitle the Members' Committee to delegate to the Managers any of the powers, duties or discretions of the Members' Committee:

A Which are conferred by Article 28; or

B Which relate to meetings of the Members' Committee or committees of the Members' Committee or the proceedings thereat;

And so that:-

- i) The Members' Committee may at any time and from time to time by notice in writing to the Managers revoke or vary any such delegation, term, condition or restriction as aforesaid; and
- ii) Nothing hereinbefore in this Article contained and no such delegation as aforesaid shall constitute the Managers members of the Members' Committee.

24 A This Article 24 is subject to the provisions of the Acts and the Rules.

B A member of the Members' Committee may:

- i) be a party to, or otherwise directly or indirectly interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested; and

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- ii) be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise directly or indirectly interested in, any body corporate in which the Company is interested, and where a proposed decision of the members of the Members' Committee is concerned with such a transaction, arrangement, office or employment, that member may be counted as participating in the decision making process for quorum and voting purposes.
- C Article 24 is subject to the relevant member of the Members' Committee making a declaration of the nature and extent of his interest in accordance with the obligations of directors under the Acts.
- D The following shall not be treated as an 'interest':
- i) an interest of which a member of the Members' Committee is not aware and of which it is unreasonable to expect him to be aware, or an interest in a transaction or arrangement of which he is not aware and of which it is unreasonable to expect him to be aware;
 - ii) an interest of which the other members of the Members' Committee are aware, or ought reasonably be aware, to the extent they are or ought reasonably to be aware of such interest;
 - iii) an interest which cannot reasonably be regarded as giving rise to a conflict of interest; and
 - iv) an interest if, or to the extent that, that interest contains terms of his service contract which have been, or are to be, considered by a meeting of the Members' Committee or a duly appointed committee of the Members' Committee.
- 25 A Subject to the provisions of the Rules, the Members' Committee may authorise, to the fullest extent permitted by law, any matter which would otherwise result in a member of the Members' Committee infringing his duty to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company and which may reasonably be regarded as likely to give rise to a conflict of interests.
- B Authorisation given by the Members' Committee under Article 25A may be subject to any terms and conditions which the Members' Committee consider appropriate; and the Members' Committee may at any time vary or terminate such authorisation.
- C A decision to authorise any matter under Article 25A may be made either at a meeting of the Members' Committee, or by a decision

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in accordance with Article 33, of those member of the Members' Committee entitled to vote on the matter; but the decision will only be effective if:

- i) the quorum for any meeting at which the matter is considered is met without counting the member of the Members' Committee in question or any other interested members of the Members' Committee; and
- ii) the matter is agreed to without any interested members of the Members' Committee voting, or would have been agreed to had no interested members of the Members' Committee' votes been counted.

D The provisions of this Article 25 shall not apply to any conflict of interest arising in relation to a transaction or arrangement between a member of the Members' Committee and the Company. Article 24 above shall apply to the members of the Members' Committee' interests in any such transactions or arrangements.

26 A Where the Members' Committee has authorised any matter under Article 25A above, or where a matter falls within Article 24, the Members' Committee may, at the time of such authorisation or subsequently, provide (without limitation) that an interested member of the Members' Committee:

- i) is excluded from discussions (whether at Members' Committee meetings or otherwise) related to the matter;
- ii) is not given any documents or other information relating to the matter; or
- iii) both for quorum purposes and for voting purposes may or may not be counted or vote at any future meeting of the Members' Committee in relation to the matter.

B Where the Members' Committee has authorised any matter under Article 25A, or where a matter falls within Article 24 (subject to a member of the Members' Committee making a declaration of the nature and extent of his interest in an office, employment, transaction or arrangement in accordance with Article 24C), then an interested member of the Members' Committee:

- i) will not be required to disclose to the Company, or use for the benefit of the Company, any confidential information relating to the matter if to make such a disclosure would result in a breach of a duty or obligation of confidence owed by him in relation to or in connection with the matter;

