



# Rules 2026

for ships and other floating structures

## P&I and Defence cover for ships and other floating structures

Gard AS is acting as the agent of both Assuranceforeningen Gard -gjensidig- and Gard P. & I. (Bermuda) Ltd. Gard AS has prepared, and the two associations' Board of Directors have approved a joint set of standard terms of cover for P&I risks ("Rules") for the 2026 policy year.

For entries in Assuranceforeningen Gard -gjensidig-, the insurer is Assuranceforeningen Gard -gjensidig-. Likewise, for entries in Gard P. & I. (Bermuda) Ltd, the insurer is Gard P & I. (Bermuda) Ltd.

The Statutes of Assuranceforeningen Gard -gjensidig- and the Bye-Laws of Gard P. & I. (Bermuda) Ltd. are available on request and published on the Gard website. The Rules for the 2026 policy year which runs from 20 February 2026 to 20 February 2027 contains some alterations to the Rules which applied for the 2025 policy year. Further details of the alterations can be found in [Circular no. 16/2025](#) which was sent to the Members in January 2026. The Circular can also be found on the Gard website [www.gard.no](http://www.gard.no).

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## PART I AVAILABILITY OF COVER

### Chapter 1 Introductory provisions

#### Rule 1 Interpretation

- 1 In these Rules the following words or expressions shall have the following meanings:

***Affiliate***

any person who is insured pursuant to Rule 78.1(a).

***Agent***

for entries with Assuranceforeningen Gard – gjensidig – or Gard P. & I. (Bermuda) Ltd., the 'Agent' means Gard AS and its subsidiaries.

***Articles of Association***

for entries with Assuranceforeningen Gard -gjensidig-, the Statutes of Assuranceforeningen Gard -gjensidig- and for entries with Gard P. & I. (Bermuda) Ltd, the Bye-Laws of Gard P. & I. (Bermuda) Ltd.

***Association***

for entries with Assuranceforeningen Gard -gjensidig- the 'Association' means Assuranceforeningen Gard -gjensidig- and for entries with Gard P. & I. (Bermuda) Ltd the 'Association' means Gard P. & I. (Bermuda) Ltd.

***Bill of Lading***

bill of lading or similar document of title.

***Certificate of Entry***

document issued by the Association pursuant to Rule 5.1, including (where the context permits) any endorsement note in respect of the relevant entry issued pursuant to Rule 5.3, which evidences the terms and conditions of the contract of insurance in respect of the Ship.

***Charterer's Entry***

an entry effected by a charterer and which does not insure any other person except as a Co-assured or an Affiliate.

***Consortium Agreement***

shall have the meaning given to it in Appendix II

*Consortium Claim*

shall have the meaning given to it in Appendix II.

*Consortium Vessel*

shall have the meaning given to it in Appendix II.

*Co-assured*

any person who is insured pursuant to Rule 78.1(b).

*Crew*

officers, including the master, and seafarers contractually obliged to serve on board the Ship, including substitutes and including such persons while proceeding to or from the Ship.

*Defence cover and Defence entry*

insurance by the Association for risks specified in Part IV of these Rules, and the entry of a Ship for such cover.

*Estimated Total Call*

the agreed rate of premium in respect of an entry for a Policy Year, or the fixed premium payable to the Association on a fixed premium entry, according to the terms of the Ship's entry.

*Group Excess Loss Policies*

the excess of loss reinsurance policy or policies effected by parties to the Pooling Agreement.

*Group Reinsurance Limit*

shall have the meaning given to it in Appendix VI.

*Hull Policies*

the insurance policies effected on the hull and machinery of the Ship, including any excess liability policy.

*Insurance Premium Tax*

Any taxes or other dues payable in respect of an entry of a Ship in the Association in the country where the Ship is registered, the country where the Member is resident, the country where the Member has a permanent place of business or in the country where the risk is located.

*Joint Members*

where the Ship is entered in the names of more than one Member, the named Members.

*Knock for Knock*

a provision or provisions stipulating that

- a** each party to a contract shall be similarly responsible for
  - i 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 sub-contractors and/or of other parties, and/or;
  - ii liability arising out of the ownership or operation of its own property, and that
- b** such responsibility shall be without recourse to the other party and arise notwithstanding any fault or neglect of any party and that
- c** 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.

*Member*

an owner, operator or charterer (including a bareboat or demise charterer) of a ship entered in the Association who according to the Articles of Association and these Rules is entitled to membership of the Association, provided that, where the context allows, the term 'Member' shall, in these Rules, include a Co-assured and an Affiliate.

*Overspill Call*

shall have the meaning given to it in Appendix VI.

*Overspill Claim*

shall have the meaning given to it in Appendix VI.

*Owner's Entry*

an entry effected by an owner, bareboat or demise charterer or operator of the Ship and which does not insure a charterer of the Ship (other than a charterer insured as a Co-assured or an Affiliate).

*Owners' General Discount*

a general discount in the Estimated Total Call for a Policy Year (other than a fixed premium entry) determined by the Association pursuant to Rule 12.1.

*P&I cover and P&I entry*

insurance by the Association for risks specified in Part II of these Rules, and the entry of a Ship for such cover.



*Policy Year*

a year from noon GMT on 20th February in any year to immediately prior to noon GMT on the next following 20th February.

*Pooling Agreement*

an Agreement, to which the Association is a party, between certain protection and indemnity associations dated 20 February 1998 and any addendum to, or variation or replacement of such agreement.

*Release Call*

any premium which may be payable on termination or cesser of an entry (other than a fixed premium entry) in accordance with Rule 15.1.

*Ship*

a ship or other floating structure entered in the Association (other than a mobile offshore unit entered in accordance with Part III of these Rules).

*Supplementary Call*

further premium payable for a Policy Year in respect of an entry (other than a fixed premium entry), in addition to the Estimated Total Call but excluding any Overspill Call.

- 2 Headings and notes are for reference only, and shall not affect the construction of these Rules.
- 3 Any reference to a charterer shall be deemed (unless otherwise expressly indicated) to be a reference to a charterer other than a bareboat or demise charterer.
- 4 Any reference to a person shall be deemed to include a reference to an individual or a body corporate or unincorporate, as the context requires.
- 5 A person shall be deemed to be the manager or the operator of a Ship for the purposes of these Rules if the Association in its discretion shall so determine.
- 6 Where any matter requires the agreement, approval or consent of the Association, agreement, approval or consent shall only be deemed given if in writing.

**Rule 2****The cover**

- 1 A Member shall be covered for such of the risks specified in Parts II, III and IV of these Rules as are agreed between the Member and the Association.
- 2 A Member with P&I cover shall be covered for such of the additional risks specified in Appendix I as are either
  - a expressed in Appendix I to be available to such a Member; or
  - b expressly agreed between the Member and the Association.

Note: The risks specified in Appendix I are separately treated as they are excluded from the Pooling Agreement and are subject to a separate reinsurance programme.
- 3 The cover afforded by the Association to a Member shall be subject to the Articles of Association and to these Rules and to any special conditions agreed between the Association and the Member.
- 4 A Member is only covered in respect of liabilities, losses, costs and expenses incurred which arise
  - a in direct connection with the operation of or, in the case of Defence cover, acquisition or disposal of the Ship; and
  - b in respect of the Member's interest in the Ship; and
  - c out of events occurring during the period of entry of the Ship for the relevant risk in the Association.
- 5 Subject always to the provisions of Rule 2.4, the Association may in its absolute discretion exercise powers conferred in the Articles of Association to pay compensation in respect of a liability, loss, cost or expense which is not otherwise covered under these Rules.
- 6 It shall be a condition of Defence cover that the Ship has valid and subsisting P&I cover with the Association, except in the case of building or purchase contracts where there must be an undertaking by the Member to enter the Ship for P&I cover at the latest on taking delivery of the same.

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**Chapter 2    Entries and period of cover**


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**Rule 3        Entries**

- 1    Application for an entry of a ship may be made by any owner, operator, charterer (including a bareboat or demise charterer) or other insurer of that ship, and the entry shall be on the basis of either an Owner's Entry or Charterer's Entry.
- 2    A ship may be entered with the Association for less than its full tonnage.
- 3    Application for an entry of a ship shall be made in such form as may from time to time be required by the Association. The particulars given in any application form, together with any other particulars or information given in writing in the course of applying for insurance or negotiating changes in the terms of insurance, shall form the basis of the contract of insurance between the Member and the Association.
- 4    The Association may refuse to accept an application for the entry of a ship, or may accept an application for P&I cover but not for Defence cover, without stating grounds therefor, and whether or not the applicant is already a Member of the Association.

**Rule 4        Period of cover**

The cover shall commence at the time and date agreed by the Association and shall continue until immediately prior to noon GMT on the 20th February next ensuing, and thereafter, unless terminated in accordance with these Rules, from Policy Year to Policy Year.

**Rule 5        Certificate of Entry**

- 1    After an entry has been accepted, the Association shall issue a Certificate of Entry which shall evidence the terms and conditions of the contract of insurance.
- 2    The following provision will be deemed to be incorporated into all Certificates of Entry:  
 "This Certificate of Entry is evidence only of the contract of indemnity insurance between the above named Member(s) and the Association and shall not be construed as evidence of any undertaking, financial or otherwise, on the part of the Association to any other party.  
 In the event that a Member tenders this Certificate as evidence of insurance under any applicable law relating to financial responsibility, or otherwise shows or offers it to any other party as evidence of insurance, such use of this Certificate by the Member is not to be taken as any indication that the Association thereby consents to act as guarantor or to be sued directly in any jurisdiction whatsoever. The Association does not so consent."
- 3    If the Association and a Member shall at any time agree a variation in the terms and conditions of the contract of insurance the Association shall issue an endorsement note stating the terms of such variation and the date from which such variation is to be effective.

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**Chapter 3      Conditions of cover**


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**Rule 6      The Member's duty of disclosure**

- 1 The Member shall prior to the conclusion of the contract of insurance make full disclosure to the Association of all circumstances which would be of relevance to the Association in deciding whether and on what conditions to accept the entry. Should the Member subsequently become aware of any such circumstances as are mentioned above, or of any change in such circumstances as previously disclosed, the Member must without undue delay inform the Association.
- 2 Where the Member at the conclusion of the contract of insurance has neglected its duty of disclosure and the Association would not have accepted the entry at the Estimated Total Call agreed if the Member had made such disclosure as it was the Member's duty to make, the Association is free from liability. Where the Association would have accepted the entry at the same Estimated Total Call but on other conditions, the Association shall only be liable to the extent that it is proved that any liability, loss, cost or expense would have been covered under those conditions the Association would have accepted.
- 3 Where the Member neglects its duty of disclosure subsequent to the conclusion of the contract of insurance and the Association would not have accepted the entry at the same Estimated Total Call had it known of the circumstances prior to the conclusion of the contract, the Association is free from liability. Where the Association would have accepted the entry at the same Estimated Total Call but on other conditions, the Association shall only be liable to the extent that it is proved that any liability, loss, cost or expense would have been covered under those conditions the Association would have accepted.

**Rule 7      Alteration of risk**

- 1 Where after the conclusion of the contract of insurance circumstances occur which result in an alteration of the risk, the Member shall disclose such circumstances to the Association without undue delay.

- 2 Where there is an alteration of the risk which has been intentionally caused or agreed to by the Member and the Association would not have accepted the entry at the same Estimated Total Call if it had known of such an alteration prior to the conclusion of the contract of insurance, the Association is free from liability to the extent that the liability, loss, cost or expense incurred by the Member was caused or increased by the alteration. Where the Association would have accepted the entry at the same Estimated Total Call but on other conditions, the Association shall only be liable to the extent that it is proved that any liability, loss, cost or expense would have been covered under the conditions the Association would have accepted.

**Rule 8      Classification and certification of the Ship**

- 1 Unless otherwise agreed in writing between the Member and the Association it shall be a condition of the insurance of the Ship that:
  - a the Ship shall be and remain throughout the period of entry classed with a classification society approved by the Association;
  - b the Member shall promptly call to the attention of that classification society any incident, occurrence or condition which has given or might have given rise to damage in respect of which the classification society might make recommendations as to repairs or other action to be taken by the Member;
  - c the Member shall comply with all the rules, recommendations and requirements of that classification society relating to the Ship within the time or times specified by the society;
  - d the Association is authorised to inspect any documents and obtain any information relating to the maintenance of class of the Ship in the possession of any classification society with which the Ship is or has at any time been classed prior to and during the period of insurance and such classification society or societies are authorised to disclose and make available such documents and information to the Association upon request by it and for whatsoever purpose the Association in its sole discretion may consider necessary;

- e the Member shall immediately inform the Association if, at any time during the period of entry, the classification society with which the Ship is classed is changed and advise the Association of all outstanding recommendations, requirements or restrictions specified by any classification society relating to the Ship as at the date of such change;
  - f the Member shall comply or procure compliance with all statutory requirements of the state of the Ship's flag relating to the construction, adaptation, condition, fitment, equipment, manning, safe operation, security and management of the ship and at all times maintain or procure the maintenance of 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 compliance.
- 2 The Association shall notify the Member when it intends to inspect classification documents or request information from a classification society in accordance with Rule 8.1.d.
  - 3 The Member shall not be entitled to any recovery from the Association in respect of any claim arising during a period when the Member is not fulfilling or has not fulfilled the conditions in Rule 8.1., provided always that where the entry of a Ship is solely in the name of or on behalf of a charterer, and the charterer is not responsible for the maintenance of the Ship, or for compliance with classification or statutory requirements, the rights of recovery of such charterer shall not be dependent on the fulfilment of the conditions in Rule 8.1(b), (c), (d), (e) and (f) above.

#### **Rule 9 Survey**

- 1 The Association may at any time during the period of entry appoint a surveyor to inspect the Ship on behalf of the Association.
- 2 Where the Ship has been laid-up for a period exceeding six months, the Member shall give the Association not less than seven days notice prior to the Ship leaving the place of lay-up for recommissioning, to afford the Association an opportunity to inspect the Ship pursuant to Rule 9.1.

- 3 Should the Member refuse to co-operate in an inspection under Rule 9.1, or fail to give notice in accordance with Rule 9.2, the Association will thereafter be liable only to the extent that the Member can prove that any liability, cost or expense is not attributable to defects in the Ship that would have been detected in the course of an inspection under Rule 9.1.
- 4 Where an inspection reveals matters which, in the sole determination of the Association, represent a deficiency in the Ship, the Association may exclude specified liabilities, losses, costs and expenses from the cover until the deficiency has been repaired or otherwise remedied.
- 5 By applying for an entry of a ship or upon the continuation of the entry of the Ship in the Association, the Member;
  - a consents to and authorizes the disclosure by the Association to any association which is a party to the Pooling Agreement the findings of any survey or inspection of such ship undertaken on behalf of the Association either pursuant to an application for, or after entry in, the Association.
  - b waives any rights or claims against the Association of whatsoever nature arising in respect of or relating to the contents of or opinions expressed in any survey or inspection report so disclosed,
 provided that:
  - i such survey or inspection reports may only be disclosed to another association when an application for entry of such ship is made thereto; and
  - ii the disclosure of the survey or inspection shall be for the limited purpose only of that association considering an application to enter such ship for insurance.

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**Chapter 4    Premiums and Calls**


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**Rule 10    Setting of Estimated Total Calls**

- 1 Each Ship's Estimated Total Call shall be set taking into account all matters, including the Member's loss record, which the Association may consider relevant in assessing the degree of risk involved. All Ships under the same management may at the discretion of the Association be deemed, for the purpose of determining the loss record or otherwise for the determination of Estimated Total Calls, to be owned by one Member.
- 2 A Ship may be entered on the basis of a fixed premium in an amount agreed between the Association and the Member. A Defence entry shall always be on a fixed premium basis. The provisions of Rules 12, 13, 15, 16, 17, 18 and 19 shall not apply to fixed premium entries.
- 3 The Association may, in its discretion, levy an additional fixed premium for cover made available pursuant to Rule 2.2. The provisions of Rule 12 shall not apply to any such fixed premium.

