



SHIPOWNERS

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TO ALL MEMBERS

29th November 2017

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of The Shipowners' Mutual Protection and Indemnity Association (Luxembourg) will be held on Thursday 11th January 2018 at 11.45 hours at The Shipowners' Mutual Protection and Indemnity Association (Luxembourg), 16, Rue Notre-Dame, L-2240 Luxembourg, for the purpose of considering and if thought fit, passing the following as a SPECIAL RESOLUTION.

SPECIAL RESOLUTION

THAT the Rules be amended as set out hereafter, the amendments to be effective as from 20th February, 2018.

The proposed amendments to the Rules, with explanations, follow overleaf on pages 1 to 37.

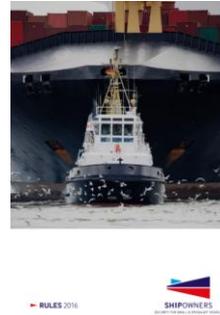
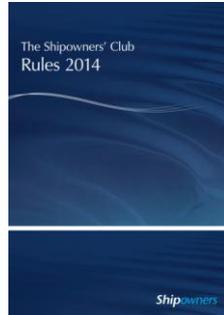
By order of the Board

Pascal Herrmann

General Manager

Note: A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and on a poll to vote instead of him/her. A proxy need not be a Member of the Association. The proxy must be in the form published on our website and signed by the appointing member or its legal representative(s).

PROPOSED AMENDMENTS TO THE RULES 2018



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Proposed Amendments to the Rules 2018

Part 1 – INTRODUCTORY



RULE 1 BASIS OF COVER

7 The cover afforded by the Association under Rules 2, 3, 4 and 6 is conditional on payment of calls or premiums in accordance with Rules ~~50-55, 49 to 54~~ unless otherwise agreed by the Managers in writing.

EXPLANATION

This amendment is necessary and in line with Rule changes which have affected numbering.

Proposed Amendments to the Rules 2018

Part 2 – P&I RISKS COVERED



RULE 2 STANDARD COVER

1

B Repatriation and substitutes' expenses

- i The expense of repatriating a seafarer of the insured vessel who has been ill or injured or has died or whose repatriation has been necessitated by a casualty to the insured vessel.

- ii The expense of sending out and repatriating a spouse, child or, in the case of a single seafarer, parent of a seafarer who has died or is dangerously ill when the presence of such spouse, child or parent is essential.

- iii The expense of repatriating a seafarer who has been left ashore when there is a statutory obligation to do so, other than an obligation under the Maritime Labour Convention 2006.

- iv The expense of substituting a seafarer who has been ill, injured or has died.

- iv The expense of substituting a seafarer who has been left ashore or been repatriated as a result of illness, injury or pursuant to a statutory obligation other than an obligation under the Maritime Labour Convention 2006.

EXPLANATION

This Rule change reflects the reality of our claims handling when dealing with the death, serious injury or illness of a seafarer.



RULE 2 SECTION 10 TOWAGE

Liabilities arising out of towage of an insured vessel provided that there shall be no right of recovery from the Association for liabilities arising out of a contract for towage of an insured vessel except as set out at paragraphs A and B of this section.

A Customary towage of an insured vessel

Liability under the terms of a contract for the customary towage of an insured vessel, that is to say:

- i towage for the purpose of entering or leaving port or manoeuvring within the port during the ordinary course of trading; or
- ii towage of such insured vessels as are habitually towed in the ordinary course of trading from port to port or from place to place.

B Towage of an insured vessel other than customary towage

Liability under the terms of a contract for towage of an insured vessel other than the customary towage covered under paragraph A of this Section but only if and to the extent that cover has been agreed by the Managers in writing.

Liabilities arising out of towage by an insured vessel as set out at paragraphs C, D and E of this section.

C Towage by an insured vessel

Liability arising out of towage of another vessel or object by an insured vessel.

~~Provided~~ Except that

Liability for loss of or damage to or wreck removal of the towed vessel or object or any cargo or property thereon (together with costs and expenses associated therewith) is excluded unless:

- i such towage was necessary for the purpose of saving life or property at sea, or

- ii the insured vessel is towing under an approved contract, or
- iii cover has otherwise been agreed by the Managers in writing.

EXPLANATION

The amendment to Rule 2 Section 10 A makes clear that liability arising out of towage of an insured vessel is covered, absent a towage contract. The Pooling Agreement provides for the exclusion of liabilities arising under a contract for the towage of an insured vessel unless certain conditions are met. Rule 10, Sections A and B, mirror the provisions of the Pooling Agreement in this regard.

By the addition of the words 'except that' and 'together with costs and expenses associated therewith' to Rule 2 Section 10 C, we ensure that our Rules closely follow the Pooling Agreement by clarifying the exclusion with respect to towage by an insured vessel.