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- ii) may absent himself from meetings of the Members' Committee at which the matter may be discussed; and
 - iii) may make such arrangements as he thinks fit not to receive documents and information in relation the matter, or for such documents and information to be received and read by a professional adviser on behalf of that member of the Members' Committee.
- C Article 26B does not limit any existing law or equitable principle which may excuse the member of the Members' Committee from disclosing information in circumstances where disclosure would otherwise be required, or from attending meetings or receiving and reading documents in circumstances where such actions would otherwise be required.
- D Where the Members' Committee authorise a matter under Article 25A, or where a matter falls within Article 24, then an interested member of the Members' Committee:
- i) will be obliged to conduct himself in accordance with any terms and conditions imposed by the Members' Committee in relation to the matter; and
 - ii) if that member of the Members' Committee is also a Director, will not infringe any duty he owes to the Company under sections 171 to 177 of the Companies Act 2006 if he complies with any terms, limits and conditions (if any) imposed by the Members' Committee in relation to the authorisation and, where relevant, makes any disclosure required under Article 24C.
- E In relation to any matter which has been authorised under Article 25A, or where a matter involves a transaction or arrangement which falls within Article 24 (subject to a member of the Members' Committee making a declaration of the nature and extent of his interest in an office, employment, transaction or arrangement in accordance with Article 24C):
- i) an interested member of the Members' Committee will not be accountable to the Company for any benefit conferred on him in connection with that matter;
 - ii) if that member of the Members' Committee is also a Director, the receipt of such a benefit shall not constitute a breach of his duty under section 176 of the Companies Act 2006; and
 - iii) no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.

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- 27 A member of the Members' Committee may act by himself or his firm in a professional capacity for the Company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a member of the Members' Committee.
- 28 The remuneration of the members of the Members' Committee shall be such sum (if any) as shall from time to time be voted to them by the Company in general meeting, and any such sum (unless otherwise determined by the resolution by which it is voted) shall be divided amongst the members of the Members' Committee as they shall resolve or, failing such resolution, equally. The Members' Committee remuneration shall be deemed to accrue *de die in diem*.
- 29 The members of the Members' Committee shall also be entitled to be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Members' Committee or of committees of the Members' Committee or of general meetings of the Company or otherwise in connection with the business of the Company.
- 30 The quorum necessary for the transaction of the business of the Members' Committee shall be five. Any member of the Members' Committee may participate in a meeting of the Members' Committee or of such committee by means of a telephone conference or any communication equipment which allows all persons participating in the meeting to communicate with and hear each other. A person so participating shall be deemed to be present at the meeting and shall be entitled to vote and be counted in the quorum accordingly. Such a meeting shall, unless otherwise agreed by the participants, be deemed to take place where the largest group of those participating is assembled or, if there is no such group, at the place where the Chairman of the Members' Committee is participating.
- 31 Questions arising at any meeting of the Members' Committee shall be decided by a majority of those present and entitled to vote. The members of the Members' Committee may from time to time appoint one of their number a Chairman of the Members' Committee and in the case of an equality of votes the Chairman of the Members' Committee shall have a second or casting vote.
- 32 The Secretary at the requisition of any member of the Members' Committee shall and a member of the Members' Committee may, at any time summon a meeting of the Members' Committee. Notice of meetings of the Members' Committee may be by telephone or otherwise.
- 33 A resolution in writing signed by all the members of the Members' Committee entitled to vote on such matter shall be as valid and effectual as if it had been passed by a meeting of the Members' Committee called and constituted.

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- 34 A The office of member of the Members' Committee shall immediately be vacated if the member:
- i) Ceases to be eligible for appointment, election or re-election as provided in Article 21; or
 - ii) Resigns his office by notice in writing to the Company.
- B Subject to any provisions to the contrary contained in the Acts the members may, at any special or annual general meeting convened and held in accordance with the Articles, remove a member of the Members' Committee. The notice of any such meeting shall contain a statement of the intention so to do and at any such meeting such member of the Members' Committee shall be entitled to be heard on the matter of his removal. Nothing in this Article shall have the effect of depriving any person of any compensation or damages which may be payable to him in respect to the termination of his appointment as a member of the Members' Committee or of any other appointment with the Company. A vacancy upon the Members' Committee created by the removal of a member of the Members' Committee under the provisions of this Article may be filled by election of the members at the meeting at which such member of the Members' Committee is removed and, in the absence of such election, there shall be deemed to be a vacancy which may be filled in accordance with the provisions of Article 21Cv.