**Rule 11    Variation of Estimated Total Calls**

- 1 The Association may determine that for the next ensuing Policy Year the Estimated Total Calls of the Ships entered in the Association shall generally be varied by a fixed percentage, before any further adjustment is made in order to take account of the Member's loss record, alteration in the extent of the risk or any other factor the Association may deem relevant.
- 2 Notification of variation of Estimated Total Calls effective for the following Policy Year shall, if practicable, be given to Members prior to 20th December.

**Rule 12    Estimated Total Calls and Owners' General Discount**

- 1 Before the commencement of each Policy Year, the Association shall decide whether and to what extent the Members renewing their entries in the Association shall be granted an Owners' General Discount in the Estimated Total Calls of all Ships entered for that year.

- 2 Notification of the Owners' General Discount in the Estimated Total Call to be granted Members renewing their entries in the Association shall, if practicable, be given to Members one calendar month before the commencement of the Policy Year to which the Estimated Total Call relates.
- 3 A Ship entered in the course of the Policy Year shall pay a daily pro rata proportion of the stipulated Estimated Total Call adjusted for the Owners' General Discount if the Member is entitled to such discount pursuant to Rule 12.1.

**Rule 13    Supplementary Calls**

If the Estimated Total Calls for a Policy Year are considered insufficient to cover the claims on, or costs, expenses and outgoings of the Association, including any allocation to reserves the Association may deem appropriate and including the excess, if any, of claims costs, expenses and outgoings of any closed Policy Year over the provisions or reserves made thereof, the Association may at any time during or after the end of the relevant Policy Year, call for one or more Supplementary Calls which shall be levied on each Member in proportion to the net Estimated Total Calls for such year, unless the entry has been accepted on special terms which otherwise provide.

**Rule 14    Determination of Estimated Total Calls, Owners' General Discount and Supplementary Calls etc.**

The Association may determine Estimated Total Calls, Owners' General Discount and Supplementary Calls and variations in the Estimated Total Calls and Owners' General Discounts, either generally for all entries or separately for any entry or category of entries.

**Rule 15    Release Calls**

When an entry is terminated or shall cease, the Association may, without awaiting the fixing of any Supplementary Calls, determine an additional premium for each open Policy year based on, but not limited to, the anticipated rate(s) of Supplementary Calls for each year. Upon payment

of such Release Calls, the Member shall be released from all liabilities for further Supplementary Calls in respect of the said entry and shall under no circumstances be entitled to participate in the distribution of any surplus decided upon thereafter.

#### **Rule 16 Closing of Policy Years**

- 1 The Association may decide to close a Policy Year at such time as it deems expedient.
- 2 No further Supplementary Calls, other than Overspill Calls, shall be levied in respect of a closed Policy Year.

#### **Rule 17 Repayment of premium**

If, at the time of the closing of a Policy Year pursuant to Rule 16, the Estimated Total Calls and Supplementary Calls in respect of that year shall exceed the claims, costs, expenses and outgoings of the year, the Association may decide that such excess shall be distributed, in whole or in part, to the Members entered in that Policy Year in proportion to their net Estimated Total Calls.

#### **Rule 18 Overspill Calls**

If the Association shall at any time determine that funds are or may in the future be required to pay part of an Overspill Claim (whether incurred by the Association or by any other party to the Pooling Agreement), the Association may levy one or more Overspill Calls to meet the Association's liability for its proportion of such Overspill Claim, pursuant to the terms and conditions as set out in Appendix VI to these Rules.

#### **Rule 19 Reserves**

- 1 The Association may establish and maintain such reserves as it may deem appropriate and may decide that any part of such reserves shall be applied to reduce Supplementary Calls including Overspill Calls.
- 2 Reserve funds may not be distributed to the Members except as provided for in the Articles of Association.

#### **Rule 20 Payment**

- 1 Subject to Rule 20.3, Estimated Total Calls are due in three instalments as follows:
  - a for the period 20th February – 20th June, on 15th March;
  - b for the period 20th June – 20th October, on 15th September;
  - c for the period 20th October – 20th February, on 15th November.
- 2 Where the Ship is entered in the course of a Policy Year, a pro rata of the proportion of Estimated Total Calls to be collected during the Policy year to which it relates for the four-monthly period in which the Ship is entered is due at once, with the remaining instalments, if any, due at the times specified in Rule 20.1.
- 3 Estimated Total Calls of less than USD 5,000 (or the equivalent in any other currency, as determined by the Association) per Ship is due in full on 15th March.
- 4 Fixed premiums are due on inception of cover.
- 5 Supplementary Calls, other than Release Calls, are due on the date specified by the Association.
- 6 Any other sums debited by the Association to a member, including Release Calls, Overspill Calls, Insurance Premium Tax for which the Member is liable, reimbursement of deductibles, interest, costs or expenses, are due on demand.
- 7 If any sums due to the Association from the Member are not paid on or before the due date interest is chargeable on such unpaid sums at such rate as the Association may from time to time determine.
- 8 Members' Estimated Total Calls, Supplementary Calls, Overspill Calls, other premiums and other sums which cannot be collected shall be deemed to be an expense of the Association.

#### **Rule 20A Insurance Premium Tax**

The Member shall indemnify the Association and hold it harmless in respect of any liability, cost or expense incurred or amount paid by the Association in respect of any Insurance Premium Tax for which the Member is liable.

**Rule 21 Set-off**

- 1 Without prejudice to anything elsewhere contained in the Articles of Association or these Rules, the Association shall be entitled to set off any amount due from a Member to the Association against any amount due from the Association to such Member or its Co-assureds or Affiliates.
- 2 A Member shall not set off against any amount due from it to the Association the amount of any claim it or its Co-assureds or Affiliates may have against the Association.

**Rule 22 Laid-up returns**

- 1 Subject to any special terms which may have been agreed, if the Ship has been laid up with no cargo on board at a safe lay-up location for a period of at least 30 consecutive days, excluding the day of arrival at and the day of departure from the lay-up location, such proportion as the Association may decide of the Estimated Total Call or of the fixed premium payable, pro rata for the period of the lay-up, shall be returned to the Member.
- 2 No claim for laid-up returns shall be recoverable from the Association unless the Member has informed the Association of the lay-up of the Ship within 30 days after the commencement of the lay-up and the claim for laid-up returns is made within 30 days of the end of the lay-up period.

**Chapter 5 Termination and cesser****Rule 23 Termination by a Member**

A Member may terminate the entry with effect from the end of the Policy Year in respect of one or more Ships by giving written notice thereof prior to 20th January. Except with the agreement of the Association, a Ship may not be withdrawn nor may notice of termination be given with effect from any other date.

**Rule 24 Termination by the Association**

- 1 The Association may terminate the entry with effect from the end of the Policy Year in respect of one or more Ships by giving written notice thereof prior to 20th January.
- 2 The Association may also terminate the insurance of any or all of the Ships entered by a Member:
  - a without notice, where a casualty or other event has been brought about by wilful misconduct on the part of the Member, as defined in Rule 72;
  - b on three days' notice, where the Member has failed to pay when due and demanded any Estimated Total Call, Supplementary Call or other amount due to the Association;
  - c on 14 days' notice, where the Member has neglected a duty of disclosure under Rule 6 or Rule 7 or where there has been an alteration of the risk after the conclusion of the contract of insurance;
  - d on 45 days' notice, without giving any reason.
- 3 Notwithstanding and without prejudice to Rules 24.1 and 24.2 and Rule 25.4, the Association may, on such notice in writing as the Association may decide, terminate the entry in respect of any and all Ship(s) in circumstances where the Member has exposed or may, in the opinion of the Association, expose the Member or the Association and/or its Agent to the risk of being or becoming subject to any sanction, prohibition or adverse action in any form whatsoever by the State of the Ship(s) flag, by any State where the Association and/or its Agent has its registered office or permanent place of business or by the United Nations, the European Union, the United Kingdom or the United States of America.

**Rule 25 Cesser**

- 1 A Member shall (subject to Rule 25.5) cease to be covered by the Association in respect of any and all Ships entered in the following circumstances:
  - a where the Member is a corporation, a resolution is passed for the voluntary winding up of the Member or an order is made for its compulsory winding up or it is dissolved or a receiver or similar official to all or part of its affairs is appointed or any secured party takes possession of any of its property or it seeks protection from its creditors under any applicable bankruptcy or insolvency laws or any similar event occurs (in the determination of the Association) in any applicable jurisdiction; and
  - b where the Member is an individual, the Member dies or becomes incapable by reason of mental disorder of managing or administering its property and affairs or becomes bankrupt or makes any composition or arrangement with its creditors generally or a receiving order is made against the Member or any secured party takes possession of any of its property or any similar event occurs (in the determination of the Association) in any applicable jurisdiction.
- 2 The Member shall (subject to Rule 25.5) cease to be covered by the Association in respect of any Ship entered in the following circumstances:
  - a the Ship becomes a total loss;
  - b the Ship is, in the determination of the Association, abandoned by the Member on account of its total loss appearing to be unavoidable;
  - c the Ship is accepted by the hull underwriters (whether of marine or war risks) as a constructive total loss;
  - d the Ship suffers damage and the cost of repairs (as determined by the Association) will equal or exceed the higher of 80% of its insured value or of its value in repaired condition (as determined by the Association);
  - e the Ship is transferred to a new owner by sale or otherwise;
  - f new managers of the Ship are appointed or there is a change in the operator of the Ship;

- g any mortgagee or other secured party enters into possession of the Ship;
- h the Ship ceases to be classed with a classification society approved by the Association, or its class is suspended;
- i the Ship is requisitioned;
- j the Ship, with the consent or knowledge of the Member, is being used for the furtherance of illegal purposes.
- 3 Where a Ship disappears, it shall be deemed to be a total loss ten days from the day it is last heard of.
- 4 Notwithstanding and without prejudice to Rules 25.1, 25.2 and 25.3, a Member shall forthwith cease to be insured by the Association in respect of any and all Ship(s) entered if any Ship is employed by the Member in a carriage, trade or on a voyage which will thereby in any way howsoever expose the Association and/or its Agent to the risk of being or becoming subject to any sanction, prohibition or adverse action in any form whatsoever by any State where the Association and/or its Agent has its registered office or permanent place of business or by the United Nations, the European Union, the United Kingdom or the United States of America.
- 5 Notwithstanding the provisions of Rules 25.1, 25.2 and 25.4, the Association may decide in any particular case that cover shall be continued without interruption, or that cover shall be reinstated, in either case on such terms as the Association shall determine.
- 6 Notwithstanding the provisions of Rule 25.2.a, b, c and d, the Association shall cover subject to these Rules and the terms of entry agreed, liabilities, losses, costs and expenses flowing from the casualty which gave rise to the total loss or constructive total loss of the Ship.



**Rule 26 Effect of cesser or termination**

- 1 Where the insurance ceases or is terminated, the Member shall remain liable for all Estimated Total Calls, Supplementary Calls, Overspill Calls and other premiums in respect of the then current Policy Year pro rata for the period up to the date of cesser or termination, and for all Estimated Total Calls, Supplementary Calls, Overspill Calls and premiums in respect of prior Policy Years.
- 2 The Association shall be under no liability whatsoever by reason of anything occurring after cessation or termination.

**PART II P&I COVER****Chapter 1 Risks covered****Rule 27 Liabilities in respect of Crew**

- 1 The Association shall cover:
  - a liability to pay hospital, medical, maintenance, funeral and other costs and expenses incurred in relation to the injury to, or illness or death of, a member of the Crew, including costs and expenses of repatriating the member of the Crew and its personal effects, or sending home an urn of ashes or coffin and personal effects in the case of death, and costs and expenses necessarily incurred in sending a substitute to replace the repatriated or deceased member of the Crew;
  - b liability to repatriate and compensate a member of the Crew for the loss of its employment caused in consequence of the actual or constructive total loss of the Ship or of a major casualty rendering the Ship unseaworthy and necessitating the signing off of the Crew;
  - c liability to pay compensation or damages in relation to the injury to, or illness or death of, a member of the Crew;
  - d liability for costs and expenses of travelling incurred by a member of the Crew when the travelling is occasioned by a close relative having died or become seriously ill after the Crew member signed on, and costs and expenses necessarily incurred in sending a substitute to replace that Crew member;
  - e liability for wages payable to an injured or sick member of the Crew or on death to its estate;
  - f liability in respect of loss of or damage to the personal effects of a Crew member,

provided that under this Rule 27.1:

  - i where the liability arises under the terms of a crew agreement or other contract of service or employment, and would not have arisen but for those terms, the liability is not covered by the Association unless those terms have been previously approved by the Association;
  - ii there shall be no recovery in relation to liability which arises under a contract of indemnity or guarantee between the Member and a third party;

- iii the cover shall not include liabilities, costs or expenses arising out of the carriage of specie, bullion, precious or rare metals or stones, plate or other objects of a rare or precious nature, bank notes or other forms of currency, bonds or other negotiable instruments, whether the value is declared or not, unless the Association has been notified prior to any such carriage, and any directions made by the Association have been complied with.
  - iv references to personal effects shall exclude valuables and any other article which in the opinion of the Association is not an essential requirement of a Crew member.
- 2 The Association shall cover:
  - a costs and expenses which are not recoverable under Rule 27.1 and which are necessarily incurred in sending a substitute to replace a member of the Crew who has been left behind;
  - b costs and expenses which are not recoverable under Rule 27.1, which are necessarily incurred under a statutory obligation in repatriating a member of the Crew of the Ship and in sending a substitute to replace that Crew member and which would not have been incurred had there been no such statutory obligation; and
  - c costs and expenses incurred as a direct consequence of complying with an order for the deportation of a member of the Crew and in sending a substitute to replace that Crew member which would not have been incurred had no such order been made,
 provided that such costs or expenses as are referred to in paragraphs a, b and c do not arise out of or in consequence of:
  - i the termination of any agreement; or
  - ii breach by the Member of any agreement or other contract of service or employment; or
  - iii sale of the Ship; or
  - iv any other act of the Member in respect of the Ship.
- 3 The Association shall cover liability to repatriate a member of the Crew pursuant to any statutory enactment giving effect to the Maritime Labour Convention 2006 as amended or any materially similar enactment, provided always that there shall be no recovery in respect of liabilities arising out of the termination of any agreement, or the sale of the Ship, or

any other act of the Member in respect of the Ship, save and to the extent permitted by this Rule 27.3 in respect of the Member's liability for such expense under the Maritime Labour Convention 2006 as amended.

- 4 Where the Association has issued to a Member certificates of insurance or other financial security in respect of shipowners' liability as required under Regulation 4.2, Standard A4.2.1 paragraph 1(b) or Regulation 2.5 Standard A2.5.2 of the Maritime Labour Convention 2006 as amended (MLC Certificates), the Association shall discharge and pay on behalf of the Member the liabilities, losses, costs and expenses set out in and subject to the conditions in the Maritime Labour Convention Extension Clause 2016 included in Appendix IV, section 4, to these Rules. The terms and conditions of the Maritime Labour Convention Extension Clause 2016 shall be deemed to be part of the contract of insurance with a Member upon the approval by the Association of a Member's application for MLC Certificates.

## Rule 28

### Liabilities in respect of passengers

- 1 The Association shall cover:
  - a liability for injury to, or illness or death of, or loss of or damage to the effects of passengers and hospital, medical or funeral expenses incurred in relation to such injury, illness or death;
  - b liability to pay damages or compensation to passengers on board the Ship where such liability arises in consequence of a casualty, including any liability to return passengers to their port of departure or to forward them to their port of destination and to pay for their maintenance ashore;
  - c costs and expenses incurred as a direct consequence of complying with an order for the deportation of a passenger which would not have been incurred had no such order been made,
 provided that:
  - i the Association's liability under paragraphs (a) and (b) above shall not exceed what it would have been had the passage contract relieved the Member of liability to the maximum extent permitted by applicable law;
  - ii the Association's liability under paragraph (c) above shall be subject to the provisos to Rule 27.2;

- iii the cover shall be subject to proviso iii to Rule 27.1; and
  - iv for the purpose of paragraph b above a casualty shall be defined as an incident or condition on board involving either collision, stranding, explosion, fire or any other cause affecting the physical condition of the Ship so as to render it incapable of safe navigation to its intended destination or a threat to the life, health or safety of passengers.
- 2 Where liabilities to passengers include liabilities arising under a non-war certificate issued by the Association in compliance with either:
  - a Article 4bis of the Athens Convention relating to the Carriage of Passengers and their Luggage by sea, 1974 and the Protocol thereto of 2002, or
  - b Regulation (EC) No.392/2009 of the European Parliament and of the Council of 23rd April 2009 on the liability of carriers of passengers by sea in the event of accidents,
 and such liabilities ("Certified Liabilities") exceed or may exceed in the aggregate the limit of cover specified in Appendix IV:
  - i the Association may in its 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 Association 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.