In summary, these changes to Rule 10 brings Club cover into line with the Pooling Agreement by i) allowing for liabilities arising from towage of an insured vessel in the absence of a contract, thereby ensuring that cover is not unnecessarily restricted; and ii) by clarifying the exclusion with respect to towage by an insured vessel.

Proposed Amendments to the Rules 2018



Part 2 – P&I RISKS COVERED

RULE 2 SECTION 14E Provisos CARGO LIABILITIES

ix **Paperless trading**

~~Unless special cover has been agreed in writing by the Managers,~~ There shall be no recovery from the Association for any liability, cost or expense arising out of or in consequence of: ~~a Member's use of an electronic trading system, other than an electronic trading system approved by the Managers in writing, to the extent that such liabilities, losses, costs or expenses would not (unless in the discretion of the Board) have arisen under a paper trading system.~~

For the purpose of this paragraph,

a ~~Member's participation in or use of any system or contractual arrangement the predominant purpose of which is to replace paper-based documentation in shipping and/or international trade with electronic messages, including without limitation, the Bolero system (any such system or arrangement being referred to in this proviso as a 'paperless system');~~ or an electronic trading system is any system which replaces or is intended to replace paper documents used for the sale of goods and/or their carriage by sea or partly by sea and other means of transport and which:

- i are documents of title; or
- ii entitle the holder to delivery or possession of the goods referred to in such documents, or
- iii evidence a contract of carriage under which the rights and obligations of either of the contracting parties may be transferred to a third party

b ~~a document which is created or transmitted under a paperless system which document contains or evidences a contract of carriage;~~ or a 'document' shall mean anything in which information of any description is recorded including, but not limited to, computer or other electronically generated information.

e ~~the carriage of goods pursuant to such a contract or carriage.~~

Provided that

The Board may in its discretion pay a proportion or the whole of any such liability, cost or expense in so far as it determines that it would have arisen and would have been within the cover provided by the Association if the Member had not participated in or used a paperless system and any contract of carriage had been contained in or evidenced by a paper document.

EXPLANATION

This Proviso to Club cover for cargo *currently* provides that, unless special cover has been agreed by the Managers in writing, there shall be no right of recovery from the Club for any losses arising from the use of an electronic trading system. It is in the discretion of the Board to pay a proportion or the whole of any liability if the Board in its discretion determines that such loss would, in any event, have arisen if the Member had not participated in an electronic trading system.

This Rule change aims to broaden the cover in line with the Pooling Agreement so as to allow losses arising under an electronic trading system, even though they would not have arisen under a paper trading system, provided always that the electronic trading system in question is approved by the Managers in writing (There is a list of International Group approved electronic trading systems available at the International Group Secretariat). Any losses arising under an unapproved electronic trading system which would not otherwise have arisen under a paper trading system may be approved only in the discretion of the Board.

Proposed Amendments to the Rules 2018

Part 3 – LEGAL COSTS COVER



RULE 6 LEGAL COSTS COVER

- 1** The Managers may accept the entry of a vessel for Legal Costs Cover as provided in this Rule 6, but no such cover shall be afforded to a Member without the agreement of the Managers in writing.
- 2** Subject to paragraphs 6, 7, 8 and 9 of this Rule 6 and to Rule 21C, Legal Costs Cover is in respect of “Legal Costs”, which for the purpose of this Rule means as follows:
 - A** the costs and expenses incurred in obtaining advice in connection with any ~~of the~~ claims, disputes or proceedings **which have arisen during the period that a vessel has been entered with the Association for Legal Costs Cover and that are as** described in paragraph 3 of this Rule;
 - B** the costs and expenses of or incidental to such claims, disputes or proceedings including costs which the Member may become liable to pay to any other party to such claims, disputes or proceedings.
- 3** The Legal Costs Cover afforded by the Association shall apply to claims, disputes or proceedings:
 - i** under any charterparty, bill of lading, contract of affreightment or other contract, including, but not limited to claims and disputes concerning hire, off-hire, set-off, freight, deadfreight, laytime, demurrage and/or damages for detention, despatch, speed, performance and description of a vessel, port safety and orders to an insured vessel;
 - ii** under any charterparty, bill of lading, contract of affreightment or other contract, the exercise or assertion of any rights arising thereunder or generally, including but not limited to the right of withdrawal, exercise of lien, and claims arising therefrom;
 - iii** in respect of the cancellation of a charterparty or other contract;
 - iv** in respect of the loss of, damage to or detention of an insured vessel;

v-xvi

Provided that

For the purpose of this Part 3, claims disputes or proceedings are deemed to have arisen:

- i when arising out of contract (other than a building, purchase or sale agreement), in tort or under statute, when the cause of action accrues;
- ii ~~Claims arising~~ in connection with the building, purchase or sale of a vessel ~~at shall fall within the cover provided by the Association only if an entry has been made with effect from~~ the date of the relevant ship building contract or the contract for the purchase or sale of the insured vessel or such date as may be agreed by the Managers in writing;-
- iii in claims for salvage or towage services, when the agreement for the services was concluded, or the services were concluded, whichever is the earlier.