Minutes of the Members' Committee

- 35 The members of the Members' Committee shall cause minutes to be duly entered in books provided for the purpose:-
- A Of all elections and appointments of Directors;
 - B Of the names of the members of the Members' Committee present at each meeting of the Members' Committee and of any committee of the Members' Committee;
 - C Of all orders made by the Members' Committee and committees of the Members' Committee; and
 - D Of all resolutions and proceedings of each meeting of the Members' Committee or any committee of the Members' Committee.

Directors

- 36 The number of Directors shall be not less than eight nor more than sixteen as the Members' Committee (or, if there is no Members' Committee, the members of the Company) may from time to time determine.

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37 Ai) Any person who has not attained the age of seventy shall be eligible to be appointed, elected or re-elected a Director if he is either (a) a member of the Members' Committee or (b) if there is no Members' Committee, the owner or agent or a director of, or employed in an executive capacity by, a corporation which is the owner or agent of a Ship or Ships entered for Insurance in any of the Companies to the extent of not less than 10,000 Entered Tons or (c) such other person as the Members' Committee and/or the Directors think fit and Directors so appointed pursuant to this Article 37Ai(c) shall not become members, and

Aii) A person who is not eligible under Article 37Ai(c) solely by reason of having attained the age of seventy may be appointed to serve as a Director if (and for as long as) the Members' Committee and/or the Directors consider such service to be in the interests of the Company.

B In addition, the Managers shall be entitled to nominate up to two executives of the Managers to be appointed as Directors; Directors so appointed shall not become members.

C If there is a Members' Committee:

- i) The Members' Committee may appoint a qualified person willing to act to be a Director; and
- ii) The Directors and the Members' Committee shall each have power from time to time and at any time to appoint any qualified person to fill a casual vacancy in the Board of Directors, and the continuing Directors may act, notwithstanding any vacancy in their number provided that in the event that the number of continuing Directors has been reduced below the number of eight the continuing Directors or the Members' Committee must immediately appoint a sufficient number of persons to restore the number of continuing Directors to a minimum of eight. Any Director so appointed by the Directors (but not by the Members' Committee) shall hold office only until the next following meeting of the Members' Committee, and, provided always that he is qualified to hold office under Article 37A or 37B, shall then be eligible for re-election by the Members' Committee.

D If there is no Members' Committee:

- i) At each annual general meeting of the members of the Company those Directors who have been in office for three years since their last election or re-election shall retire from office. For the purpose of this Article, "year" means a period from one annual general meeting of the Company to the next annual general meeting.

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- ii) Director retiring in accordance with Article 37Di and qualified to hold office under Article 37A or 37B shall be eligible for re-election.
- iii) The members of the Company at the meeting at which a Director retires in the manner aforesaid may fill the vacated office by electing a qualified person thereto, and in default the retiring Director shall, if offering himself for re-election, be deemed to have been re-elected, unless at such meeting it is expressly resolved not to fill such vacated office or unless a resolution for the re-election of such Director shall have been put to the meeting and lost. If there shall be more candidates than vacancies for any office(s) of Director, then the persons to be elected shall be selected by ballot conducted in accordance with the provisions of Article 17B.
- iv) No person other than a Director retiring at the meeting shall be eligible for election to the office of Director at any general meeting unless not later than 60 days prior to the date of such general meeting there shall have been delivered to the registered office of the Company:
 - a) notice in writing signed by at least five members none of whom has any commercial, proprietary or business interests in any Ship entered for Insurance in any of the Companies by or on behalf of any of the other members whose names appear in the said notice, and each of whom is duly qualified to attend and vote at such meeting, of their intention to propose such person for election; and
 - b) notice in writing signed by that person of his willingness to be elected.
- v) The Directors shall have power from time to time and at any time to appoint any qualified person to fill a casual vacancy in the Board of Directors, and the continuing Directors may act, notwithstanding any vacancy in their number provided that in the event that the number of continuing Directors has been reduced below the number of eight the continuing Directors must immediately appoint a sufficient number of persons to restore the number of continuing Directors to a minimum of eight. Any Director so appointed shall hold office only until the next following annual general meeting, and, provided always that he is qualified to hold office under Article 37A or 37B, shall then be eligible for re-election.