**Rule 29 Liability for other persons carried on board**

- 1 The Association shall cover liability arising out of the injury to, or illness or death of, or liability for loss of or damage to the effects of persons carried on board other than Crew or passengers provided that:
  - i in the case of a person other than a close relative of a member of the Crew, the Association has approved the presence of such persons on board;
  - ii the cover shall be subject to proviso (iii) to Rule 27.1.
- 2 The Association shall cover costs and expenses incurred as a direct consequence of complying with an order for the deportation of any such other person carried on board which would not have been incurred had no such order been made, subject to the provisos to Rule 27.2.

**Rule 30**

**Liability for persons not carried on board**

The Association shall cover liability resulting from the injury to, or illness or death of persons, other than Crew, passengers and other persons carried on board, provided that where the liability arises under the terms of a contract or indemnity and would not have arisen but for those terms, the liability shall only be covered when and to the extent that those terms have been approved by the Association.

**Rule 31**

**Diversion expenses**

The Association shall cover extra costs of fuel, insurance, wages, stores, provisions and port charges attributable to a diversion, over and above the costs that would have been incurred but for the diversion, where these are incurred solely for the purpose of securing treatment for an injured or sick person on board, or to transfer a deceased crew member or other person on board to shore for repatriation, or for the purpose of searching for a person missing from the Ship, or necessarily incurred while awaiting a substitute for such person, or for the purpose of saving persons at sea.

**Rule 32**

**Stowaways or persons saved at sea**

The Association shall cover costs and expenses directly and reasonably incurred in consequence of the Ship having stowaways or persons saved at sea on board, but only to the extent that the Member is legally liable for the costs and expenses or they are incurred with the approval of the Association. The cover does not include consequential loss of profit or depreciation.

**Rule 33**

**Life salvage**

The Association shall cover 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 the Ship, but only if, and to the extent that, such payments are not recoverable under the Hull Policies or from cargo owners or underwriters.

**Rule 34 Cargo liability**

1 The Association shall cover the following liabilities when and to the extent that they relate to cargo intended to be or being or having been carried on the Ship:

- a liability for loss, shortage, damage or other responsibility arising out of any breach by the Member, or by any person for whose acts, neglect or default the Member 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 Ship;
- b liability for loss, shortage, damage or other responsibility in respect of cargo carried by a means of transport other than the Ship, when the liability arises under a through or transshipment Bill of Lading, or other form of contract, providing for carriage partly to be performed by the Ship,

provided that unless and to the extent that the Association in its discretion shall otherwise decide, the cover under this Rule 34.1 does not include:

- i liabilities, costs and expenses arising out of delivery of cargo under a negotiable Bill of Lading (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 by the person to whom delivery is made except where cargo has been carried on the Ship under either 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 Member may be liable under the terms of a negotiable Bill of Lading issued by or on behalf of a party other than the Member providing for carriage in part upon the Ship and in part by another mode of transport; or under the terms of an approved electronic trading system and has been properly delivered to the person so entitled in accordance therewith.
- ii liabilities, costs and expenses arising out of 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 Member is required by any other law to which the Member is subject to deliver, or relinquish custody or control of, the cargo,

without production of such document;

- iii liabilities, costs and expenses which would not have been incurred by the Member if the cargo had been carried on terms no less favourable to the Member than those laid down in the Hague or Hague-Visby Rules, save where the contract of carriage is on terms less favourable to the Member than those laid down in the Hague or Hague-Visby Rules solely because of the relevant terms of carriage being of mandatory application;
- iv liabilities, costs and expenses arising out of the discharge of cargo at a port or place other than that stipulated in the contract of carriage;
- v liabilities, costs and expenses arising out of the failure to arrive or late arrival of the Ship at port of loading, or the failure to load any particular cargo or cargoes in the Ship, other than liabilities, costs and expenses arising under a Bill of Lading already issued;
- vi liabilities, costs and expenses arising out of carriage under an ad valorem Bill of Lading, waybill or other contract of carriage in which a value of more than USD 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 Member of any right or rights of limitation to which the Member would otherwise have been entitled and cause the Member to incur a greater liability than what would have been the case but for such declaration/insertion, to the extent that such liability thereby exceeds USD 2,500 (or the equivalent in any other currency) in respect of any such unit, piece or package;  
*Note: The Association as agent can arrange additional cover for the shipment of cargo with a declared value.*
- vii liabilities, costs and expenses arising out of the carriage of specie, bullion, precious or rare metals or stones, plate or other objects of a rare or precious nature, bank notes or other forms of currency, bonds or other negotiable instruments, whether the value is declared or not, unless the Association has been notified prior to any such carriage, and any directions made by the Association have been complied with;
- viii liability for shortage arising from failure to discharge all cargo on board unless the Member can show that all reasonable and applicable discharge methods were attempted;
- ix liabilities, costs and expenses arising out of 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;

- x liabilities, costs and expenses arising out of the issue of a Bill of Lading, waybill or other document containing or evidencing the contract of carriage, known by the Member or the master to contain an incorrect description of the cargo or its quantity or its condition;
- xi liabilities, costs and expenses arising out of a deviation or departure from the contractually agreed voyage or adventure which deprives the Member of the right to rely on defences or rights of limitation which would otherwise have been available to the Member.

- 2 The Association shall cover liability pursuant to compulsorily applicable rules of law for loss caused by delay in the carriage of cargo, provided that the Association shall in no circumstances cover liabilities, costs or expenses arising out of the failure to arrive or late arrival of the Ship at the port or place of loading.

#### **Rule 35      Extra handling costs**

The Association shall cover extra costs and expenses, in excess of the costs and expenses which would otherwise have been incurred:

- a in handling and discharging cargo where the extra costs and expenses are necessarily consequent upon damage to the cargo or damage to the Ship which would have been covered by the Hull Policies had the Ship been fully insured on standard terms without deductible;
- b in discharging or disposing, including storing, of cargo which has been rejected by the person entitled to delivery,

provided that there shall be no recovery under this Rule 35 of extra costs and expenses which:

- i the Member is able to recover from any other party; or
- ii are excepted from cover under Rule 46(a), or
- iii form part of the daily running costs and expenses of the Ship.

#### **Rule 36**

##### **Collision with other ships**

- 1 The Association shall cover liability to pay damages to any other person incurred as a result of a collision with another ship, if and to the extent that such liability is not covered under the Hull Policies on the Ship, including:
  - a
    - i one fourth of the liability incurred by the member; or
    - ii four fourths, of such liability; or
    - iii such other fraction of such liability as may be applicable and have been agreed with the Association;
  - b that part of the Member's liability which exceeds the sum recoverable under the Hull Policies solely by reason of the fact that the liability exceeds the sums insured under those policies,
 provided that:
  - i the Member shall not be entitled to recover from the Association any deductible borne under the Hull Policies; and
  - ii the cover under this Rule shall exclude liability in respect of persons or property on board the Ship.
- 2 Unless otherwise agreed between the Member and the Association 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 Rule 36.1 shall be settled upon the principle of single liability, but in all other cases claims under this Rule 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 Member in consequence of the collision.

#### **Rule 37**

##### **Damage to fixed or floating objects**

The Association shall cover:

- a liability for loss of or damage to any fixed or floating object by reason of contact between the Ship and such object, when not covered under the Hull Policies;
  - b that part of the Member's liability which exceeds the amount recoverable under the Hull Policies solely by reason of the fact that the liability exceeds the sums insured under those policies,
- provided that there shall be no recovery under this Rule 37 in respect of any deductible borne by the Member under the Hull Policies.

**Rule 38 Pollution**

- 1 The Association shall cover:
  - a liabilities, costs and expenses (excluding fines) arising in consequence of the discharge or escape from the Ship of oil or any other substance or the threat of such discharge or escape;
  - b liabilities, costs and expenses incurred by the Member pursuant to any agreement approved by the Association for the purpose of this Rule.
- 2 A Member insured in respect of a Ship which is a “relevant ship” as defined in the Small Tanker Oil Pollution Indemnification Agreement, including any addendum to, or variation or replacement of such agreement (“STOPIA”) shall, unless the Association otherwise agrees in writing, be a party to STOPIA for the period of entry of the Ship in the Association. Unless the Association has agreed in writing or unless the Association in its discretion otherwise determine, there shall be no cover under this Rule 38 in respect of such a Ship so long as the Member is not a party to STOPIA.
- 3 A Member insured in respect of a Ship which is eligible for entry in the Tanker Oil Pollution Indemnification Agreement, including any addendum to, or variation or replacement of such agreement (“TOPIA”) shall, unless the Association otherwise agrees in writing, be a party to TOPIA for the period of entry of that Ship in the Association. Unless the Association has agreed in writing or unless the Association in its discretion otherwise determines, there shall be no cover under this Rule 38 in respect of such a Ship so long as the Member is not a party to TOPIA.

**Rule 39 Loss of or damage to property**

The Association shall cover liability for loss of or damage to property not specified elsewhere in Part II of these Rules.

**Rule 40 Liability for obstruction and wreck removal**

The Association shall cover:

- a costs and expenses incurred, relating to the raising, removal, destruction, lighting and marking of the Ship or of the wreck of the Ship or parts thereof or of its cargo lost, as a result of a casualty, when such raising, removal, destruction, lighting and marking is compulsory by law or the costs or expenses thereof are legally recoverable from the Member;

- b liability incurred by reason of the Ship or the wreck of the Ship or parts thereof as a result of a casualty causing an obstruction, provided that:
  - i for the purpose of this rule, ‘casualty’ means collision, stranding, explosion, fire or similar fortuitous event;
  - ii recovery from the Association under this Rule shall be conditional upon the Member not having transferred its interest in the wreck otherwise than by abandonment; and
  - iii the realised value of the wreck and other property saved shall be credited to the Association.

**Rule 41****General average**

The Association shall cover:

- a the proportion of general average, special charges or salvage which a Member may be entitled to claim from cargo or from any other party to the marine adventure and which is not legally recoverable solely by reason of a breach of the contract of carriage. Where contributing cargo or any other contributing asset belongs to the Member, the Member shall be entitled to recover from the Association as if that contributing asset had belonged to a third party;
- b the Ship's proportion of general average, special charges or salvage not recoverable under the Hull Policies solely by reason of the value of the Ship being assessed for contribution to general average or salvage at a value in excess of the sums insured under the Hull Policies, provided that cover shall only be available under this Rule 41(b) in any particular case if the Association shall in its absolute discretion so determine.

**Rule 42****Salvage**

The Association shall cover liability for special compensation awarded to a salvor

- a pursuant to Article 14 of the International Convention on Salvage 1989; or
- b pursuant to Article 14 of the International Convention on Salvage 1989, as incorporated into Lloyd's Open Form of Salvage Agreement or into any other salvage contract approved by the Association; or

- c pursuant to the Special Compensation P&I Clubs Clause (SCOPIC) as incorporated into Lloyd's Open Form of Salvage Agreement or any other "No Cure – No Pay" salvage contract approved by the Association.

#### Rule 43 Towage

- 1 The Association shall cover liabilities, costs and expenses arising out of the towage of the Ship, or out of the towage of a vessel by the Ship, provided that such liabilities, costs and expenses are:
  - a within the cover available under any other Rule; and
  - b not excluded by Rules 43.2 or 43.3.
- 2 The Association shall not cover liabilities, losses, costs or expenses incurred under or pursuant to the terms of a contract for the towage of the Ship other than:
  - a a contract entered into for the purpose of entering or leaving port, or manoeuvring within the port, during the ordinary course of trading; or
  - b a contract entered into in the ordinary course of trading for the towage of such ships as are habitually towed from place to place; or
  - c a contract which has been approved by the Association.
- 3 The Association shall not cover liability for loss of or damage to or wreck removal of a vessel or other floating structure towed by the Ship or the cargo or other property on such tow (together with costs and expenses associated therewith), save insofar as:
  - a the towage or attempt thereat is made for the purpose of saving or attempting to save life or property at sea; or
  - b the Ship is entered as a tug or otherwise on the basis that it will engage in towing in the ordinary course of business, and the tow is undertaken on contractual terms approved by the Association (whether or not the Member is a party to the contract); or

*Notes: 1 The following standard terms of contracts are approved by the Association, provided they are not materially amended:*

*(a) UK, Netherlands or Scandinavian standard towage conditions;*

- (b) "Towcon" or "Towhire";*
- (c) Lloyd's Standard form of Salvage Agreements.*
- (d) Supplytime*

*2 The Association will otherwise expect contracts incorporating terms as between the Member on the one part, and the owner of the tow and the owners of any cargo or other property on board the tow on the other part, that each shall be responsible for any loss or damage to its own ship, cargo or property, without any recourse against the other.*

- c cover has been agreed with the Association prior to the commencement of the towage.

#### Rule 44 Legal costs

The Association shall cover legal costs and expenses relating to any liability, loss, cost or expense which, in the opinion of the Association, is (or, apart from any applicable deductible, would be) likely to result in a claim on the Association, but only to the extent that such legal costs and expenses have been incurred with the agreement of the Association.

#### Rule 45 Enquiry expenses

The Association shall cover costs and expenses incurred by a Member in defending itself or in protecting its interests before a formal enquiry into the loss of or casualty involving the Ship, in cases in which, in the opinion of the Association, a claim upon the Association is likely to arise, but only to the extent that such costs and expenses have been incurred with the agreement of the Association.

#### Rule 46 Measures to avert or minimise loss

The Association shall cover:

- a extraordinary costs and expenses reasonably incurred on or after the occurrence of a casualty or event, including liability for such extraordinary costs and expenses incurred by a third party, for the purpose of avoiding or minimising any liability on the Association, other than:

- i costs and expenses claimable in general average;
- ii costs and expenses relating to the Ship being overloaded or the cargo being incorrectly stowed;
- iii costs and expenses resulting from measures that have been or could have been accomplished by the Crew or by reasonable use of the Ship or its equipment;
- iv costs and expenses resulting from making the Ship seaworthy for receiving cargo;
- b losses, costs and expenses incurred at the direction of the Association.

#### Rule 47 Fines

- 1 The Association shall cover fines or other penalties imposed upon a Member (or, imposed upon a third party whom the Member is legally obliged to reimburse or whom the Member reimburses with the Agreement of the Association) in respect of the Ship by any court, tribunal or other authority of competent jurisdiction for or in respect of any of the following:
  - a short- or over-delivery of cargo, or failure to comply with regulations concerning the declaration of goods, or documentation of cargo, provided that the Member is insured by the Association for cargo liability under Rule 34 (other than fines or penalties arising from smuggling of goods or cargo or any attempt thereat);
  - b breach of any immigration law or regulations;
  - c the accidental escape or discharge of oil or any other substance or threat thereof, provided that the Member is insured for pollution liability by the Association under Rule 38, and subject to the applicable limit of liability under the P&I entry in respect of oil pollution risk. An escape or discharge in this context is accidental if it is not the proximate result of an act or omission done with intent to discharge any substance from the Ship or a reckless act or omission done (irrespective of intent) with knowledge that an escape or discharge from the Ship would probably result.
- 2 The Association may, in its sole discretion, cover in whole or in part a fine

or penalty other than those listed in Rule 47.1 above imposed upon the Member (or imposed upon a third party whom the Member is legally obliged to reimburse), provided the Member has satisfied the Association that such steps as appear to the Association to be reasonable to avoid the event giving rise to the fine or penalty was taken.

- 3 The Association shall be under no obligation to give reasons for its decision pursuant to Rule 47.2 above.