4-7

8 ~~With reference to Rule 24 paragraph 2, any~~ Subject always to Rule 24 right of recovery under ~~this~~ Rule 6, Section 3 iv shall be ~~assessed on the basis that any franchise, deductible or deduction in the hull policies shall be deemed not to exceed 25% of the vessel's insured value.~~ allowed only to the extent that the amount is:

- i not covered by the vessel's hull policy; or
- iii if, covered under the vessel's hull policy, the amount is below the deductible in the policy and such deductible shall be deemed not to exceed twenty five percent of the vessel's insured value.

EXPLANATION

This Rule change aims to clarify two aspects of the LCC cover. Firstly, the time period during which a vessel must have been entered with the Club in order for the LCC cover to respond.

Secondly, this rule change aims to assist Members only where full and proper hull cover is in place but the claim falls squarely within Member's hull deductible. LCC cover is for legal disputes and should not be a Member's first alternative for a property damage claim which is (or ought properly to be) covered by hull insurers.

Proposed Amendments to the Rules 2018

Part 4 – CLAIMS PROCEDURES



RULE 9 TIME BAR

- 1 Without prejudice to the duty of prompt notification contained in Rule 8, if a Member:
 - i fails to notify the Managers of any event or matter referred to in Rule 8 within one year after he has knowledge of it (or in the opinion of the Board ought to have known of it), or
 - ii fails to submit a claim to the Managers for reimbursement of any loss, damage, liabilities, cost or expenses within one year after discharging the same, the Member's claim against the Association shall be extinguished and the Association shall be under no further liability in respect of such claim, unless and to the extent that the Board in its discretion otherwise decides.
- 2 Without prejudice to paragraph (1) of this Rule, unless and to the extent that the Board in its discretion otherwise decides, no claim shall in any event be recoverable from the Association unless written notice of it has been given to the Managers within three years from the time of the casualty or other event or matter giving rise to the claim.

RULE ~~9~~10 ADMISSION OF LIABILITY

RULE ~~10~~11 EFFECT OF BREACHES OF OBLIGATIONS IN RULES 7, 8, 9 AND ~~10~~9

RULE ~~11~~12 APPOINTMENT OF LAWYERS AND OTHER PERSONS

RULE ~~12~~13 BASIS OF APPOINTMENT

RULE ~~13~~14 POWERS OF THE MANAGERS RELATING TO THE HANDLING AND SETTLEMENT OF CLAIMS

RULE ~~14~~15 BAIL

EXPLANATION

We have encountered a number of difficulties with claims submitted by Members a long time after they knew or ought reasonably to have known of the events giving rise to the claim. This new Rule is in line with the approach taken by a number of other Clubs. The aim is to protect the Club where the Member has failed to notify and/or submit a claim within a reasonable period and helps provide a degree financial certainty from policy year to policy year.

Proposed Amendments to the Rules 2018

Part 5 – LIMITATIONS AND EXCLUSIONS



RULE 21E LIMIT OF THE ASSOCIATION'S LIABILITY TO CHARTERERS

In relation to vessels insured by or on behalf of a Member who is a charterer, other than a bareboat charterer, [or by or on behalf of a charterer insured as a joint Member or as a Co-assured on a Member's or joint Member's entry](#), the Association's liability to such Member in respect of all claims shall be limited to US\$ 350 million each accident or occurrence. In the event that more than one charterer, other than a bareboat charterer, is insured in respect of the same vessel by the Association or by any other Association which participates in the Pooling Agreement and the Group excess reinsurance policy, the aggregate recovery in respect of all claims brought by all such charterers arising out of any one accident or occurrence shall not exceed the sum of US\$ 350 million, and the liability of the Association to each charterer covered by the Association shall be limited to such proportion of US\$ 350 million as the claim of such charterer bears to the aggregate of all such claims recoverable from the Association and any other such Association.

EXPLANATION

This Rule change reinforces the application of the US\$ 350 million to all charterers whether insured as joint Member or Co-assured, both on charterers' and owners' entries.