38 A The business of the Company shall be managed by the Directors who may pay all expenses incurred in promoting and incorporating the Company, and who, in addition to the powers and authorities by

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these Articles or the Rules or otherwise expressly conferred upon them, may exercise all such powers and do all such acts and things as may be exercised or done by the Company and as are not hereby or by statute expressly directed to be exercised or done by the Company in general meeting, subject nevertheless to the provisions of any statute and of these Articles and the Rules. Subject to the provisions of these Articles the business of the Company shall be conducted in accordance with Rules from time to time adopted by the Company in general meeting which may at any time be altered, abrogated or added to by the Company in general meeting.

B Without prejudice to the generality of the foregoing the Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking and property or any part thereof or to issue debentures or other securities.

39 The Directors shall exercise a general supervision over the affairs of the Company and without limitation of the foregoing they shall be responsible for the correct keeping of the books and for the safekeeping of all moneys and securities of the Company and shall submit their books, accounts and vouchers to the auditor whenever required so to do and shall furnish such information and explanations to the auditor as may be necessary for the performance of his duties.

40 The Directors may delegate any of their powers to committees consisting of two or more of the Directors and such other persons (not being Directors) as the Directors may think appropriate, but every such committee shall conform to such directions as the Directors shall impose on it.

41 The Directors may from time to time delegate to the Managers such of the powers, duties or discretions hereby or by the Rules or by the rules of the other Companies vested in the Directors as they may think fit and such powers, duties or discretions may be made exercisable for such period and upon such terms and conditions and subject to such restrictions as the Directors may determine and the Directors may at any time revoke such delegation: Provided that nothing hereinbefore in this Article contained shall entitle the Directors to delegate to the Managers any of the powers, duties or discretions of the Directors:

A Which are required by law to be exercised by the Directors personally, or

B Which relate to general meetings of the proceedings thereat, or

C Which are conferred by Articles 38B or 46, or

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- D Which relate to meetings of the Directors or committees of the Directors or the proceedings thereat, or
- E Which relate to the appointment of Managers or the Secretary, or
- F Which relate to the Reserves, accounts or notices of general meetings;

And so that:-

- i) The Directors may at any time and from time to time by notice in writing to the Managers revoke or vary any such delegation, term, condition or restriction as aforesaid, and
- ii) Nothing hereinbefore in this Article contained and no such delegation as aforesaid shall constitute the Managers directors of the Company.

42 A This Article 42 is subject to the provisions of the Acts and the Rules.

B A Director may:

- i) be a party to, or otherwise directly or indirectly interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested; and
- ii) be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise directly or indirectly interested in, any body corporate in which the Company is interested, and where a proposed decision of the Directors is concerned with such a transaction, arrangement, office or employment, that Director may be counted as participating in the decision making process for quorum and voting purposes.

C Article 42B is subject to the relevant Director making a declaration of the nature and extent of his interest in accordance with the Acts.

D The following shall not be treated as an 'interest':

- i) an interest of which a Director is not aware and of which it is unreasonable to expect him to be aware, or an interest in a transaction or arrangement of which he is not aware and of which it is unreasonable to expect him to be aware;
- ii) an interest of which the other Directors are aware, or ought reasonably be aware, to the extent they are or ought reasonably to be aware of such interest;

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- iii) an interest which cannot reasonably be regarded as giving rise to a conflict of interest; and
- iv) an interest if, or to the extent that, that interest contains terms of his service contract which have been, or are to be, considered by a meeting of the Directors or a duly appointed committee of the Directors.

43 A Subject to the provisions of the Rules, the Directors may authorise, to the fullest extent permitted by law, any matter which would otherwise result in a Director infringing his duty to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company and which may reasonably be regarded as likely to give rise to a conflict of interests.

B Authorisation given by the Directors under Article 43A may be subject to any terms and conditions which the Directors consider appropriate; and the directors may at any time vary or terminate such authorisation.

C A decision to authorise any matter under Article 43A may be made either at a meeting of the Directors, or by a decision in accordance with Article 51, of those Directors entitled to vote on the matter; but the decision will only be effective if:

- i) the quorum for any meeting at which the matter is considered is met without counting the Director in question or any other interested Director; and
- ii) the matter is agreed to without any interested Director voting, or would have been agreed to had no interested Directors' votes been counted.

D The provisions of this Article 43 shall not apply to any conflict of interest arising in relation to a transaction or arrangement between a Director and the Company. Article 42 above shall apply to Directors' interests in any such transactions or arrangements.