#### Rule 48 Disinfection and quarantine expenses

The Association shall cover extraordinary costs and expenses (in respect of quarantine, disinfection, fuel, insurance, stores, provisions and port charges) necessarily incurred by the Member as a direct consequence of a quarantine order regarding the Ship or Crew or disinfection of the Ship or Crew, on account of an infectious disease on board, provided always that there shall be no recovery

- a where the Ship has been ordered to a port where the Member knew or ought to have known that it would be quarantined and/or would require disinfection (unless and to the extent that the Association shall in its absolute discretion determine otherwise), and
- b in respect of expenses for loss of time, loss of market, delay or similar.

#### Rule 49 Confiscation of the Ship

The Association may, in its discretion, authorise payment, in whole or in part, of a Member's claim for loss of the Ship following confiscation of the Ship by any legally empowered court, tribunal or authority resulting from smuggling or the infringement of any customs laws or customs regulations, but only provided 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 Member shall have satisfied the Association that all such steps as appear to the Association to be reasonable to avoid the event giving rise to the confiscation were taken;
- c no such claim shall be considered by the Association until such time as the Member has been permanently deprived of its interest in the Ship;



- d** the Association shall be under no obligation to give reasons for its decision.

**Rule 50      Damage to Member's own property and cargo**

Notwithstanding the terms of Rule 2.4.b:

- a** if the Ship causes damage to property, other than cargo, belonging wholly or in part to the Member, the Member shall be entitled to recover from the Association under Rules 36 (collision with other ships), 37 (damage to fixed or floating object), 39 (loss of or damage to property) or 40.b (liabilities for obstruction) the same amount as if the property had belonged to a third party; and
- b** if cargo, belonging wholly or in part to the Member, is lost or damaged on board the Ship, the Member shall be entitled to recover from the Association under Rule 34 (cargo liability) the same amount as if the cargo had belonged to a third party.

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**Chapter 2 Limitations etc. on P&I cover**


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*Note: Limitations etc. which affect both P&I and Defence cover are set out in Part V.*

**Rule 51 General limitation of liability**

Where the Member or a Co-assured is entitled to limit its liability pursuant to any rule of law, the maximum recovery under a P&I entry is the amount to which the Member or the Co-assured may limit its liability.

**Rule 51B Limitation and payment of Overspill Claims**

- 1 Without prejudice to any other applicable limit, the Association's liability under a P&I entry for an Overspill Claim shall be limited pursuant to the terms and conditions as are set out in Appendix VI.
- 2 The Association's obligation to pay a compensation in respect of an Overspill Claim shall be subject to such terms and conditions as are set out in Appendix VI.

**Rule 52 Limitations for charterers and Consortium Vessels**

The Association's liability under a P&I entry for any and all claims arising under Charterer's Entries or in respect of insurance of charterers under Owner's Entries or in respect of the Member's liability for a Consortium Claim arising out of the carriage of cargo on a Consortium Vessel shall be limited to such sum or sums and subject to such terms and conditions as are set out in Appendix II.

**Rule 53 Limitations – oil pollution, passengers and seafarers**

- 1 The Association's liability under an Owner's Entry for any and all claims in respect of oil pollution (including claims resulting from attempts to reduce or prevent oil pollution) shall be limited to such sum or sums and be subject to such terms and conditions as are set out in Appendix III.
- 2 The Association's liability under an Owner's Entry for any and all claims which arise in respect of passengers and seafarers shall be limited to such sum or sums and be subject to such terms and conditions as are set out in Appendix IV.

**Rule 54 Amounts saved by the Member**

Where the Member, as a result of an event for which it is covered by the Association, has obtained extra revenue, saved costs or expenses or avoided liability or loss which would otherwise have been incurred and which would not have been covered by the Association, the Association may deduct from the compensation payable under a P&I entry an amount corresponding to the benefit obtained.

**Rule 55 Terms of contract**

The Association shall not cover under a P&I entry liabilities, losses, costs or expenses:

- a which would not have arisen but for the terms of a contract or indemnity entered into by the Member, or by some other person acting on its behalf, unless the terms have previously been approved by the Association, or cover for such liabilities, losses, costs or expenses has been agreed between the Member and the Association, or the Association decides, in its discretion, that the Member should be reimbursed;
- b which result from, or would not have arisen but for the Member, or some other person acting on its behalf having used terms of contract which the Association has prohibited, or omitted to use terms of contract which are specified in Appendix VII or which the Association has otherwise prescribed.
- c which arise out of or in connection with contracts for carriage wholly or partly by sea to the extent such liabilities, losses, costs and expenses would not have been incurred or borne by the Member but for its waiver or limitation of, or failure to incorporate, rights of recourse that would have been available under a bill of lading contract which incorporated
  - i Article IV Rule 6 of the Hague or Hague Visby Rules, or
  - ii any equivalent provision under other applicable law, provided that such liabilities, losses, costs and expenses shall not be excluded losses if such rights of recourse are not available by reason of mandatorily applicable law, or unless the Association in its discretion shall otherwise decide.

**Rule 56 Non-marine personnel**

The Association shall not cover under a P&I entry liabilities, losses, costs or expenses incurred by the Member in respect of any of the following:

- a** personnel (other than marine crew) employed otherwise than by the Member, where the Ship is providing accommodation to such personnel in relation to their employment on an oil or gas exploration or production facility, unless a contractual allocation of such risk, on terms no less favourable to the Member than Knock for Knock, has been approved by the Association;
- b** hotel and restaurant guests and other visitors and catering crew of the Ship when the Ship is moored (otherwise than on a temporary basis) and is open to the public as a hotel restaurant, bar or other place of entertainment.

**Rule 57 Liability occurring during through transports**

The Association shall not cover under a P&I entry:

- a** liabilities, losses, costs or expenses incurred by the Member in respect of death, personal injury, loss or damage to property, delay or other consequential loss sustained by any passenger by reason of carriage of that passenger by air or during any through carriage whilst the passenger is in the care of another carrier or during carriage to or from the Ship, except liability for illness, injury or death of, or loss of or damage to the effect of, passengers during:

- i carriage to and from the Ship in its own boats, or in port by means of other boats, or
- ii repatriation of injured or sick passengers or of passengers following a casualty to the Ship, or
- iii shore excursions from the Ship (subject to the provisions of Rule 57.b below);
- b** liabilities, losses, costs and expenses incurred by the Member under a contract in respect of passengers on the Ship while on an excursion from the Ship where either:
  - i that contract has been separately entered into by the passenger for the excursion whether or not with the Member, or
  - ii the Member has waived any or all of its rights of recourse against any sub-contractor or third party in respect of the excursion;
- c** liabilities, costs and expenses in respect of the carriage of cargo arising out of contracts of carriage providing for carriage partly to be performed by the Ship and partly by means of transport other than the Ship, unless the transport is performed under a form of contract approved by the Association.

**Rule 58 War risks**

- 1 The Association shall not cover under a P&I entry liabilities, losses, costs or expenses (irrespective of whether a contributory cause of the same being incurred was any neglect on the part of the Member or its servants or agents) when the loss or damage, injury, illness or death or other accident

in respect of which such liabilities arise or such losses, costs or expenses are incurred was caused by:

- a war, civil war, revolution, rebellion, insurrection or civil strife arising therefrom, or any hostile act by or against a belligerent power, or any act of terrorism (provided that, in the event of any dispute as to whether or not, for the purpose of this paragraph a, an act constitutes an act of terrorism, the Association shall in its absolute discretion determine that dispute and the Association's decision shall be final);
  - b capture, seizure, arrest, restraint or detainment, (barratry and piracy excepted, provided always that ransom shall not be recoverable unless and to the extent the Association shall in its absolute discretion determine otherwise), and the consequences thereof or any attempt thereat;
  - c mines, torpedoes, bombs, rockets, shells, explosives, or other similar weapons of war (save for 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, whether as a result of government order or with the agreement of the Association, where the reason for such use is the mitigation of liability, cost or expenses which would otherwise fall within the cover given by the Association.
- 2 The exclusion in Rule 58.1 above shall not apply to liabilities, costs and expenses of a Member insofar only as they are discharged by the Association on behalf of the Member pursuant to a demand made under
- i a guarantee or other undertaking given by the Association to the Federal Maritime Commission under Section 2 of US Public Law 89-777, or
  - ii 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
  - iii an undertaking given by the Association to the International Oil Pollution Compensation Funds in connection with the Small Tanker Oil Pollution Indemnification Agreement as amended (STOPIA), or, except where such liabilities, costs and expenses arise from or are

caused by an act of terrorism, the Tanker Oil Pollution Indemnification Agreement as amended (TOPIA), or

- iv a certificate issued by the Association in compliance with Article 7 of the International Convention on Civil Liability for Bunker Oil Pollution Damage, 2001
- v a certificate issued by an Association in compliance with Article 12 of the Nairobi International Convention on the Removal of Wrecks, 2007, or
- vi a certificate under Regulation 4.2, Standard A 4.2.1, paragraph 1 (b) of the Maritime Labour Convention as amended

to the extent such liabilities, costs and expenses are not or would not be recoverable by the Member under standard P&I war risks policies of insurance had the Member entered into such policies of insurance and complied with all the terms and conditions thereof or any extension to the cover provided by the Association. Where any such guarantee, undertaking or certificate is provided by the Association on behalf of the Member as guarantor or otherwise, the Member agrees that any payment by the Association thereunder in discharge of the said liabilities, costs and expenses shall, to the extent of any amount recovered under any other policy of insurance or extension to the cover provided by the Association, be by way of loan and that 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 Member under any other insurance and against any third party.

## Rule 59

### Specialist operations

The Association shall not cover under a P&I entry liabilities, losses, costs and expenses incurred by the Member during the course of performing dredging, blasting, pile-driving, well-intervention, cable or pipelaying, construction, installation or maintenance work, core sampling, mining, depositing of spoil, power generation, decommissioning, and the deployment, operation and recovery of pneumatic barriers, to the extent that such liabilities, losses, costs and expenses arise as a consequence of:

- a claims brought by any party for whose benefit the work has been performed, or by any third party (whether connected with any party for whose benefit the work has been performed or not), in respect of the specialist nature of the operations; or
- b the failure to perform such specialist operations by the Member or the fitness for purpose or quality of the Member's work, products or services; or
- c any loss of or damage to the contract work, provided that this exclusion shall not apply to liabilities, losses, costs and expenses incurred by the Member in respect of:
  - i loss of life, injury or illness of crew and other personnel on board the Ship;
  - ii the wreck removal of the Ship; or
  - iii oil pollution from the Ship or the threat thereof
 but only to the extent that such liabilities, costs and expenses are within the cover available under any other Rule or the terms of entry agreed.

#### **Rule 60 Drilling, production vessels, barges and heavy lift vessels**

- 1 For a Ship carrying out drilling or production operations in connection with oil or gas exploration or production, the Association shall not cover under a P&I entry any liabilities, losses, costs or expenses arising out of or during drilling or production operations, provided that for the purpose of this Rule 60.1
  - a the Ship shall be deemed to be carrying out production operations if, inter alia, it is a storage tanker or other vessel engaged in the storage of oil, and either:
    - i the oil is transferred directly from a producing well to the storage vessel; or
    - ii the storage vessel has oil and gas separation equipment on board and gas is being separated from oil whilst on board the storage vessel other than by natural venting; and
  - b in respect of any Ship employed to carry out production operations in connection with oil or gas production, the exclusion in this Rule 60.1 shall apply from the time that a connection, whether directly or indirectly, has been established between the Ship and the well pursuant to a contract under which the Ship is employed, until such

time that the Ship is finally disconnected from the well in accordance with that contract.

- 2 For semi-submersible heavy lift vessels and any other vessels designed exclusively for the carriage of heavy lift cargo, the Association shall not cover under a P&I entry liability for loss of or damage to or wreck removal of cargo, save insofar as the carriage is undertaken on contractual terms approved by the Association.

*Note: The HEAVYCON 2007 charter is approved provided it is not materially amended.*

#### **Rule 61 Submarines, diving bells, remotely operated underwater vehicles and divers**

The Association shall not cover under a P&I entry liabilities, losses, costs or expenses arising out of

- a the operation by the Member of submarines, mini-submarines, diving bells or remotely operated underwater vehicles; or
- b the activities of professional or commercial divers where the Member is responsible for such activities other than
  - i activities arising out of salvage operations being conducted by the Ship where the divers form part of the crew of that Ship (or of diving bells or other similar equipment or craft operating from the Ship) and where the Member is responsible for the activities of such divers; and
  - ii incidental diving operations carried out in relation to the inspection, repair or maintenance of the Ship or in relation to damage caused by the Ship; and
  - iii recreational diving activities.

#### **Rule 62 Waste incineration, disposal operations and landfills**

- 1 The Association shall not cover under a P&I entry liabilities, losses, costs or expenses arising out of waste incineration or waste disposal operations carried out by the Ship (other than any such operations carried out as an incidental part of other commercial activities).

- 2 Unless and to the extent that the Association in its discretion shall otherwise decide, the cover under a P&I entry does not include any liability, loss, damage, cost or expense, including, without limitation, liability for the cost of any remedial works or clean up operations, arising as a result of the presence in, or the escape or discharge or threat of escape or discharge from, any land based dump, site storage or disposal facility of any substance previously carried on the Ship whether as cargo, fuel, stores or waste and whether at any time mixed in whole or in part with any other substance whatsoever.

### Rule 63 Excluded losses

- 1 The Association shall not cover under a P&I entry, except where and to the extent that they form part of a claim for expenses under Rule 46 (measures to avert or minimise loss):
- a loss of or damage to the Ship or any part thereof except to the extent that it forms part of a claim recoverable under Rule 49 (Confiscation of the Ship);
  - b loss of or damage to any equipment on board the Ship or to any containers, lashings, stores or fuel thereon, to the extent that the same are owned or leased by the Member or by any company associated with or under the same management as the Member;
  - c the cost of repairs to the Ship or any charges or expenses in connection therewith except to the extent that they form part of a claim recoverable under Rule 41 (General average);
  - d claims by or against the Member relating to loss of freight or hire on the Ship or any proportion thereof unless freight or hire forms part of a claim for liabilities in respect of cargo;
  - e costs of salvage or services in the nature of salvage, rendered to the Ship and any expenses in connection therewith except to the extent that they form part of a claim recoverable under Rule 33 (Life salvage), Rule 41 (General average) or Rule 42 (Salvage);
  - f liabilities, losses, costs or expenses arising out of salvage operations (including for the purpose of this sub-paragraph f, wreck removal) conducted by the Ship or provided by the Member, other than:
    - i liabilities, costs and expenses arising out of salvage operations

conducted by the Ship for the purpose of saving or attempting to save life at sea; and

- ii liabilities, costs and expenses incurred by a professional salvor which are covered by a special agreement between the Member and the Association, and which arise out of the operation of, and in respect of the Member's interest in the Ship;

In assessing whether the Member is a professional salvor the Association should consider the following factors including, but not limited to, whether the Member has:

- i International Salvage Union (or equivalent) membership;
- ii as one of its main commercial activities, the provision of salvage services (such services to include emergency response (including emergency towage), environmental protection and/or wreck removal, as may be appropriate);
- iii access to the necessary equipment, expertise, personnel and other resources needed in order to perform the type of salvage services contemplated;
- iv a successful track record in performing such salvage services;
- v demonstrated necessary safety standards and risk management measures to perform such salvage services; and/or
- vi obtained any necessary industry, local, national or international regulatory approval or accreditation (as may be applicable) for the provision of such salvage services;
- g liabilities, losses, costs or expenses arising out of cancellation of a charter or other engagement of the Ship;
- h claims by or against the Member relating to demurrage on, detention of or delay to the Ship, unless such demurrage, detention or delay is covered under Rule 34;
- i liabilities, losses, costs or expenses which would have been recoverable in general average if the unamended York Antwerp Rules had been incorporated into the charterparty or the contract of carriage;
- j liabilities, losses, costs and expenses arising from the use of any electronic trading system, other than an electronic trading system approved in writing by the Association, 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 purposes of this sub-paragraph (j) 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.

For the purpose of this sub-paragraph j a “document” shall mean anything in which information of any description is recorded including, but not limited to, computer or other electronically generated information.