RULE 25 LIABILITY EXCLUDED FOR WAR, ~~BIO-CHEM AND COMPUTER VIRUS~~ RISKS

There shall be no right of recovery from the Association in respect of any liabilities or expenses, whether or not a contributory cause of their being incurred was any neglect on the part of the Member or the Member's servant or agents, when the incident giving rise to the liability or expenses was caused by the following:

- 1 War, civil war, revolution, rebellion, insurrection or civil strife arising therefrom, or any hostile act by or against a belligerent power or by any act of terrorism.
- 2 Capture, seizure, arrest, restraint or detainment (barratry or piracy excepted) and the consequences thereof or any attempt thereat.
- 3 Mines, torpedoes, bombs, rockets, shells, explosives or similar weapons of war (save for those liabilities or expenses which arise solely by reason of the transport of such weapons whether on board the insured vessel or not), provided that this exclusion shall not apply to the use of such weapons, either as a result of government order or through compliance with a written direction given by the Managers or the Board, where the reason for such use is the avoidance or mitigation of liabilities, costs or expenses which would otherwise fall within the cover given by the Association.
- 4 ~~Any chemical, biological, bio-chemical or electromagnetic weapon.~~
- 5 ~~The use or operation, as a means of inflicting harm, of any computer, computer system, computer software programme, malicious code, computer virus or process or any other electronic system.~~

Provided that

- i A Member shall be covered in respect of the risks set out in Rule 2 which would otherwise not be covered by reason of this Rule 25 but only excess of the greater of US\$ 50,000 or the proper value of the entered vessel not exceeding US\$ 100 million on the terms set out and annexed to these Rules. ~~The Board may resolve that special cover be provided to the Members against any or all of the risks set out in Rule 2, notwithstanding that those liabilities, costs or expenses would otherwise be excluded by this Rule and that such special cover should be limited to such sum or sums and be subject to such terms and conditions as the Board may from time to time determine.~~
- ii The exclusion in Rule 25 and Rule 26 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 a guarantee, undertaking or certificate issued by the Club in accordance with, or pursuant to, any other law, regulation or international convention coming into force during the current Policy Year. Where any such guarantee, undertaking or certificate is provided by the Club on behalf of the owner as guarantor or otherwise, the owner agrees that:

- a any payment by the Club under any guarantee, undertaking or certificate above, in discharge of the said liabilities, costs and expenses shall, to the extent of any amount recovered under any other policy of insurance or extension to the cover provided by the Association, be by way of loan; and
- b there shall be assigned to the Club, to the extent and on the terms that the Managers determine in their discretion to be practicable, all the rights of the owner under any such other insurance and against any third party; and
- c unless the Managers shall otherwise determine, the owner shall indemnify the Club to the extent that any payment under any guarantee, undertaking or certificate referred to above, in discharge of the said liabilities, costs and expenses is or would have been recoverable under a standard P&I War Risk policy of insurance, had the owner complied with all the terms and conditions thereof, under which the vessel shall be deemed to be insured without deductible for its full value.

EXPLANATION

Under the Pooling Agreement there is a requirement to exclude war risks. Hence these war risk exclusions are set out at Rules 25 (1)-(3). However, our Rule 25 (4)-(5) narrows the scope of poolable cover further than envisaged by the Pooling Agreement, by excluding all P&I claims caused by chemical/bio-chemical and computer virus incidents. The above deletion of Rule 25 (4)-(5) ensures our P&I cover is as wide as permitted by the Pooling Agreement, thereby bringing us into line with all other IG Clubs.

Whereas the Pooling Agreement specifically excludes war risks, all International Group Members have the benefit of excess war cover purchased by the Group. The change at proviso i) to Rule 25 allows us to provide cover in the Rules for these excess war risks (including a biochemical buy back up to US\$ 30 million), rather than requiring our Members to opt in for it. In order to streamline the underwriting process, we have removed the need to add lengthy clauses to the certificates of entry and, instead, housed them in a separate addendum to the Rules.

The proviso at Rule 25 now ensures that nuclear certificated risks are fully captured.



RULE 32 **LIABILITIES EXCLUDED IF UNRECOVERABLE FROM REINSURERS ~~AS A CONSEQUENCE OF SANCTIONS, PROHIBITIONS OR RESTRICTIONS UNDER UN RESOLUTIONS OR TRADE OR ECONOMIC SANCTIONS, LAWS OR REGULATIONS OF THE EUROPEAN UNION, UK OR UNITED STATES OF AMERICA~~**

Sanctions, Prohibitions or Restrictions

There shall be no right of recovery of any claim from the Association for 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 restrictions under UN Resolutions or trade or economic sanctions, laws or regulations of the European Union, UK or United States of America or the risk thereof if payment were to be made by such party or reinsurer. For the purposes of this Rule, '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.

Special Cover

Where special cover has been agreed by the Managers in writing in accordance with Rule 3 then there shall be no right of recovery of any claim from the Association for that part of any liabilities, costs or expenses which is not recovered by the Association from any reinsurer.

EXPLANATION

In line with the position taken by all other International Group Clubs, some years ago we introduced the first limb of Rule 32 'Sanctions, Prohibitions or Restrictions' to protect the Club against reinsurance shortfalls from reinsurers in respect of any claim by reason of sanctions.