44 A Where the Directors have authorised any matter under Article 43A above, or where a matter falls within Article 42, the Directors may, at the time of such authorisation or subsequently, provide (without limitation) that an interested Director:

- i) is excluded from discussions (whether at directors' meetings or otherwise) related to the matter;
- ii) is not given any documents or other information relating to the matter; or

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- iii) both for quorum purposes and for voting purposes may or may not be counted or vote at any future Directors' meeting in relation to the matter.
- B Where the Directors have authorised any matter under Article 43A, or where a matter falls within Article 42 (subject to a Director making a declaration of the nature and extent of his interest in an office, employment, transaction or arrangement in accordance with Article 42C), then an interested Director:
- i) will not be required to disclose to the Company, or use for the benefit of the Company, any confidential information relating to the matter if to make such a disclosure would result in a breach of a duty or obligation of confidence owed by him in relation to or in connection with the matter;
 - ii) may absent himself from Directors' meetings at which the matter may be discussed; and
 - iii) may make such arrangements as he thinks fit not to receive documents and information in relation the matter, or for such documents and information to be received and read by a professional adviser on behalf of that Director.
- C Article 44B does not limit any existing law or equitable principle which may excuse the Director from disclosing information in circumstances where disclosure would otherwise be required, or from attending meetings or receiving and reading documents in circumstances where such actions would otherwise be required.
- D Where the Directors authorise a matter under Article 43A, or where a matter falls within Article 42, then an interested Director:
- i) will be obliged to conduct himself in accordance with any terms and conditions imposed by the Directors in relation to the matter; and
 - ii) will not infringe any duty he owes to the Company under sections 171 to 177 of the Companies Act 2006 if he complies with any terms, limits and conditions (if any) imposed by the Directors in relation to the authorisation and, where relevant, makes any disclosure required under Article 42C.
- E In relation to any matter which has been authorised under Article 43A, or where a matter involves a transaction or arrangement which falls within Article 42 (subject to a Director making a declaration of the nature and extent of his interest in an office, employment, transaction or arrangement in accordance with Article 42C):

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- i) an interested Director will not be accountable to the Company for any benefit conferred on him in connection with that matter;
 - ii) the receipt of such a benefit shall not constitute a breach of his duty under section 176 of the Companies Act 2006; and
 - iii) no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.
- 45 Director may act by himself or his firm in a professional capacity for the Company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a Director.
- 46 The remuneration of the Directors shall be such sum (if any) as shall from time to time be voted to them by the Company in a general meeting, and any such sum (unless otherwise determined by the resolution by which it is voted) shall be divided amongst the Directors as they shall resolve or, failing such resolution, equally. The Directors' remuneration shall be deemed to accrue de die in diem.
- 47 The Directors shall also be entitled to be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or of committees of the Directors or of general meetings of the Company or otherwise in connection with the business of the Company.
- 48 The quorum necessary for the transaction of the business of the Board shall be two. Any Director or member of a committee of Directors may participate in a meeting of the Directors or of such committee by means of a conference telephone or any communication equipment which allows all persons participating in the meeting to communicate with and hear each other. A person so participating shall be deemed to be present at the meeting and shall be entitled to vote and be counted in the quorum accordingly. Such a meeting shall, unless otherwise agreed by the participants, be deemed to take place where the largest group of those participating is assembled or, if there is no such group, at the place where the chairman of the meeting is participating.
- 49 Questions arising at any meeting of the Directors shall be decided by a majority of those present and entitled to vote. In the case of an equality of votes the chairman shall have a second or casting vote.
- 50 The Secretary on the requisition of any Director shall and a Director may, at any time summon a meeting of the Directors. Notice of meetings of the Directors may be by telephone or otherwise.
- 51 A resolution in writing signed by all the Directors entitled to vote on such matter shall be as valid and effectual as if it had been passed by a meeting of the Board duly called and constituted.

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52 A The office of Director shall immediately be vacated if the Director:

- i) Ceases to be eligible for appointment, election or re-election as provided in Article 37A or 37B;
- ii) Resigns his office by notice in writing to the Company; or
- iii) Ceases to be a Director by virtue of any provision of the Acts or is prohibited from being a Director by law.