An electronic trading system shall be deemed approved, provided: i it is a reliable system in accordance with the Electronic Trade Documents Act 2023 of the United Kingdom or UNCITRAL’s Model Law on Electronic Transferable Records and the reliability of that system is evidenced by:

- a an audit by an independent body; or
- b a declaration by a supervisory, regulatory or accreditation body or applicable voluntary scheme; or
- c applicable industry standards; and
- ii any electronic document generated thereunder, which performs the functions specified above in j second paragraph i-iii, has the same effect under its applicable law as a paper document performing those functions.

- 2 The Association shall not cover general monetary loss, or loss of time, loss through price or currency fluctuations, loss of market or similar loss resulting from delay, except where the Member is legally liable to a third party for such loss and such liability is covered by the Association under these Rules.

### PART III COVER FOR MOBILE OFFSHORE UNITS

#### Rule 64 Terms of cover

Cover for mobile offshore units may be made available by the Association on the terms of separate Rules, and the provisions of the other parts of these Rules shall not apply thereto.

### PART IV DEFENCE COVER

#### Chapter 1 Risks covered

#### Rule 65 Cases pertaining to the operation of the Ship

The Association shall cover legal and other costs necessarily incurred in establishing or resisting claims concerning the following:

- a contracts of affreightment, charterparties, bills of lading or other contracts of carriage;
- b loading, lightering, stowing, trimming or discharge of cargo;
- c passengers and passenger monies;
- d loss of or damage to the Ship or general average;
- e delay of the Ship;
- f property damage, personal injury or loss of life;
- g repairs or deliveries to the Ship;
- h salvage or towage unless the Ship is respectively a salvage vessel or tug;
- i agents or brokers;
- j insurance contracts pertaining to the Ship;
- k customs, harbour or other public or quasi-public authorities, but not legal and other costs incurred in connection with or relating to:
  - i taxes and/or tariffs; or
  - ii actual or alleged infringement(s) of legislation or regulations relating to safety, navigation or prevention of pollution.

**Rule 66 Cases pertaining to acquisition or disposal of the Ship**

The Association shall cover legal and other costs necessarily incurred in establishing or resisting claims in connection with:

- a** building, purchase or mortgaging of the Ship, including claims in connection with the future employment of the Ship being built or purchased, provided always that the Ship has been entered in the Association for Defence cover at the latest on signing the relevant contract governing the building or purchase;
- b** sale of the entered Ship;
- c** conversion of the Ship, including claims in connection with the future employment of the Ship being subject to conversion, provided always that a separate agreement, pursuant to which the Association agrees to provide Defence cover for such legal and other costs has been entered into with the Association at the latest on the signing of the relevant contract for the conversion of the Ship;
- d** alterations to the Ship, including claims in connection with the future employment of the Ship being subject to alteration.

**Chapter 2 Limitations etc. on Defence cover**

*Note: Limitations etc which affect both Defence and P&I cover are set out in Part V.*

**Rule 67 Excluded costs**

- 1** The Association may decline to cover under a Defence entry all or part of the Member's costs, where it is of the opinion that:
  - a** there is no reasonable relation between the amount in dispute and the costs which are likely to be incurred;
  - b** there is no reasonable relation between the prospects of succeeding in establishing a claim or of having the claim enforced or the liability averted and the costs which are likely to be incurred;
  - c** the Member has failed to carry out its obligations under these Rules;
  - d** the claim is unreasonable or tainted with illegality or other improper conduct;
  - e** for any other reason Defence cover should not apply.
- 2** The Association shall be under no liability to reimburse a Member for costs incurred:
  - a** before the Association has been notified of a claim under the Defence cover;
  - b** by the employment of lawyers, experts and other advisers appointed by the Member without the Association's approval.

**Rule 68 Disputes with the Association and other Members – unpaid sums**

- 1** The Association will not cover under a Defence entry costs of cases against the Association itself, its subsidiaries, other Gard group companies, agents, representatives or servants.
- 2** No cover shall be available under Defence entries to either party where a dispute arises between Joint Members, Co-assureds, affiliates or associates of the Member or Co-assureds or any combination thereof.
- 3** No Member shall be entitled to cover under a Defence entry so long as Estimated Total Calls, or Supplementary Calls or other sums of whatsoever nature owed to the Association, whether in respect of Defence or P&I cover or otherwise, remain unpaid.



**Rule 69      The Association's right to control and direct the handling of a case – withdrawal of cover**

- 1 The Association shall have the right, if it so decides, to control or direct the conduct or handling of any case or legal and other proceedings relating to any matter in respect whereof legal and other costs are covered under a Defence entry and to require the Member to settle, compromise or otherwise dispose of the case or legal and other proceedings in such manner and upon such terms as the Associations sees fit.
- 2 The Association may, in its sole discretion, at any stage of the handling of the case, decline to cover under a Defence entry the legal and other costs involved where:
  - a the Member, without the Association's authority, or contrary to its advice, proceeds with the case in a manner which in the view of the Association is undesirable;
  - b the Member refuses to settle the case on conditions which the Association recommends or which are recommended by lawyers acting on behalf of the Association or the Member;
  - c any of the circumstances set out in Rule 67 subsequently materialise or are brought to the attention of the Association.

**Rule 70      Limitation**

- 1 The Association shall not be obliged to compensate under a Defence entry legal and other costs falling within the scope of Rule 65 and legal and other costs incurred in establishing or resisting claims in connection with purchase and sale of the Ship, including claims in connection with the future employment of the Ship being purchased, falling within the scope of Rule 66 (a) and (b) in excess of USD 15 million per event.
- 2 The Association shall not be obliged to compensate under a Defence entry legal and other costs falling within the scope of Rule 66 (sale and purchase disputes exempted) in excess of USD 1 million per event.

- 3 The Association shall determine in its absolute discretion whether legal and other costs for the purpose of this Rule 70 shall be deemed to fall within the scope of Rule 65 or Rule 66 and whether the legal and other costs have arisen out of one or several events, irrespective of whether one or several Ships were involved.
- 4 The Association shall be under no obligation to give reasons for any of its decision under this Rule.

**PART V GENERAL LIMITATIONS ETC. ON P&I AND DEFENCE COVER**

*Note: Limitations which affect only P&I cover or only Defence cover are set out in Parts II and IV respectively.*

**Rule 71 Other insurance**

- 1 The Association shall not cover:
  - a liabilities, losses, costs or expenses which are covered by the Hull Policies or would have been covered by the Hull Policies had the Ship been fully insured on standard terms, without deductible, for an insured value which is at all times not less than the market value from time to time of the Ship without commitment, provided that costs relating to claims for damage sustained by the Ship shall be covered under a Defence Entry to the extent that such damage is not recoverable under the Hull Policies by reason only of a deductible, and for the purposes of this proviso the deductible shall be deemed not to exceed one per cent of the Ship's insured value;
  - b liabilities, losses, costs or expenses recoverable under any other insurance or which would have been so recoverable:
    - i apart from any term 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;
  - c liabilities, losses, costs or expenses in relation to a person performing work in the service of the Ship covered by social insurance or by public or private insurance required by the legislation or collective wages agreement governing the contract of employment of such person, or which would have been so covered if such insurance had been effected.
- 2 The Association shall not cover under a Defence entry costs which are or can be covered under a P&I entry.

**Rule 72****Conduct of Member**

The Association shall not cover any liabilities, losses, costs or expenses arising or incurred in circumstances where there has been wilful misconduct on the part of the Member, such misconduct being an act intentionally done, or a deliberate omission by the Member, with knowledge that the performance or omission will probably result in injury, or an act done or omitted in such a way as to allow an inference of a reckless disregard of the probable consequences.

**Rule 73****Nuclear perils**

- 1 The Association shall not cover any liabilities, losses, costs or expenses directly or indirectly caused by or contributed to by or arising from:
  - a ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel
  - b the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof
  - c any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter
  - d the radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter

other than liabilities, costs and expenses arising out of carriage of "excepted matter" (as defined in the Nuclear Installations Act 1965 of the United Kingdom or any regulations made thereunder) as cargo on the Ship.
- 2 The exclusion in Rule 73.1 above shall not apply to liabilities, costs and expenses of a Member insofar only as they are discharged by the Association on behalf of the Member pursuant to a demand made under:
  - i a guarantee or other undertaking given by the Association to the Federal Maritime Commission under Section 2 of US Public Law 89-777, or
  - ii 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

- iii a non-war certificate issued by the Association in compliance with either Article IV bis of the Athens Convention relating to the 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, or
- iv a certificate issued by the Association in compliance with Article 7 of the International Convention on Civil Liability for Bunker Oil Pollution Damage, 2001, or
- v an undertaking given by the Association to the International Oil Pollution Compensation Funds in connection with the Small Tanker Oil Pollution Indemnification Agreement as amended (STOPIA), or, except where such liabilities, costs and expenses arise from or are caused by an act of terrorism, the Tanker Oil Pollution Indemnification Agreement as amended (TOPIA), or
- vi a certificate issued by the Association in compliance with Article 12 of the Nairobi International Convention on the Removal Wrecks, 2007 to the extent such liabilities, costs and expenses are not recovered by the Member under any other policy of insurance or any extension to the cover provided by the Association. Where any such guarantee, undertaking or certificate is provided by the Association on behalf of the Member as guarantor or otherwise, the Member agrees that any payment by the Association thereunder in discharge of the said liabilities, costs and expenses shall, to the extent of any amount recovered under any other policy of insurance or extension to the cover provided by the Association, be by way of loan and that 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 Member under any other insurance and against any third party.

**Rule 74 Unlawful trades etc.**

The Association shall not cover liabilities, losses, costs or expenses arising out of or consequent upon the Ship carrying contraband, blockade running or being employed in or on an unlawful, unsafe or unduly hazardous trade or voyage.

**Rule 75 Part tonnage**

Where a Ship is entered with the Association for less than its full tonnage, the Association shall only be liable to the Member for such proportion of any liability, loss, cost or expense as the entered tonnage bears to the full tonnage.

**Rule 76 Deductibles**

Unless otherwise agreed, cover shall be subject to the Association's standard deductibles set out in Appendix V.

**Rule 77 Administrative costs, insolvency and sanctions etc.**

- 1 The Association shall not cover:
  - a the Member's internal administrative costs or expenses;
  - b liabilities, losses, costs and expenses arising out of the insolvency of the Member or any other person or out of overdue or irrecoverable debts or out of any of the circumstances described in Rules 25.1.a and b.
- 2 The Association shall not indemnify a Member 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 and/or its Agent to any sanction, prohibition, restriction or adverse action by any competent authority or government.
- 3 The Member 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 making payment into a designated account in compliance with the requirements of any competent authority or government.

## PART VI MISCELLANEOUS PROVISIONS

### Chapter 1 Joint Members, Co-assureds and Affiliates

#### Rule 78 Cover for Co-assureds and Affiliates

- 1 The Association may agree, subject to the provisions of this Rule 78 and to such other terms as may be required, to extend the cover afforded by the Association to the Member to:
  - a any person who is affiliated to or associated with the Member (not being a Co-assured or other Affiliate), and who shall not be specifically named in the terms of entry; and
  - b any other named co-assured.
- 2 Affiliates and Co-assured shall not be entitled to Membership of the Association.
- 3 The cover afforded to a Co-assured in categories (a), (b) and (c) below shall extend only to liabilities, losses, costs and expenses (or, in respect of Defence cover, to costs incurred in connection with claims) arising out of operations and/or activities customarily carried on by or at the risk and responsibility of shipowners (or, in the case of a Charterer's Entry, charterers):
  - a any person interested in the operation, management or manning of the Ship;
  - b the holding company or the beneficial owner of the Member or of any Co-assured falling within category (a) above;
  - c any mortgagee of the Ship or finance institution (or its subsidiary or affiliate) as the owner leasing the Ship to the Member.
- 4 The cover afforded to a Co-assured who is a charterer of the Ship and who is affiliated to or associated with the Member (other than a Co-assured expressly given cover by the Association in accordance with Rule 78.6) shall extend only to the risks, liabilities, losses, costs and expenses in respect of which that Member has cover, and shall be limited in accordance with Rule 52.
- 5 The cover afforded to a Co-assured who has entered into a contract with the Member for the provision of services to or by the Ship, and any person in the Co-assured's group, shall extend only to liabilities, losses, costs and

expenses which are to be borne by the Member under the terms of the contract and which to the extent only they would, if borne by the Member, be recoverable by the Member from the Association, provided that

- a the contract has been approved by the Association; and
  - b the contract includes a Knock for Knock agreement in respect of any and all persons in the Co-assured's group
- 6 The cover afforded to all other categories of Co-assureds, other than those referred to in Rules 78.3, 78.4 and 78.5, shall only extend insofar as such Co-assured may be found liable to pay in the first instance for loss or damage which is properly the responsibility of either the Member or, as appropriate, an affiliated charterer pursuant to Rule 78.4 (or, in the case of Defence cover, insofar as such Co-assured may be required to resist a claim arising from such a liability), 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 either the Member or, as appropriate, an affiliated charterer pursuant to Rule 78.4, had the claim in respect of such loss or damage been made or enforced against the Member or affiliated charterer.
  - 7 The cover afforded to an Affiliate shall extend only, in the case of P&I cover, to claims made or enforced through the Affiliate in respect of any liabilities for which the Member has cover and, in the case of Defence cover, to costs incurred in resisting claims which, if brought against the Member, would be within the Member's cover, and nothing herein contained shall be construed as entitling an Affiliate to recover any amount which would not have been recoverable from the Association by the Member had the claim been made or enforced against the Member.
  - 8 To the extent that the Association has indemnified a Co-assured (other than a Co-assured in the categories referred to in Rules 78.3 and 78.4) or an Affiliate in respect of a claim, it shall not be under any further liability and shall not make any further payment to any person whatsoever, including, where co-assured under the Member's entry, the Member, or, where co-assured under the affiliated charterer's cover afforded pursuant to Rule 78.4, that charterer, in respect of that claim or of the loss or damage in respect of which that claim was brought.

**Rule 79 Joint Members, Co-assureds, Affiliates and fleet Entries**

- 1 Joint Members and Co-assureds (other than a Co-assured expressly given cover by the Association in accordance with Rule 78.5 and 78.6) insured on any one entry shall be jointly and severally liable for all sums due to the Association in respect of such entry. Members, Joint Members and Co-assureds (other than a Co-assured expressly given cover by the Association in accordance with Rule 78.5 and 78.6) insured on any entry in respect of one or more Ship(s) forming part of a Fleet Entry shall be jointly and severally liable in respect of all sums due to the Association in respect of any or all Ships forming part of the Fleet Entry. For the purpose of this section a Fleet Entry shall mean the entry of more than one Ship by one or more Members on the basis that those Ships shall be treated together as a fleet.
- 2 Any payment by the Association to one of the Joint Members, Co-assureds or Affiliates shall fully discharge the obligations of the Association in respect of such payment.
- 3 Any communication by the Association to one Joint Member or Co-assured shall be deemed to be communication to all.
- 4 The conduct or omission of one Joint Member or Co-assured which under these Rules would constitute a breach of the contract of insurance, shall be deemed as the conduct or omission of all the Joint Members and Co-assureds.
- 5 The liability of Joint Members, Co-assureds, Affiliates and the Member to each other shall not be excluded nor discharged by reason of co-assurance. Any payment to the Member in respect of any liabilities, losses, costs and expenses shall operate only as satisfaction but not exclusion or discharge of the liability of such person to the Member.

**Chapter 2 Claims etc.****Rule 80 Time of occurrence**

- 1 The event giving rise to a claim incurred by one Member in respect of damage to or loss of cargo (including claims in respect of cargo's contribution to general average payable by the Member solely by reason of breach of contract of carriage) shall be deemed to arise as follows:
    - a all loss of or damage to cargo carried on the same cargo carrying voyage shall be deemed to arise out of the same event (a "deemed event"), and that event shall be deemed to have occurred at the earliest of
      - i the first place of discharge or port at which such loss or damage was ascertained and at the time of such ascertainment; and
      - ii if such loss or damage was ascertained after discharge of the cargo from the Ship, at the time and place of discharge; and
      - iii where the Member sold the Ship (or otherwise disposed of its interest in the Ship) during a cargo carrying voyage, at the time when its last entry for the Ship with the Association or any other association which participates in the Pooling Agreement terminated and at the place where the Ship was at that time
- provided that
- i any reference in this Rule 80.1 to a cargo carrying voyage shall include, in cases where cargo is carried under a contract of carriage partly in the Ship and partly by other means of transport, the entire through or combined transport of that cargo under that contract; and
  - ii whenever the Association can demonstrate that any loss or damage either actually arose out of a particular event and that that event occurred at or prior to the time of the deemed event, or actually arose out of an event which occurred after the deemed event (irrespective of whether the particular event or the date on which it actually occurred can be identified), the Association may require that such claim be treated separately from those other claims deemed as aforesaid to have arisen out of the deemed event.