This new second limb to Rule 32, 'Special Cover', is intended to provide a further layer of protection against reinsurance shortfalls in respect only of claims arising under special cover.



RULE 35 SURVEY OF VESSELS AFTER LAY-UP

- 1 If an insured vessel has been laid-up for a period of six months or more, whether the vessel has been entered in the Association for all or part of the period of lay-up and whether or not laid-up returns have been claimed or paid in accordance with Rule 56 the Member shall give the Managers notice that the vessel is to be recommissioned not less than seven days before the vessel leaves the place of lay-up.
- 2 Upon receipt of such notice the Managers in their discretion may appoint, **at the Member's cost**, a surveyor or such person as they may think fit to inspect the vessel on behalf of the Association, and the Member shall afford such facilities as may be required for such inspection.

EXPLANATION

This Rule change describes more accurately the current Loss Prevention procedure, which is to appoint a surveyor to inspect a vessel after lay-up at Managers' discretion and Member's cost.

Proposed Amendments to the Rules 2018

Part 6 – ENTRY FOR AND CESSER OF INSURANCE



RULE 41 JOINT ENTRIES AND CO-ASSURED

- 1** If any entry of an insured vessel is made in the names of or on behalf of more persons than one whether jointly or separately interested (such persons being hereinafter referred to as 'joint Member' or 'joint Members' as the case may be) the terms upon which each joint Member shall be entitled to rights of recovery from the Association and upon which the Association shall be entitled to calls from the joint Members shall be agreed by the Managers in writing.

 - a The Managers shall not be bound to issue more than one Certificate of Insurance in respect of each insured vessel or more than one endorsement slip and delivery of such Certificate of Insurance or endorsement slip, as the case may be, to one of several jointly insured Members shall be sufficient delivery to each and all of such persons.
 - b The joint Members and each of them shall be jointly and severally liable to pay all calls, **premiums** and other sums due to the Association in respect of such entry and the receipt of any one of such joint Members for any sums payable by the Association in respect of such entry shall be a sufficient discharge of the Association for the same.

- 2** The Managers may accept an application from a Member or joint Member for another person or persons to become Co-assureds in respect of that Member's or joint Member's entry **as follows**:

 - a A charterer which is affiliated to or associated with the Member or joint Member provided such charterer shall only be covered for the risks, liabilities, costs and expenses for which the Member or joint Member has cover. For the purpose of this Rule a charterer shall only be affiliated to or associated with the Member or joint Member if:

 - i both the Member or a joint Member and the charterer have the same parent; or
 - ii one of the Member or joint Member or the charterer is the parent of the other

and a parent is a company which owns at least 50% of the shares in and voting rights of another or owns a minority of the shares in the other and the ability to procure that it is managed and operated in accordance with its wishes
 - b A charterer (including contractor) of the Member or joint Member for the provision of services by or to the insured vessel, provided that:

- i the contract has been approved by the Association; and
 - ii the contract is on Knock for Knock terms; and
 - iii the Co-assured shall only be covered for liabilities, costs and expenses which are to be borne by the Member or joint Member under the terms of the contract and would, if borne by the Member or joint Member, be recoverable by that Member or joint Member from the Association.
- c Other persons provided that:
- i such persons have not contracted with the Member or joint Member on Knock for Knock terms; and
 - ii the Managers have agreed in writing to provide to the Member or joint Member an extension to cover for liabilities that would otherwise be excluded by these Rules; and
 - iii such persons shall only be covered for such liabilities costs and expenses which are recoverable by the Member or joint Member from the Association under the terms of the extension to cover agreed by the Managers in writing.
- ad Other persons provided that ~~the liability of the Association to such persons a Co-assured only extends insofar as he may be found liable to pay in the first instance for liabilities which are properly the responsibility of the Member or joint Member which, if the Member or joint Member has entered into a contract with the co-assured, means those liabilities which are to be borne by the Member or joint Member under such contract and nothing in this Rule shall be construed as extending cover in respect of any amount which would not have been recoverable from the Association by the Member or joint Member had a claim in respect of such loss or damage be made or enforced against him.~~ loss or damage which is properly the responsibility of the Member or Joint Member insured under the same entry and nothing herein contained shall be construed as extending cover in respect of any amount which would not have been recoverable from the Association by the Member or joint Member insured under the same entry had the claim in respect of such loss or damage been made or enforced against him. Once the Association has made indemnification under such cover it shall not be under any further liability and shall not make any further payment to any person or company whatsoever, including the Member or joint Member insured under the same entry in respect of that loss or damage.
- be ~~Once the Association has indemnified a Co-assured it shall not be under any further liability to any person in respect of that claim.~~ Other persons provided that such persons are associated with or affiliated to a Member or joint Member insured under the same Certificate of Entry provided that:

- i such person is not specifically named in the Certificate of Entry; and

- ii should a claim in respect whereof a Member or joint Member named in this Certificate of Entry is insured by the Association be made or enforced through a person or company affiliated or associated with such Member or joint Member, the Association shall if so requested by the Member or joint Member indemnify such person or company against any loss which as a consequence thereof such person or company shall have incurred in that capacity provided always that nothing herein contained shall be construed as extending to any amount which would not have been recoverable from the Association by the Member or joint Member had such claim been made or enforced against him. Once the Association has made such indemnification it shall not be under any further liability and shall not make any further payment to any person or company whatsoever, including the Member or joint Member, in respect of the loss or damage in respect of which the claim was brought.

Provided that

Conduct of any one of the parties insured pursuant to this Rule 41 2 which is sufficient to bar that insured's rights under that insured's cover with the Association shall bar the rights of recovery of all the said insured.

EXPLANATION

The Pooling Agreement allows the Club to accept applications from various categories of Co-assureds in respect of a Member's entry in the Club. The Pooling Agreement sets out clear and stringent requirements with regard to the entry of Co-assureds both in respect of the criteria they must fulfil and the manner in which they are to be named and described on a Member's certificate of entry. In order not to prejudice the Club's right to pool any claims from Co-assureds, it is of course vital that these pooling requirements are met.

To date, the Club has managed Co-assured requirements by way of appropriate clause wordings on certificates of entry, which are to be read in conjunction with Rule 41. Our approach will continue. However, in order to streamline production of certificates of entry, this Rule change aims to transfer from the certificates of entry some of the burden of the naming and descriptive requirements for Co-assureds. It also ensures both that, in so far as possible all categories of Co-assureds are captured in the Rules, and allows the certificates of entry to be consolidated.

Proposed Amendments to the Rules 2018

Part 6 – ENTRY FOR AND CESSER OF INSURANCE



RULE 43 ASSIGNMENT AND SUBROGATION

- 1** No insurance given by the Association and no interest under these Rules or under any contract between the Association and any Member may be assigned without the agreement of the Managers in writing. Any purported assignment made without such agreement shall be void and of no effect unless the Managers in their discretion otherwise determine.
- 2** Whether or not the Managers shall expressly so stipulate as a condition for giving their consent to any assignment, the Association shall be entitled in settling any claim presented by the assignee to deduct or retain such amount as the Managers may then estimate to be sufficient to discharge any liabilities of the assignor to the Association, whether existing at the time of the assignment or having accrued or being likely to accrue thereafter.
- 3** Where the Association makes payment to a Member, Joint Member or Co-assured in accordance with these Rules, or pursuant to security provided by the Association, and the Member, Joint Member or Co-assured has rights against another party, whether by way of a claim for contribution, indemnity or otherwise arising out of the claim or matter in respect of which the Association has made such payment, the Association shall be subrogated to the rights of the Member, Joint Member or Co-assured in respect of that claim to the extent of that payment, including any interest accruing on that amount prior to its recoupment and any costs incurred in relation to the exercise of such rights.
- 4** Further, the Member, Joint Member and Co-assured agree to hold such rights as trustee for the Association and to take such steps as the Association may direct with regard to their enforcement and recovery. All such recoveries, howsoever and whensoever made, are to be paid to the Association, including interest and recovered costs, provided that if any such recovery exceeds the amounts paid by the Association, including interest and costs whether paid to third parties or incurred by the Association, the balance shall be paid to the Member.
- 5** If required by the Association, the Member, Joint Member and Co-assured will execute a legal assignment of such rights to the Association. In the event that such rights are not assignable or transferable as a matter of law, the Member, Joint Member and Co-assured undertake not to dissolve themselves or otherwise render themselves incapable of acting at the Association's behest in enforcing any such rights against another party.

EXPLANATION

The Club Rules are subject to and incorporate the provisions of the Marine Insurance Act 1906 (the MIA 1906). Section 79 of the MIA 1906 recognises the concept of subrogation to all the rights and remedies of the assured where an insurer pays a loss in respect of the insured risk. This is naturally an important remedy for the Club. For example, should the Club reimburse a Member then wish to recover against a

third party who has partially or fully contributed to the loss, the Club will wish to consider 'stepping into the shoes' of the Member in order to exercise those legal rights of recovery against the third party.

Whilst our Rules do incorporate the MIA which recognises the doctrine of subrogation, this Rule change enhances the Club's position and aims to ensure that there can be no question of the Club's entitlement to full subrogation rights. In particular, the Rule change makes clear that the Club is to be subrogated to any costs incurred.