B Subject to any provisions to the contrary contained in the Acts the Members' Committee may, at any meeting of the Members' Committee held in accordance with the Articles, remove a Director. If there is no Members' Committee, the members of the Company may at any general meeting or annual general meeting held in accordance with the Articles remove a Director. The notice of any such meeting shall contain a statement of the intention so to do and at any such meeting such Director shall be entitled to be heard on the matter of his removal. Nothing in this Article shall have the effect of depriving any person of any compensation or damages which may be payable to him in respect to the termination of his appointment as a Director of the Company or of any other appointment with the Company. A vacancy upon the Board created by the removal of a Director under the provisions of this Article may be filled by election of the members of the Members' Committee at the meeting at which such Director is removed (or if there is no Members' Committee, at the general meeting or annual general meeting at which such Director is removed) and, in the absence of such election, there shall be deemed to be a vacancy which may be filled in accordance with the provisions of Article 37Cii or 37Dv (as applicable).

Minutes of Directors

53 The Directors shall cause minutes to be duly entered in books provided for the purpose:-

- A Of all elections and appointments of officers;
- B Of the names of the Directors present at each meeting of the Directors and of any committee of the Directors;
- C Of all orders made by the Directors and committees of the Directors;
and
- D Of all resolutions and proceedings of each general meeting of the members and of each meeting of the Directors or any committee of the Directors.

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Officers other than Directors

54 The officers of the Company may consist of a Chairman of the Members' Committee, a Chairman, one or more Deputy Chairmen, a Secretary and such other officers as the Members' Committee may from time to time determine.

55 A If there is a Members' Committee, the Members' Committee shall as soon as conveniently may be after each annual election of the members of the Members' Committee, choose or elect one of their number to be the Chairman of the Members' Committee;

B If there is a Members' Committee, the Members' Committee shall (and if there is no Members' Committee the Directors shall) elect one of the Directors to be the Chairman and one or more of the Directors to be Deputy Chairmen; and

C If there is a Members' Committee, the Members' Committee shall (and if there is no Members' Committee the Directors shall) appoint such other officers as it (or the Directors, if there is no Members' Committee) may from time to time determine.

56 The same person may hold more than one office.

57 The Chairman, if any, shall act as chairman at all meetings of the Board at which he is present. In his absence one of the Deputy Chairmen shall act as chairman. If none of them is present, a chairman shall be appointed or elected by those present at the meeting. The Chairman of the Members' Committee, if any, shall act as chairman at all meetings of the Members' Committee at which he is present. In his absence, one of the Deputy Chairmen shall act as chairman. If none of them is present, a chairman shall be appointed or elected by those present at the meeting.

58 The Secretary or an Assistant Secretary if there be one shall attend all meetings of the members, of the Board, of committees of the Directors, of the Members' Committee and of committees of the Members' Committee and keep correct minutes of such meetings and enter the same in proper books provided for the purpose. They shall perform such other duties as are prescribed by the Acts or Articles, or as shall be prescribed by the Directors or Members' Committee from time to time.

Managers

59 Thomas Miller P&I Ltd (a company incorporated in England with company number 02920387), or such other member of the Thomas Miller group of companies as shall be appointed as Manager by the Company from time to time, shall be the Managers of the Company.

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- 60 The Managers shall be entitled to attend all meetings of the Directors, the Members' Committee and of committees of the Directors and of the Members' Committee and all annual or special general meetings of the Company.
- 61 In addition and without prejudice to any powers, duties and discretions for the time being delegated to the Managers pursuant to these Articles, the Managers may exercise and discharge all such powers, duties and discretions as may be conferred or imposed upon the Managers by the Rules.
- 62 Whenever any power, duty or discretion is delegated to the Managers pursuant to these Articles or is conferred or imposed upon the Managers by the Rules, such power, duty or discretion may, subject to any terms, conditions or restrictions imposed upon the Managers in relation thereto either pursuant to these Articles or (as the case may be) by the Rules, be exercised by any one or more of the Managers or by any servant or agent of the Managers to whom the same shall have been delegated or sub delegated.

Distributions and Accounts

63 Any moneys for the time being in the hands of the Company and not immediately required to meet any claims, expenses and outgoings to which under these Articles or the Rules the same are applicable and the Reserves may be:

- i) invested in such investments as the Directors think fit; or
- ii) subject to the Acts and save as provided below in this Article in the case of a winding up of the Company, distributed to the members and former members insured or reinsured in the Company in such amounts, proportions and manner as is recommended by the Board and approved by the members in General Meeting.