- b** all loss or damage to cargo carried under a contract for carriage partly in the Ship and partly by other means of transport, being a contract entered into during the period of entry of the Ship, arising out of an event occurring after the discharge of the relevant cargo from the Ship (or after the Member sells the Ship, or otherwise disposes of the interest in the Ship, if earlier) shall be deemed for the purpose of Rule 2.4.c to have occurred at the time of discharge of the relevant cargo from the Ship (or immediately prior to sale or disposal referred to above, if earlier).
- 2 Where the Member incurs a liability in respect of the death, disease or personal injury of an individual, and the specific date on which any event causing such death, disease or personal injury has not been ascertained, the Member shall be deemed to have incurred the liability at a uniform rate over the period during which the event or events causing the death, disease or personal injury occurred or may have occurred ("the period of exposure"), and any claim the Member may have against the Association shall be limited to such proportion of the liability as the period for which the Member has relevant cover bears to the period of exposure.
- 3 For the purposes of Defence cover the event giving rise to a claim shall be deemed to arise as follows:
  - a** claims arising out of contract (subject to paragraphs (b) and (c) below), in tort or under statute: when the cause of action accrues;
  - b** claims for salvage or towage: when the services are commenced;
  - c** claims arising in connection with the building of a ship: at the date of signing the building contract.

#### **Rule 81 Time-bar**

- 1 The Member shall have no right to compensation unless it has given notice to the Association of any event which may give rise to a claim on the Association within six months of becoming aware of it.
- 2 The Member's claim for compensation becomes time-barred three years from the date on which the Member became aware of the claim and of the circumstances that determine its extent.
- 3 Where a time-bar has not taken effect earlier, the Member's claim for compensation becomes time-barred ten years from the occurrence of

the event unless litigation or a general average adjustment is in progress, when the claim becomes time-barred one year after the issue of the final judgment or adjustment.

#### **Rule 82 Obligations with respect to claims**

- 1 A Member shall:
  - a** promptly notify the Association of any event which may give rise to a claim upon the Association, and of any formal enquiry into a loss or casualty involving the Ship;
  - b** upon the occurrence of any event which may give rise to a claim upon the Association, take and continue to take all such steps as may be reasonable, including the preservation of any right of recourse against a third party, for the purpose of averting or minimising any liability, loss, cost or expense in respect whereof the Member may be insured by the Association;
  - c** notify and, if possible, consult the Association prior to taking any action as described in Rule 82.1(b) above;
  - d** promptly provide the Association with all documents and information which may be relevant to such event and which are required to enable the Association to determine whether the event is covered according to these Rules and to assess, determine and pay compensation due;
  - e** allow the Association or its appointees to interview any person who in the opinion of the Association may have knowledge relevant to the event;
  - f** not without the prior consent of the Association admit liability for or settle any claim for which it may be insured by the Association.
- 2 If a Member commits a breach of any of these obligations:
  - a** the Association may reject any claim, or reduce the sum payable, in relation to such event; and
  - b** the Member shall reimburse to the Association such part of any costs or expenses incurred by the Association in relation to such event as the Association shall determine.
- 3 The Association shall have the right if it so decides to control or direct the conduct of any claim or legal or other proceedings relating to any liability, loss, cost or expense in respect whereof the Member is or may be insured, in whole or in part, and to instruct, on behalf of the Member, lawyers

and other advisers and experts to assist and to require the Member to settle, compromise or otherwise dispose of such claim or proceedings in such manner and upon such terms as the Association sees fit, provided that no actions or directions of the Association shall imply an obligation to cover the liability, loss, cost or expense. If the Member does not settle, compromise or dispose of a claim or of proceedings after being required to do so by the Association, any recovery by the Member from the Association in respect of such claim or proceedings shall be limited to the amount which would have been recovered if the Member had acted as required by the Association.

- 4 A Member shall, in respect of a dispute which falls under the cover, for its own account, obtain information, make calculations, attend meetings and otherwise provide assistance, where such work can be performed by the Member or by persons the Member has employed or regularly engaged to perform such services.

### **Rule 83 Exclusion of liability**

- 1 The Association and/or directors and employees of the Gard group shall not be liable for any negligence, errors and/or omissions whatsoever committed by the directors and/or employees of the Gard group and/or by external lawyers, advisers or other experts, in connection with their employment or engagement with or on behalf of the Gard group and/or the Member.
- 2 The Association and/or directors and employees of the Gard group shall not be liable for monies which are lost, having been collected by persons engaged on behalf of the Member, or entrusted to such persons.
- 3 The Association shall not be liable to pay interest on any sums due from it to the Member.

### **Rule 84 Recoveries from third parties**

- 1 When the Member has a right of recourse against a third party for any liability, loss, cost or expense covered by the Association, the Association shall be subrogated to the Member's right of recourse upon payment by the Association to or on behalf of the Member in respect of the liability, loss, cost or expense.
- 2 Where the Association has made a payment in respect of any liability, loss, cost or expense to or on behalf of a Member, the whole of any recovery

from a third party in respect of the case to which that liability, loss, cost or expense relates shall be credited and paid to the Association up to an amount corresponding to the sum paid by the Association together with any interest element on that sum comprised in the recovery, provided however, that

- a where because of a deductible in its terms of entry the Member has contributed towards a liability, loss, cost or expense any such interest element shall be apportioned between the Member and the Association taking into account the payments made by each and the dates on which those payments were made; and
  - b the Association shall retain the whole amount of any award of costs in respect of its own handling of any case.
- 3 a In respect of any recovery whatsoever under a Defence entry the Association shall determine, at its sole discretion, what part of that recovery represents a reasonable amount (the "Reasonable Amount") that should be allocated to costs and expenses (the "Costs"), regardless of whether any specific agreement, award or order as to costs has been made, and regardless of whether the recovery has been agreed by settlement or decided by a court or other competent authority. When determining the Reasonable Amount, the Association may take into account the proportion of the realistic claim plus interest and Costs that has been recovered and any other matters which the Association considers relevant. Once the Reasonable Amount has been established the Member will be given due credit, if applicable, for the corresponding contribution it has made to the Costs incurred by way of deductible in line with the agreed deductible structure.
  - b Subject to Rule 84.3.a, all monies recovered for a Member with Defence cover shall be paid over to the Member, except that the Association may deduct from such monies and retain any amount due to the Association from the Member.

**Rule 85 Discharge**

Payment of a claim by the Association to a manager of the Ship or to any other agent of the Member shall fully discharge the Association's liability to the Member.

**Rule 86 Currency of payments**

- 1 Unless the Association in its sole discretion otherwise decides, the Association shall make all payments for liabilities, losses, costs and expenses covered by the Association in the currency in which the Member's Estimated Total Call is calculated (the "premium currency").
- 2 Where the Member has made a payment in respect of any liability, loss, cost or expense which is covered by the Association in a currency other than the premium currency, that payment shall be converted into the premium currency, or such other currency as the Association in its sole discretion decides, at the rate of exchange ruling on the day payment was made by the Member.
- 3 Where a deductible under Rule 76 is expressed in Appendix V in a currency other than the premium currency, the deductible shall be converted into the premium currency at the rate of exchange ruling on the day payment was made by the Member.
- 4 Where a payment in respect of a liability, loss, cost or expense is due at a fixed time and the Member without valid reason neglects to make payment when due, the Member shall not be entitled to compensation at a higher rate of exchange than that ruling on the day on which payment was due.
- 5 All rates of exchange for the purposes of this Rule 86 shall be as conclusively certified by the Association.

**Rule 87 Payment first by Member**

- 1 Unless the Association shall in its absolute discretion otherwise determine, it is a condition precedent to a Member's right to recover from the Association in respect of any liability, loss, cost or expense that the Member shall first have discharged or paid the same.
- 2 The Association shall not be obliged to compensate a Member for a payment made to a third party unless the Member's liability to make that payment has been determined by:

- a a final judgement or order of a competent court; or
- b a final arbitration award (if settlement of the dispute by arbitration was agreed upon before the dispute arose, or was, with the consent of the Association, agreed upon subsequently); or
- c a final settlement of the dispute approved by the Association.

- 3 Notwithstanding sections 1 and 2 above, where a Member has failed to discharge a legal liability to pay damages or compensation for personal injury, illness or death of a member of the Crew, or in respect of repatriation under any statutory enactment giving effect to the Maritime Labour Convention 2006 as amended or any materially similar enactment, the Association shall discharge or pay such claim on the Member's behalf directly to such member of the Crew or dependent thereof, provided always that;
  - a the member of the Crew or dependent has no enforceable right of recovery against any other party and would otherwise be uncompensated; and
  - b the amount payable by the Association shall under no circumstances exceed the amount which the Member would otherwise have been able to recover from the Association under the Rules and the Member's terms of entry, and
  - c with regard to liability, costs and expenses falling within Rule 27.3 any payment made by the Association shall be made as agent only of the Member, and the Member shall be liable to reimburse the Association for the full amount of such payment.

**Rule 88 Payments and undertakings to third parties**

- 1 The Association shall be under no obligation to provide any guarantee, certificate, bail or other security or undertaking ("security") for or on behalf of a Member, or to pay the costs of such provision.
- 2 The Association may at its discretion provide security or pay the cost of such provision in relation to liabilities within the scope of a Member's cover, and may recover any costs incurred thereby from the Member.



- 3 The Member shall indemnify the Association for any liability the Association may incur to a third party under or in connection with any security issued by the Association for or on behalf of the Member and for any payment made by the Association to a third party for or on behalf of the Member (irrespective of whether that liability was incurred, or that payment was made during or after the period of the Member's insurance by the Association), save to the extent that, had that third party pursued its claims in respect of the relevant liability against the Member rather than against the Association, or had that payment been made by the Member rather than by the Association, the Member would have been entitled to reimbursement pursuant to these Rules.
- 4
  - a Where the Association has issued any guarantee, undertaking or certificate as referred to in Rule 58.2 or Rule 73.2 or other bail or security by which it undertakes to directly meet or guarantee any relevant liabilities (together the "Direct Liabilities") and claims in respect of Direct Liabilities alone or in combination with other claims may in the sole opinion of the Association exceed any limit(s) on the cover provided by the Association as set out in the Rules or in the Certificate of Entry, the Association may in its absolute discretion defer payment of any such other claims or any part thereof until the Direct Liabilities, or such parts of the Direct Liabilities as the Association may in its absolute discretion decide, have been discharged
  - b To the extent that any claims or liabilities (including any Direct Liabilities) discharged by the Association exceed the said limit(s) any payment by the Association in respect thereof shall be by way of loan and the Member shall indemnify the Association promptly upon demand in respect of such payment and shall assign to the Association to the extent and on the terms that the Association determines in its discretion to be practicable, all the rights of the Member under any other insurance and against any third party.

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**Chapter 3      Assignment, law, arbitration and amendments to Rules**


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**Rule 89      Assignment**

- 1 The Member shall not assign or otherwise transfer its rights under its contract of insurance with the Association or otherwise arising pursuant to these Rules, save as provided in Rule 89.2.
- 2 The Association may, in its absolute discretion, consent to an assignment or transfer by of a Member of its rights as referred to in Rule 89.1, subject to such terms and conditions as the Association deems fit and subject to the Association's right to deduct from any sum due or to become due from the Association to any assignee or transferee of the Member's rights such amount as the Association may estimate to be sufficient to discharge any existing or anticipated liability of the Member to the Association.

**Rule 90      Governing law**

The legal relationship between the Association and the Member shall be governed by these Rules and Norwegian law, but the provisions of the Insurance Contracts Act of 16th June 1989 shall not apply unless mandatory.

**Rule 91      Arbitration**

- 1 Unless otherwise agreed, disputes between the Association and a Member or a former Member or any other person arising out of the contract of insurance or these Rules shall be resolved by arbitration. Each party shall nominate one arbitrator and those so nominated shall appoint a Chair of the arbitration tribunal. If the arbitrators cannot agree on a Chair of the arbitration tribunal or a party fails to nominate its arbitrator, the nomination shall be made by the Chief Justice of the Oslo District Court. Reasons shall be given for the award. Arbitration proceedings shall take place in Oslo.
- 2 Any of the issues referred to in paragraph 4.2 of Appendix VI to these Rules on which the Association and a Member cannot agree shall be referred to a panel (the "Panel") constituted and acting pursuant to such terms and conditions as are set out in Appendix VI.

**Rule 92 Amendments to the Rules**

- 1 The Rules may be amended at any time with effect from the beginning of the following Policy Year, and the Association shall, where practicable, give notice of amendments to Members before 20th January.
- 2 If, in the determination of the Association, a substantial alteration of risk occurs, as a result of new legislation or for any other reason, the Association may make such amendments to the Rules as the situation may require, giving (save in the case where the amendment involves only the making available of additional cover to the Member) at least two months' notice of the amendment.
- 3 When war has broken out or, in the determination of the Association threatens to break out, the Association may decide that amendments shall come into force at shorter notice.

**APPENDICES****Appendix I Additional insurances****1 Introduction**

Additional insurances set out in this Appendix shall be subject to the Rules for P&I and Defence cover of Ships and other floating structures ("the Rules") save to the extent to which any of such Rules are inconsistent with the terms and conditions expressly agreed between the Member and the Association.

**2 Excess War Risk Cover**

Unless otherwise specified in the Certificate of Entry, Members with a mutual P&I entry with the Association under these Rules shall be covered for excess P&I war risks in accordance with Section 2 of this Appendix ("Excess War Risk Cover"). The Excess War Risk Cover shall not be available to fixed premium entries.

**2.1 Scope of cover**

- 1 The Excess War Risk Cover covers P&I risks set out in Part II, Chapter 1, of the Rules, caused by war risks as described in Rule 58 which would have been covered under the P&I cover but for the exclusion in Rule 58. The Excess War Risk Cover is subject to all other terms and conditions, including exclusions, in the Rules, and subject always to special terms of entry agreed between the individual Association and the individual Member attached to or included in the Ship's Certificate of Entry.
- 2 The Excess War Risk Cover includes liabilities arising from acts of terrorism as defined in the US Terrorism Risk Insurance Act 2002 as amended. Details about additional premium for such liabilities will be sent out in a separate circular.
- 3 The Excess War Risk Cover is subject to a minimum deductible of USD 50,000 any one event each Ship.

**2.2 Excess**

- 1 The Excess War Risk Cover shall apply, any one event, in excess of the greater of:
  - a the proper value of the Ship determined in accordance with Rule 71.1.a or USD 500 million, whichever is the lesser; or
  - b the amount recoverable under any other policy of insurance, whether war risks or otherwise.

2.3 *Limitation of cover*

- 1 Unless otherwise follows from paragraph 2 or 3 below, the Excess War Risk Cover is limited to USD 500 million any one event each Ship.
- 2 The limit of USD 500 million referred to in paragraph 1 above is replaced with a limit of USD 125 million for a Ship transiting and/or calling within all Russian waters, including Russian coastal waters up to 12 nautical miles offshore, and the waters defined below:
  - a Sea of Azov and Black Sea waters plus inland waters enclosed by the following boundaries
    - i On the west, around Romanian waters, from the Ukraine-Romania border at 45° 10.858'N, 29° 45.929'E to high seas point 45° 11.235'N, 29° 51.140'E
    - ii thence to high seas point 45° 11.474'N, 29° 59.563'E and on to high seas point 45° 5.354'N, 30° 2.408'E
    - iii thence to high seas point 44° 46.625'N, 30° 58.722'E and on to high seas point 44° 44.244'N, 31° 10.497'E
    - iv thence to high seas point 44° 2.877'N, 31° 24.602'E and on to high seas point 43° 27.091'N, 31° 19.954'E
    - v and then east to the Russia-Georgia border at 43° 23.126'N, 40° 0.599'E
  - b All inland waters of Ukraine
  - c Inland waters of Russia within the following areas:
    - i Crimean Peninsula
    - ii River Don, from Sea of Azov to vertical line at 41° E
    - iii River Donets, from River Don to Ukraine border
  - d All inland waters of Belarus south of horizontal line at 52° 30' N
- 3 Where there is more than one Owner's Entry or Charterer's Entry in respect of a Ship entered with the Association or any other P&I association which participates in the reinsurance arrangements of the International Group of P&I Clubs, the aggregate of all claims following an event brought against the Association and/or such other association shall be limited to USD 500 million or, for Ships subject to the limit in paragraph 2 above, USD 125 million. In these circumstances, the limit of liability shall be such proportion of USD 500 million or USD 125 million respectively as the claims recoverable under an Owner's Entry or Charterer's Entry in the Association bear to the aggregate of all the said claims recoverable under all Owner's Entries and Charterer's Entries in respect of that Ship with this or any other association.