Proposed Amendments to the Rules 2018

Part 6 – ENTRY FOR AND CESSER OF INSURANCE



RULE 45 TERMINATION BY NOTICE

4 Without prejudice to any other provision or power in the Rules, the Managers may, on such notice in writing as they may decide, terminate the insurance of the Member in respect of any and all vessels entered by him or on his behalf where any such vessel has been employed in an unlawful trade or where, in the opinion of the Managers, the Member or the provision of insurance to the Member may expose the Association or its Managers 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 or its Managers have their registered offices or permanent places of business or by any State being a Major Power or by the United Nations or the European Union. For the purpose of this Rule 45 (4) “Major Power” means any of the following States: United Kingdom, United States of America, France, The Russian Federation and the People’s Republic of China. Notwithstanding that the happening of such event may not have increased the risk of any loss which may have occurred. ~~to the risk of being or becoming subject to any sanction, prohibition or adverse action under the United Nations Resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.~~

EXPLANATION

This Rule change further protects the Club by allowing for termination by notice of any and all vessels entered where the Club or its Managers are exposed to sanctions.



RULE 62 COOPERATION WITH AUTHORITIES IN RELATION TO BREACHES OF SANCTIONS AND FINANCIAL CRIME

In so far as the Association or its Managers consider that they are compelled at law to do so, they may provide such cooperation and information as they shall see fit to any inquiry, investigation or proceeding conducted by a competent authority, regulator, or government in relation to the activities of any person, including a Member, in so far as such activities relate to a breach (either known or reasonably suspected) of any laws relating to sanctions, financial crime, terrorist financing, money laundering, bribery, corruption or tax evasion.

RULE ~~62~~63 MEMBERSHIP OF NATIONAL AND INTERNATIONAL ORGANISATIONS

RULE ~~63~~64 SETTLEMENT OF CLAIMS

RULE ~~64~~65 DELEGATION

RULE ~~65~~66 DISPUTES PROCEDURES

RULE ~~66~~67 DEFINITIONS

EXPLANATION

The aim of this Rule change is to ensure that the Club has the power to provide cooperation and information about the activities of Members and others where there has been known or suspected breaches of sanctions or financial crimes.



RULE 66

DEFINITIONS

Basic Rate of Contribution, in relation to an insured vessel, means the amount which constitutes the basis upon which calls or premium are payable to the Association in respect of that vessel pursuant to Rule 37.

Convention Limit in respect of a vessel, the limit of liability of the shipowner of that vessel 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 Board as being the rate prevailing on the overspill claim date, provided that,

- a where a vessel 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 vessel shall be deemed to be a seagoing ship to which the Convention applies, notwithstanding any provision in the Convention to the contrary.

Fixed Premium means a fixed premium payable by the Association in respect of an entered vessel under Rules 36 A 3 and 54.

Knock for Knock, a provision or provisions stipulating that,

- a each party to a contract shall be similarly responsible for 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 third parties, 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 other liabilities for which it has assumed responsibility, correspondingly indemnify the other against any liability that that party shall incur in relation thereto.

EXPLANATION

The addition of 'Fixed Premium' and 'Knock for Knock' to the Definitions section is required as a consequence of our use of these terms in our revised Rules.

The change to the definition of 'Convention Limit' reflects the International Group's recognition that the current Overspill calculation formula which uses as a reference point limitation under LLMC 1976, imposes a disproportionate burden on the owners of small vessels with a tonnage not exceeding 500 GT. Article 8 (Unit of Account) of LLMC 1976 stipulates a single (minimum) amount of 5 million monetary units (SDRs) for vessels not exceeding 500 GT. Thus the limit applicable for, and the Overspill contribution due in respect of, a vessel of 300 GT, would be exactly the same as for a vessel of 500 GT.

Proposed Amendments to the Rules 2018

CHANGES TO DISTINGUISH MUTUAL AND FIXED

Part 6 – ENTRY FOR AND CESSER OF INSURANCE

Part 7 – CALLS, PREMIUM AND FINANCE



RULE 36A APPLICATION FOR ENTRY

- 1 Any applicant who desires to enter a vessel for insurance in the Association shall make application for such entry in such form as may from time to time be required by the Managers.
- 2 The Managers shall be entitled in their absolute discretion to refuse any application for the entry of a vessel for insurance in the Association, whether or not the applicant is a Member of the Association.
- 3 The Managers may accept an entry of a vessel for insurance on the terms that the Member is liable to pay a fixed premium.
- 34 The applicant and any agent must make to the Managers a fair presentation of the risk by providing the Managers with all material particulars and information together with any additional particulars and information as the Managers may require.
- 45 The applicant and any agent will ensure that every material representation as to a matter of fact is substantially correct, and every material representation as to a matter of expectation or belief is made in good faith.
- 56 In accordance with Rule 1.11.B(i), Section 8 of the Insurance Act 2015 is excluded. Any breach of this Rule 36A shall entitle the Association to avoid the contract of insurance, regardless of whether the breach is innocent, deliberate or reckless.