In the winding up of the Company, after its liabilities have been satisfied, the remaining assets of the Company shall be apportioned by the Company and distributed in a fair and equitable manner to members and former members insured or reinsured in the Company under policies that become effective on or after the first day of the last five financial years during which insurance coverage was written by the Company and the rate or amount of any such distribution may differ for each class of insurance.

64 The Directors shall cause true accounts to be kept of all transactions of the Company in such manner as to show the assets and liabilities of the Company for the time being and the books of account shall at all times be kept at the registered office of the Company or at such other place

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as the Directors may from time to time determine and shall always be open to the inspection of the Directors.

65 The Board of Directors shall cause the accounts of the Company to be audited once at least in every fiscal year by the auditor appointed in conformity with Article 66 and such audited accounts shall be laid before the members at the annual general meeting in each year and shall be open to inspection by any member.

Audit

66 At the annual general meeting or at a subsequent special general meeting, an independent representative of the members shall be appointed as auditor of the accounts of the Company and such auditor shall hold office until the members shall appoint another auditor. Such auditor shall not be a Director or officer of the Company during his continuance in office.

67 The remuneration of the auditor shall be fixed by the members at the time of their appointment or subsequently and they may delegate this duty to the Directors.

68 If the office of auditor becomes vacant or the auditor is incapable of performing his duties, the Directors shall as early as practicable convene a special general meeting of the members to appoint an auditor to fill the vacancy or an acting auditor to act during the incapacity of the auditor.

69A The auditor shall examine such books, accounts and vouchers as may be necessary for the performance of his duties.

B The auditor shall make a report to the members of the accounts examined by him at the annual general meeting in each year.

C The auditor shall be furnished with a list of all books kept by the Company and shall at all times have the right of access to the books, accounts and vouchers of the Company and shall be entitled to require from the Directors such information and explanation as may be necessary for the performance of his duties.

D The auditor shall be entitled to attend any general meeting of the Company at which any accounts which have been examined or reported on by him are to be laid before the Company and to make any statements or explanations he may desire with respect to the accounts and notice of every such meeting shall be given to the auditor in the manner prescribed for members.

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Notices

- 70 Except as otherwise prescribed or permitted in the Acts, these Articles or the Rules, a notice or other document may be served by the Company on any member either by sending it by courier or through the post in a prepaid letter or by sending it by telegram, cable, radio telegraph, facsimile transmission (fax), or electronic communication, addressed to such member:
- i) at the address which shall have been expressly furnished by him to the Company as the address at which notices from the Company may be served upon him (including, for communications in electronic form, any address furnished for that purpose); or
 - ii) if no such address shall have been furnished, at his address as appearing in the Register of Members.
- 71 A Any notice or other document if sent by courier or by post shall be deemed to have been served on the day following the day on which it was handed to the courier or put into the post, and in proving such service it shall be sufficient to prove that the notice or document was properly addressed and handed to the courier or stamped and put into the post.
- B Any notice or other document if sent by telegram, cable, radio telegraph, facsimile transmission (fax) or electronic communication shall be deemed to have been served on the day on which it was transmitted.
- 72 Nothing in these Articles shall require the Company to accept any electronic communication (including any proxy):
- i) other than at the address supplied by the Company for the purpose;
 - ii) found or suspected to contain a computer virus or to be otherwise contaminated; or
 - iii) other than in compliance with any verification procedure applied by the Company from time to time, and, for the avoidance of doubt, if no verification procedure has been adopted by the Company, the Company shall not be required to accept any electronic communication for any purpose under these Articles.

Alteration of Articles

- 73 The Board may from time to time revoke, alter, amend or add to the Articles. However, no such revocation, alteration, amendment or addition shall be operative unless or until it is confirmed at a special general meeting or at the next annual general meeting.

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Form of proxy

74 The form of proxy in the schedule which is part of the Articles shall be used subject to such variations or alterations to meet the circumstances of particular cases as may be necessary and as the Directors may approve.