2.4 *Notice of Cancellation*

The Excess War Risk Cover may be cancelled by the Association giving 7 days' notice (such cancellation becoming effective on the expiry of 7 days from midnight of the day on which notice of cancellation is issued by the Association). The Association may agree to reinstate cover subject to agreement with the Member prior to the expiry of such notice of cancellation as to new rate of premium and/or conditions and/or warranties.

2.5 *Automatic Termination of Cover*

- 1 Whether or not notice of cancellation has been given, the Excess War Risk Cover shall TERMINATE AUTOMATICALLY
  - a 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;
  - b 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.
- 2 The Excess War Risk Cover shall not become effective if, subsequent to acceptance by the Association and prior to the intended time of attachment of risk, there has occurred any event which would have automatically terminated cover under the provisions of paragraph 1 above.

2.6 *Five Powers War and Nuclear Exclusions*

- 1 The Excess War Risk Cover excludes loss damage liability or expense arising from:
  - a 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;
  - b requisition either for title or use.
- 2 In no case shall this insurance cover liabilities, losses, costs or expenses (irrespective of whether a contributory cause of same being incurred was any neglect on the part of the Member(s) or its servants or agents) when the loss or damage, injury, illness or death or other accident in respect of such liability arises or loss or cost or expense is incurred, was directly or Indirectly caused by or arises from:

- a ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel;
  - b the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof;
  - c any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter.;
  - d the radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter,
- other than liabilities, costs or expenses arising out of carriage of "excepted matter", (as defined in the Nuclear Installations Act 1965 of the United Kingdom or any regulations made thereunder) as cargo in a Ship.

#### 2.7 TOPIA Exclusion

The Excess War Risk Cover shall not provide cover for any losses, liabilities, costs or expenses if the provision of such cover would create a liability for the Member under the TOPIA 2006 to contribute to the IOPC supplementary fund in respect of pollution damage caused by terrorism.

#### 2.8 Chemical, Biological, Bio-Chemical, Electromagnetic Weapons and Computer Virus Exclusion Clause

- 1 In no case shall this insurance cover loss, damage, liability or expense directly or indirectly caused by or contributed to by or arising from:
  - a any chemical, biological, bio-chemical or electromagnetic weapon;
  - b the use or operation, as a means for inflicting harm, of any computer virus.
- 2 Paragraph 1.b above shall not operate to exclude losses (which would otherwise be covered under the terms of this policy) arising from the use of any computer, computer system or computer software programme or any other electronic system in the launch and/or guidance system and/or firing mechanism of any weapon or missile.

#### 2.9 Excluded Areas

At any time or times before, or at the commencement of, or during the currency of any Policy Year, the Association may in its sole discretion determine that any ports, places, countries, zones or areas (whether of land or sea) be excluded from the insurance provided by this Excess War Risk Cover.

Save as otherwise determined by the Association in its sole discretion, this Excess War Risk Cover shall cease in respect of such ports, places, countries, zones or areas at midnight on the seventh day following the issue to the Members of notice of such determination. Unless and to the extent that the Association in its sole discretion otherwise decides, there shall be no recovery from the Association under this Excess War Risk Cover in respect of any liabilities, costs, losses or expenses directly or indirectly caused by or contributed to by or arising out of any event, accident or occurrence within the said area after such date.

#### 3 Bio Chem Risks Cover

Notwithstanding the Chemical, Biological, Bio-Chemical, Electromagnetic Weapons and Computer Virus Exclusion Clause contained in section 2.8 in the Excess War Risk Cover, Members with a mutual P&I entry with the Association under these Rules shall be covered for Bio Chem risks in accordance with Section 3 of this Appendix ("Bio Chem Risks Cover"), unless otherwise specified in the Certificate of Entry. The Bio Chem Risks Cover shall not be available to fixed premium entries.

##### 3.1 Bio-chem and computer virus clause

- 1 Subject to the terms and conditions and exclusions set out herein, cover is extended to include the liability of the Member:
  - a to pay damages, compensation or expenses in consequence of the personal injury to or illness or death of any seafarer (including diversion expenses, repatriation and substitute expense and shipwreck unemployment indemnity),
  - b for the legal costs and expenses incurred solely for the purpose of avoiding or minimising any liability or risk insured by the Association (other than under the Omnibus Rule)
- 2 where such liability would be recoverable under either
  - a cover provided by the Association for such liabilities, costs, losses and expenses as would be covered under the Rules but for the exclusion of war risks in Rule 58; or
  - b any other policy of insurance providing equivalent cover
- 3 save only for the operation of an exclusion of liabilities, costs, losses and expenses directly or indirectly caused by or contributed to by or arising from

- a any chemical, biological, biochemical or electromagnetic weapon
  - b the use or operation, as a means for inflicting harm, of any computer, computer system, computer software programme, malicious code, computer virus or process or any other electronic system,
- 4 other than liabilities, costs, losses and expenses arising from
- a explosives or the methods of the detonation or attachment thereof
  - b the use of the entered Ship or its cargo as a means for inflicting harm, unless such cargo is a chemical or bio-chemical weapon
  - c the use of any computer, computer system or computer software program or any other electronic system in the launch and/or guidance system and/or firing mechanism of any weapon or missile.

### 3.2 *Excluded Areas*

- 1 Unless and to the extent the Association may in their discretion otherwise decide, there shall be no recovery in respect of any liabilities, costs, losses and expenses directly or indirectly caused by or contributed to by or arising out of any event, accident or occurrence within the ports, places, countries, zones or areas or during such period as may be specified from time to time.
- 2 At any time or times before, or at the commencement of, or during the Policy Year, the Association may by notice to the Member change, vary, extend, add to or otherwise alter the ports, places, countries, zones and periods specified in paragraph 1 above from a date and time specified by the Association not being less than 24 hours from midnight on the day the notice is given to the Member.

### 3.3 *Cancellation*

The Bio Chem Risks Cover may by notice to the Member be cancelled by the Association from a date and time specified by the Association, not being less than 24 hours from midnight on the day notice of cancellation is given to the Member.

### 3.4 *Limit of Liability*

- 1 Subject to paragraph 2 below the limit of the liability of the Association under this Bio Chem Risks Cover in respect of all claims shall be in the aggregate USD 30 million each Ship any one accident or occurrence or series thereof arising from any one event.
- 2 In the event that there is more than one entry by any person for cover

against Bio Chem risks as provided herein in respect of the same ship with the Association and/or any other insurer which participates in the Pooling Agreement or General Excess Loss Reinsurance Contract, the aggregate recovery in respect of all liabilities, costs, losses and expenses arising under such entries shall not exceed the amount stipulated in paragraph 1 above and the liability of the Association under each such entry shall be limited to such proportion of that amount as the claims arising under that entry bear to the aggregate of all such claims recoverable from the Association and any such other insurer.

### 3.5 *Deductible*

The deductible shall be the deductible applicable to the relevant cover set out in the Certificate of Entry.

## **Appendix II Charterers' limits including special limit for Consortium Claims**

### 1 **Introduction**

The cover afforded under Charterer's Entries and to charterers co-assured under Owners' Entries as described in Rule 78.4 is limited pursuant to Rule 52 in accordance with this Appendix II.

### 2 **Charterers co-assured under an Owner's Entry**

Cover afforded in respect of charterers co-assured under an Owner's Entry as described in Rule 78.4 is limited each incident or occurrence each entry to whichever is the lesser of the Limitation Amount (if any) and USD 500 million. Any reference in this Appendix II, section 2, to the "Limitation Amount" means the amount to which the registered owner of the Ship could have limited its liability in the respect of the relevant matter had the registered owner of the Ship sought and not been denied the right to limit.

### 3 **Charterers' Entry – all categories of claims**

Subject to the provisions in section 4 below, the cover afforded to all assured under a Charterer's Entry in respect of all liabilities, losses, costs or expenses falling within Part II, chapter 1 of the Rules, is limited each incident or occurrence each entry each Ship to USD 500 million.

#### 4 Oil pollution – salvage

- a** Where the Ship provides salvage or other assistance to another ship following a casualty, a claim by the Member in respect of oil pollution arising out of the salvage, the assistance or the casualty shall be aggregated with any claim or claims for liabilities, losses, costs or expenses incurred in respect of oil pollution by any other ship(s) similarly engaged in connection with the same casualty when such other ship(s) are either:
  - i** insured by the Association in respect of oil pollution under Charterer's Entries; or
  - ii** covered for those risks under Charterer's Entries with any other association which participates in the Pooling Agreement. In such circumstances the limit of liability of the Association shall be such proportion of the sum set out in section (b) below as the claim by the Member bears to the aggregate of all the said claims.
- b** Where a Ship is separately insured under more than one Charterer's Entries with the Association or with the Association and any other association(s) which participate(s) in the Pooling Agreement, the aggregate of all claims for oil pollution brought against the Association and/or such other association(s) following an incident or occurrence shall be limited to USD 500 million. The liability of the Association in respect of each such claim shall be limited to that proportion of USD 500 million that that claim bears to the aggregate of the claims against the Association or the Association and such other association(s), if any.

#### 5 Consortium Claims

##### 5.1 Definitions

For the purpose of this section 5 to Appendix II to the Rules for Ships, the following words and expressions shall have the following meanings:

##### *Consortium Agreement*

any arrangement under which a Member agrees with other parties to the reciprocal exchange or sharing of cargo space on the Ship and Consortium Vessels.

##### *Consortium Claim*

means a claim as described in paragraph 5.2 of this section 5 to Appendix II to the Rules for Ships.

##### *Consortium Vessel*

means a ship, feeder vessel or space thereon, not being the Ship, employed to carry cargo under a Consortium Agreement.

##### 5.2 Consortium Claims

A claim shall be a Consortium Claim where:

- a** it arises under a P&I entry of a Ship; and
- b** it arises out of the carriage of cargo on a Consortium Vessel; and
- c** that the Member and the operator of the Consortium Vessel are parties to a Consortium Agreement; and
- d** at the time cover pursuant to the special provisions in this section 5 initially attaches, the Member employs a ship under an entry with an association which participates in the Pooling Agreement pursuant to that Consortium Agreement.

For the purpose of a Consortium Claim under this Appendix II to the Rules for Ships, the Consortium Vessel shall be treated as a Ship entered on behalf of the Member under a Charterer's Entry in the Association.

### 5.3 *Allocation of Consortium Claims*

Where a Ship under an Owner's Entry and a Ship under a Charterer's Entry are both employed by the Member pursuant to a Consortium Agreement at the time of the event giving rise to the Consortium Claim occurs, the Consortium Claim of the Member shall for the purpose of these Rules be treated as a claim arising in respect of the Owner's Entry of the Member.

### 5.4 *Aggregation*

- a** Where the Member has more than one ship employed pursuant to the Consortium Agreement at the time the event giving rise to a Consortium Claim occurs, all such ships shall be deemed to be an Entry of one Ship.
- b** Where a Member employs one or more ships pursuant to the Consortium Agreement at the time the event giving rise to a Consortium Claim occurs and the Member has an entry in respect of such ships in the Association and another association which is a party to the Pooling Agreement
  - i** each such ship shall be deemed to be a part entry of one ship in the Association and the other association(s) which is a party to the Pooling Agreement, and
  - ii** where the Consortium Claims incurred by the Association and the other association(s) in respect of the Ship arising from that event out of the carriage of cargo on a Consortium Vessel in the aggregate exceed the sum specified in paragraph 5 below, the liability of the Association for such Consortium Claims shall be limited to that proportion of the sum specified in paragraph 5 below that the Consortium Claims recoverable from the Association in respect of each part entry bears to the aggregate of all the Consortium Claims incurred by the Association and any other association which is a party to the Pooling Agreement.

### 5.5 *Limit of insurance*

The cover afforded for a Consortium Claim is limited pursuant to Rule 52 to USD 500 million each incident or occurrence in respect of all ships under any and all P&I entries of a Member in the Association and any other association which is a party to the Pooling Agreement.

## Appendix III Oil pollution

### 1 **Definitions**

Any reference in this Appendix to

- a** the "Limitation Amount" means the amount to which the registered owner of the Ship could have limited its liability in respect of the relevant matter had the registered owner of the Ship sought and not been denied the right to limit;
- b** "oil pollution" includes attempts to reduce or prevent oil pollution;

### 2 **Limit of insurance for Owner's Entries**

- a** The cover afforded for oil pollution for Owner's Entries is limited pursuant to Rule 53.1 in accordance with this paragraph 2.
- b** Cover afforded to a charterer co-assured under an Owner's Entry, as described in Rule 78.4, and for a Consortium Claim as described in Appendix II, section 5, to these Rules, is limited to whichever is the lesser of the Limitation Amount (if any) and USD 500 million each incident or occurrence each Owner's Entry.
- c** The limit of insurance for any and all claims in respect of oil pollution, including claims under paragraph 2(b) above in this Appendix III, is USD 1 billion each incident or occurrence each Owner's Entry, provided that if the total amount of claims against a Member in respect of oil pollution following any one incident or occurrence exceeds USD 1 billion the Association will not be liable to make any payment in respect of the amount by which any such claims exceed USD 1 billion.
- d** Where the Ship provides salvage or other assistance to another ship following a casualty, a claim by the Member in respect of oil pollution arising out of the salvage, the assistance or the casualty shall be aggregated with any claim or claims for liabilities, losses, costs or expenses incurred in respect of oil pollution by any other ships similarly engaged in connection with the same casualty when such other ships are either:

- i insured by the Association in respect of oil pollution under Owner's Entries; or
- ii covered for those risks under Owner's Entries with any other association which participates in the Pooling Agreement.  
In such circumstances the limit of the liability of the Association shall be such proportion of the sum set out in paragraph 2(c) above as the claim by the Member bears to the aggregate of all the said claims.
- e Where the Member and another party or other parties interested in the operation of the Ship are insured under separate Owner's Entries with the Association or with the Association and any other association(s) which participate(s) in the Pooling Agreement, the aggregate of all claims for oil pollution brought against the Association and/or such other association(s) following an accident or occurrence, shall be limited to the sum set out in paragraph 2(c) above. The liability of the Association in respect of each such claim shall be limited to that proportion of the sum set out in paragraph 2(c) above that that claim recoverable from the Association bears to the aggregate of the claims recoverable against the Association or the Association and such other association(s), if any.

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#### Appendix IV Passengers and seafarers

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- 1 For the purposes of this Appendix IV, and without prejudice to anything else contained in these Rules for Ships, 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.
- 2 Unless otherwise limited to a lesser sum, the Association's aggregate liability arising under any one Owner's Entry shall not exceed
  - i in respect of liability to Passengers USD 2,000,000,000 any one event; and
  - ii in respect of liability to Passengers and Seafarers USD 3,000,000,000 any one event.

Provided always that:

Where there is more than one Owner's Entry in respect of the same ship in the Association and/or or by any other association which participates in the Pooling Agreement

- a the aggregate of claims in respect of liability to Passengers recoverable from the Association and/or such other associations shall not exceed USD 2,000,000,000 any one event and the liability of the Association shall be limited to such proportion of that sum as the claim recoverable by such persons from the Association bears to the aggregate of all such claims otherwise recoverable from the Association and from all such associations;
- b the aggregate of all claims in respect of liability to Passengers and Seafarers recoverable from the Association and/or such other associations shall not exceed USD 3,000,000,000 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 USD 2,000,000,000 in accordance with proviso (a) to such proportion of the balance of USD 1,000,000,000 as the claims recoverable by such persons in respect of liability to Seafarers bears to the aggregate of all such claims otherwise recoverable from the Association and all such associations; and



- ii in all other cases, to such proportion of USD 3,000,000,000 as the claims recoverable by such persons in respect of liability to Passengers and Seafarers bears to the aggregate of all such claims claims otherwise recoverable from the Association and all such associations.
- 3 The Association's liability in respect of repatriation pursuant to Rule 27.3 shall be limited to an amount, per Ship per event, equal to the Club retention\* under the Pooling Agreement in the Policy Year the event giving rise to the claim(s) occurred.  
\* In the 2026 Policy Year the Club retention will amount to USD 10 million.
- 4 **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 A2.5.2; and
  - b Liabilities in respect of compensating a seafarer for death or long-term disability in accordance with Regulation 4.2, Standard A4.2.1 paragraph 1(b).
- 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 27.1 and 2; 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 27.1 and 2.
- 3 There shall be no payment under paragraph 1(a) or paragraph 1(b) if and to the extent that the liability, cost or expense is recoverable under any social security scheme or fund, separate insurance or any other similar arrangement.
- 4 The Association shall not discharge or pay any liabilities, costs or expenses under paragraph 1(a) or paragraph 1(b), irrespective of whether a contributory cause of the same being incurred was any neglect on the part of the Member or the Member's servants or agents, where such liabilities, costs or expenses were directly or indirectly caused by or contributed to by or arise from:

- a Any chemical, biological, bio-chemical or electromagnetic weapon
  - b The use or operation, as a means for inflicting harm, of any computer, computer system, computer software programme, computer virus or process or any other electronic system.
- 5 a The Extension may be cancelled in respect of War Risks by the Association on 30 days' notice to the Member (such cancellation becoming effective on the expiry of 30 days from midnight of the day on which notice of cancellation is issued).
- b Whether or not such notice of cancellation has been given the Extension hereunder shall terminate automatically in respect of the War Risks:
  - i Upon the outbreak of war (whether there be a declaration of war or not) between any of the following: United Kingdom, United States of America, France, the Russian Federation, the People's Republic of China;
  - ii In respect of any ship, in connection with which cover is granted hereunder, in the event of such ship being requisitioned either for title or use.
- c The Extension excludes loss, damage, liability or expense arising from:
  - i The outbreak of war (whether there be a declaration of war or not) between any of the following: the UK, the USA, France, The Russian Federation, the People's Republic of China;
  - ii Requisition for title or use.
- 6 The Extension shall be subject to Rules 24.3, 25.4 and 77.2 and 3 and 73 in the Rules for Ships.
- 7 Without prejudice to paragraph 5, cover under the Extension shall cease 30 days after notice of termination in accordance with either Regulation 2.5, Standard 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 Rules 90 and 91.
- 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 58.

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**Appendix V Deductible**


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**1 Introduction**

- a The Association's standard deductibles shall be as set out in this Appendix.
- b For the purposes of this Appendix, the Association shall determine in its absolute discretion under which Rule any particular liability, loss, cost or expense is covered.

**2 P&I entries**

- a The standard deductibles for liabilities, losses, costs and expenses incurred by all the assureds under any one P&I entry are as follows (subject to paragraphs 2.b and c below):
  - i *Crew*  
All liabilities, costs and expenses covered under Rule 27 and arising out of any one event: USD 7,000.
  - ii *Passengers and others carried on board*  
All liabilities, costs and expenses covered under Rules 28 or 29 and arising out of any one event: USD 7,000.

iii *Cargo*

All liabilities, costs and expenses covered under Rule 34 and arising out of any one cargo carrying voyage: USD 19,000.

iv *Pollution*

All liabilities, costs and expenses covered under Rule 38 and arising out of any one event: USD 19,000.

v *Fines*

All liabilities, costs and expenses covered under Rule 47 and arising out of any one event: USD 19,000.

vi *Collision with other ships and damage to fixed or floating objects*

All liabilities, costs and expenses covered under Rule 36.1(a) and Rule 37(a) and arising out of any one event: USD 24,000.

vii *Diversion*

All liabilities, costs and expenses covered under Rule 31 and arising out of any one event: USD 0

viii *Other P & I liabilities, etc.*

All liabilities, losses, costs, and expenses covered under any Rule, other than Rules 27, 28, 29, 31, 34, 36.1.a, 37.a and 47 and arising out of any one event: USD 7,000, save that deductible(s) in relation to liabilities, losses, costs and expenses covered under Rule 32 shall not apply when the Member has incurred the relevant liabilities, losses, costs and expenses due to having persons saved at sea on board.

- b For the purpose of applying a deductible under this paragraph 2 there shall be added to the relevant liabilities, losses, costs and expenses ("the relevant liabilities") as described in sub-paragraph (a) above the amount of any losses, costs and expenses which are covered under any of Rules 44, 45 and 46 and which are incurred in relation to the relevant liabilities.
- c Where it is agreed in the terms of P&I entry that a separate deductible shall apply in respect of a particular category (but not all) of the liabilities, losses, costs or expenses referred to in any of paragraphs 2.a.i to 2.a.vii above, that separate deductible shall apply to all liabilities, losses, costs or expenses within that category and the standard deductible shall apply to all other liabilities, losses, costs or expenses covered under the same Rule or Rules and arising out of the same event or cargo carrying voyage.

### 3 Defence entries

- a The standard deductible for all legal and other costs covered under Rules 65 and 66 and incurred by all the assured under any one Defence entry and arising out of any one event shall be 25 per cent of the legal and other costs, subject to a minimum deductible of USD 5,000.
- b The Association shall determine in its absolute discretion in respect of the Defence cover whether legal and other costs and expenses have arisen out of one or several events, irrespective of whether one or several Ships are involved.

## Appendix VI Rules on Overspill Claims and Overspill Calls and related matters

### 1 Interpretation

- 1.1 In this Appendix the following words and expressions shall have the following meanings:

#### Convention Limit

In respect of a ship, the limit of liability of the shipowner 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 when a ship is entered for a proportion (the "relevant proportion") of its tonnage only, the Convention Limit shall be the relevant proportion of the limit of liability calculated and converted as aforesaid, and
- b each ship shall be deemed to be a seagoing ship to which the Convention applies, notwithstanding any provision in the Convention to the contrary.

#### Group Reinsurance Limit

the amount of the smallest claim (other than any claim arising in respect of oil pollution) incurred by the Association or any other party to the Pooling Agreement which would exhaust the largest limit for any type of claim (other than any claim arising in respect of oil pollution) from time to time imposed in the Group Excess Loss Policies.

*Overspill Call*

a call levied by the Association pursuant to paragraph 5 for the purpose of providing funds to pay part of an Overspill Claim.

*Overspill Claim*

that part (if any) of a claim (other than a claim arising 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 incident or occurrence giving rise to the Overspill Claim in respect of which the Overspill Call is made, or if the Policy Year in which such incident or occurrence has been closed in accordance with the provisions of paragraphs 6.1 and 6.2, noon GMT on 20 August of the Policy Year in respect of which the Association makes a declaration under paragraph 6.3.

- 1.2 All claims incurred by the Association or any other party to the Pooling Agreement under the entry of any one ship arising directly from any one incident or occurrence including any claim in respect of liability for the removal or non-removal of any wreck shall be treated for the purposes of this Appendix VI as if they were one claim.
- 1.3 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.

**2 Recoverability of Overspill Claims**

- 2.1 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
- a** 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
  - b** 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 under the terms of the Pooling Agreement.
- 2.2 The aggregate amount referred to in paragraph 2.1 shall be reduced to the extent that the Association can evidence
- a** that costs have been properly incurred by it in collecting or seeking to collect
    - i Overspill Call levied to provide funds to pay that part of the Overspill Claim referred to in paragraph 2.1(a) or,
    - ii the amount referred to in paragraph 2.1(b) or
  - b** that it is unable to collect an amount equal to that part of the Overspill Claim referred to in paragraph 2.1 sub-paragraph (a) 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 change in circumstances such amounts subsequently become economically recoverable, the aggregate amount referred to in paragraph 2.1 shall be reinstated to that extent.
- 2.3 In evidencing the matters referred to in paragraph 2.2 sub-paragraph (b) the Association shall be required to show that
- a** it has levied Overspill Calls on all of its Members in respect of the Overspill Claim referred to in paragraph 2.1. on all Members entered in the Association on the Overspill Claim Date in accordance with and in the maximum amount permitted under paragraph 5, and
  - b** it has levied those Overspill Calls in a timely manner, has not released or otherwise waived a Member's obligation to pay those Calls and has taken all reasonable steps to recover those Calls.

### 3 Payment of Overspill Claims

- 3.1 The funds required to pay any Overspill Claim incurred by the Association shall be provided
- a from such sums as the Association is able to recover from the other parties to the Pooling Agreement as their contribution to the Overspill Claim, and
  - b 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 the Overspill Claims, and
  - c from such proportion as the Association in its discretion determines of any sums standing to the credit of the reserves as the Association may in its discretion have established, and
  - d by levying one or more Overspill Calls in accordance with paragraph 5, irrespective of whether the Association has sought to recover or has recovered all or any of the sums referred to in paragraph 3.1 sub-paragraph (b), but provided the Association shall first have made a determination in accordance with paragraph 3.1 sub-paragraph (c), and
  - e from any interest accruing to the Association on any funds provided as aforesaid.
- 3.2 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 paragraph 3.1 sub-paragraphs (b) – (e).
- 3.3 To the extent that the Association intends to provide funds required to pay any Overspill Claim incurred by it in the manner specified in paragraph 3.1 sub-paragraph (d), 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, in seeking to collect such funds, it has taken the steps referred to in paragraph 2.3 sub-paragraph (a) and (b).

### 4 Overspill Claims – expert determinations

- 4.1 Any of the issues referred to in paragraph 4.2 on which the Association and a Member cannot agree shall be referred to a panel (the Panel) constituted in accordance with the arrangements established in the Pooling Agreement, which, acting as a body of experts and not as an arbitration tribunal, shall determine the issue.
- 4.2 This paragraph 4 shall apply to any issue of whether, for the purpose of applying any of the provisions in paragraphs 2.2, 2.3 and 3.3 in relation to any Overspill Claim (the “relevant Overspill Claim”),
- a costs have been properly incurred in collecting or seeking to collect Overspill Claims,
  - b any Overspill Call or part thereof is economically recoverable, or
  - c in seeking to collect the funds referred to in paragraph 3.3, the Association has taken the steps referred to in that paragraph 3.3.
- 4.3 If the Panel has not been constituted at a time when the Member wishes to refer an issue to it, the Association shall, on request by the Member, give a direction for the constitution of the Panel as required under the Pooling Agreement.
- 4.4 The Association may (and, on the direction of the Member, shall) give such direction as is required under the Pooling Agreement for the formal instruction of the Panel to investigate any issue and to give its determination as soon as reasonably practicable.
- 4.5 The Panel shall in its discretion decide what information, documents, evidence and submissions it requires in order to determine an issue and how to obtain these, and the Association and the Member shall co-operate fully with the Panel.

- 4.6 In determining any issue referred to it under this paragraph 4 the Panel shall endeavour to follow the same procedure as it follows in determining issues arising in respect of the relevant Overspill Claim which are referred to it under the Pooling Agreement.
- 4.7 In determining an issue the members of the Panel
- a** shall rely on their own knowledge and expertise, and
  - b** may rely on any information documents evidence or submission provided to it by the Association or the Member as the Panel sees fit.
- 4.8 If the three members of the Panel cannot agree on any matter, the view of the majority shall prevail.
- 4.9 The Panel shall not be required to give reasons for any determination.
- 4.10 The Panel's determination shall be final and binding upon the Association and the Member (subject only to paragraph 4.11) and there shall be no right of appeal from such determination.
- 4.11 If the Panel makes a determination on an issue referred to in paragraph 4.2 sub-paragraphs (b) or (c) the Association or the Member may refer the issue back to the Panel, notwithstanding paragraph 4.10, if it considers that the position has materially changed since the Panel made its determination.
- 4.12 The costs of the Panel shall be paid by the Association.
- 4.13 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 this paragraph 4 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 paragraph 2.2 sub-paragraph (a).

## **5 Levying of Overspill Calls**

- 5.1 If
- a** the Association 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
  - b** the Association shall have made a declaration under paragraphs 6.1 or 6.3 that a Policy Year shall remain open for the purpose of levying an Overspill Call or Calls in respect of that Overspill Claim,
- the Association in its 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 5.2.
- 5.2 The Association shall levy any such Overspill Call
- a** on all Members 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 Association has made a declaration under paragraph 6.3, any such ship may not have been entered in the Association at the time the relevant incident or occurrence occurred, and
  - b** at such percentage of the Convention Limit of each such ship as the Association in its discretion shall decide.
- 5.3 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.
- 5.4 The Association shall not levy on any Member in respect of the entry of any 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.
- 5.5 If at any time after the levying of an Overspill Call upon the Members entered in the Association in any Policy Year, it shall appear to the Association 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 Association may decide to dispose of any excess which in the

opinion of the Association is not so required in one or both of the following ways:

- a** by transferring the excess or any part thereof to the reserve in accordance with Rule 19 in the Rules for Ships; or
- b** by returning the excess or any part thereof to those Members who have paid that Overspill Call or Calls in proportion to the payments made by them.

#### **6 Closing of Policy Years for Overspill Calls**

6.1 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 incident or occurrence has occurred in the relevant Policy Year which has given or at any time may give rise to an Overspill Claim, the Association 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 Association shall determine.

6.2 If at the expiry of the period of thirty-six months provided for in paragraph 6.1, 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.

6.3 If at any time after a Policy Year has been closed in accordance with the provisions of paragraphs 6.1 and 6.2, it appears to the Association that an incident or occurrence which occurred during such closed Policy Year may then or at any time in the future give rise to an Overspill Claim,

the Association shall as soon as practicable declare that the earliest subsequent open Policy Year (not being a Policy Year in respect of which the Association has already made a declaration in accordance with paragraphs 6.1 or 6.3) 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 Association shall determine.

6.4 A Policy Year shall not be closed for the purpose of levying Overspill Calls save in accordance with this paragraph 6.

#### **7 Security for Overspill Calls on termination or cessor**

7.1 If

- a** the Association makes a declaration in accordance with paragraphs 6.1 or 6.3 that a Policy Year shall remain open for the purpose of levying an Overspill Call or Calls, and
- b** a Member who is liable to pay any such Overspill Call or Calls as may be levied by the Association in accordance with paragraph 5 ceases or has ceased to be insured by the Association for any reason, or the Association determines that the insurance of any such Member cease, the Association may require such Member to provide to the Association by such date as the Association may determine (the "due date") a guarantee or other security in respect of the Member's estimated future liability for such Overspill Call or Calls, such guarantee or other security to be in such form and amount (the "guarantee amount") and upon such terms as the Association in its discretion may deem to be appropriate in the circumstances.

7.2 Unless and until such guarantee or other security as is required by the Association has been provided by the Member, the Member shall not be entitled to recovery from the Association of any claims whatsoever and whensoever arising in respect of any and all ships entered in the Association for any Policy Year by the Member or on its behalf.

- 7.3 If such guarantee or other security is not provided by the Member to the Association by the due date, a sum equal to the guarantee amount shall be due and payable by the Member to the Association on the due date and shall be retained by the Association as a security deposit on such terms as the Association in its discretion may deem to be appropriate in the circumstances.
- 7.4 The provision of a guarantee or other security as required by the Association (including a payment in accordance with paragraph 7.3) shall in no way restrict or limit the Member's liability to pay such Overspill Call or Calls as may be levied by the Association in accordance with paragraph 5.

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#### Appendix VII Particular clauses

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The "New Jason Clause" and the "Both to Blame Collision Clause" are recommended inserted in all charterparties, Bills of Lading, waybills and other contracts containing or evidencing the contract of carriage used in international trade.



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