Indemnity and Insurance

75 A Every Director and other officer of the Company, any member of a committee duly constituted under these Articles and the Managers (as defined in paragraph (C) of this Article) shall be indemnified by the Company against, and it shall be the duty of the Directors out of the funds of the Company to pay, all costs, liabilities, losses, damages and expenses (including but not limited to liabilities under contract, tort and statute or any applicable foreign law or regulation and all reasonable legal and other costs and expenses properly payable) incurred or suffered by him as such Director, officer of the Company, member of a duly constituted committee or the Managers (as the case may be), and the indemnity contained in this Article shall extend to any person acting as a Director, officer of the Company, member of a duly constituted committee or the Managers in the reasonable belief that he has been so appointed or elected notwithstanding any defect in such appointment or election.

PROVIDED ALWAYS that:

The indemnity contained in this paragraph (A) shall not extend to any matter which would render it void at law.

B Every person specified in paragraph (A) shall be indemnified out of the funds of the Company against all liabilities incurred by him as such Director, officer of the Company, member of a duly constituted committee or the Managers in defending any proceedings, whether civil or criminal, in which judgement is given in his favour, or in which he is acquitted, or in connection with any application under the Acts in which relief from liability is granted to him by the court.

C For the purposes of this Article “the Managers” means the Managers and any and all servants and agents of the Managers to whom duties of the Managers have been entrusted.

D The indemnity provided to Directors, other officers of the Company, any member of a committee duly constituted under these Articles and the Managers in paragraphs (A) and (B) of this Article shall be extended to the directors, other officers managers or committees of any of the Companies.

76 No person specified in Article 75 shall be liable for the acts, receipts, neglects or defaults of any other such person, or for joining in any receipt or other act for conformity, or for any loss or expense happening

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to or incurred by the Company through the insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company may be or have been invested, or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person with whom any moneys, securities or effects are or have been deposited, or for any loss occasioned by any error of judgement, omission, default or oversight on his part, or for any other loss, damage or misfortune whatever which happens in relation to the Company or any subsidiary thereof.

PROVIDED ALWAYS that:

The exemption of liability contained in this Article shall not extend to any matter which would render it void at law.

77 The indemnification and exemption of liability provided by, or granted pursuant to, these Articles shall, unless otherwise provided when authorised or ratified, continue as to a person who has ceased to hold the position for which he is entitled to be indemnified or exempted from liability and shall inure to the benefit of the heirs, executors and administrators of such a person.

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Form of proxy

The undersigned, a Member of The United Kingdom Mutual Steam Ship Assurance Association Limited, hereby appoints

.....
.....

oror.....

to be the undersigned's proxy in the order named to vote on behalf of the undersigned at the (Annual or Special, as the case may be) General Meeting of the Company to be held on

.....20.....

and at any adjournment thereof.

Please indicate with a tick in the space below how you wish your vote to be cast:

For Against

Resolution (1)

Resolution (2)

etc.

Unless otherwise instructed, the proxy will vote as he thinks fit.

As witness the hand of the undersigned this day

of.....20.....

By:.....

Essential Club Information Online

UK Club ships & your claims contacts

Identify the appropriate UK Club contact for a ship by using the UK Club's list of ships published on www.ukpandi.com.

The 'Ship Finder' option on the home page will locate an entered ship record listing its essential details including its primary claims handling team.

Latest Updates emails

The Club sends a weekly update email providing all the latest information and industry news. Direct to your inbox are the latest issued circulars, advisories and loss prevention bulletins. To subscribe to this email update visit the Club website and register on the homepage.

Circulars & advisories

Many Club circulars and advisories are only sent electronically to ensure speedy advice. All circulars are incorporated in our Latest Update emails. The most recent circulars are listed on the Club website under the 'News and resources' tab.

Thomas Miller Connect - delivering 24/7 access to claims & underwriting data

The UK P&I Club in conjunction with the TT Club and UK Defence Club has launched an online services platform to enhance online services and data access for members and their brokers. The bespoke online portal offers members and their brokers significantly enhanced online services with access to essential data 24/7 from any device or phone.

The platform is packed full of features designed to take the hassle out of managing your insurance

- Thomas Miller Connect is safe & secure.
- 24/7 Access to all insurance documentation.
- View & manage your insurance in one place with quick access to policy documentation to payments and debit notes. Links to essential documentation.
- Check Premium and Contra balances online
- Download claims records direct from the system to multiple file formats.
- Completed and submit application forms for Bluecards or MLC online

Your usual underwriting contact will facilitate access to the platform.

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