RULE 50 LIABILITY FOR CALLS

Every Member who has entered a vessel for insurance in the Association in respect of any policy year (not being a closed policy year) otherwise than on terms that a fixed premium shall be payable shall, ~~unless otherwise agreed by the Managers in writing,~~ provide, by way of calls to be levied from such Member in accordance with the provisions of Rules 51 and 52, all funds which in the opinion of the Board are required

- 1 To meet such of the general expenses of the Association as the Board may from time to time think

fit to charge against the insurance business of the Association in respect of such policy year.

- 2 To meet the claims, expenses and outgoings (whether incurred, accrued or anticipated) of the insurance business of the Association in respect of such policy year (including without prejudice to the generality of the foregoing, any proportion of any claims, expenses or outgoings of any insurer other than the Association which has fallen or which may be thought likely to fall upon the Association by virtue of any reinsurance concluded between the Association and such other insurer).
- 3 To meet the claims, expenses and outgoings (whether incurred, accrued or anticipated) of the insurance business of the Association in respect of such policy year (including without prejudice to the generality of the foregoing, any proportion of any claims, expenses or outgoings of any insurer other than the Association which has fallen or which may be thought likely to fall upon the Association by virtue of any reinsurance concluded between the Association and such other insurer).
- 4 For such transfers as the Board may think proper to meet any deficiency which has occurred or may be thought likely to occur in any closed policy year or years.
- 5 For such sums as may be required by any government legislation or regulation to be set aside for the establishment or maintenance of an adequate solvency margin or guarantee fund in respect of any policy year.

RULE 51 MUTUAL CALLS

At such time or times during or after the end of each policy year as the Board shall approve, and subject to Rule 54 and to any special terms agreed with the Association, each Member (other than in respect of a vessel insured on payment of a fixed premium) shall pay to the Association the basic rate of contribution of each of his vessels insured during that policy year. The amount so payable shall constitute the mutual call for that policy year in respect of that vessel.

RULE 54 PAYMENT OF CALLS AND PREMIUM

- 1 Every call or fixed premium shall be payable in such instalments and on such dates as the Board or the Managers may specify.
- 2 The Managers may require any Member to pay all or any part of any call or premium payable by him in such currency or currencies as the Managers may specify.
- 3 The Member, including any joint Member and Co-assured, shall not be discharged from liability to pay calls, premium or other sums due to the Association unless and until payment has been received by the Association.

- 34** As soon as reasonably practical after the Board has decided to levy and collect any calls or premium, the Managers shall give notice in writing to each Member concerned
- A** of the nature of the call or premium;
- B** of the amount or amounts payable by such Member in respect of each vessel entered by him;
- C** of the currency or currencies in which the call or premium is payable;
- D** of the date on which the call or premium is payable or, if such call or premium is payable by instalments, of the amounts of such instalments and the respective dates on which they are payable.
- 45** No claim of any kind whatsoever by a Member against the Association shall constitute any set-off against the calls, premium and other sums due to the Association or shall entitle him to withhold or delay payment of the sum specified in a notice given pursuant to paragraph 3 of this Rule.
- 56** Interest at the rate of 5% per annum over the New York Prime Rate applicable on the date that the debt became due shall be payable by each Member on any calls, premium or other sums due from him to the Association as from the due date of payment. Any interest payable as aforesaid shall accrue from day to day.
- 67** If any call, premium or other payment due from a Member to the Association (other than an overspill call) is not paid and if the Board decides that payment cannot be obtained, the sums required to make good any resulting shortfall or deficiency in the funds of the Association shall be deemed to be expenses of the Association for which, as the Board may decide, calls may be levied in accordance with Rules 50, 51 and 52, or the reserves may be applied in accordance with Rules 57 and 58.

LOGICAL AMENDMENTS TO INDEX AND RULES

CURRENT PAGE 130

Calls, Premium and Finance (Part 7)

Calls and premium

CURRENT PAGE 132

No liability Until Calls or Premium Paid

RULE 17
NO LIABILITY UNTIL CALLS OR PREMIUM PAID

RULE 3
SPECIAL COVER
“the managers may accept entries of vessels on special terms as to calls or premium...”

RULE 4
1 SALVORS
“... provided he has paid such calls or premium as may be required by the managers...”

PART 5
Rule 17 No liability Until Calls or premium paid

...“that all such calls or premium and other amounts whatsoever...”

RULE 41
a...” the association shall be entitled to calls or premium from the joint members...”
1 b “...each of them shall be jointly and severally liable to pay all calls or premium and other sums due...”

RULE 45
TERMINATION BY NOTICE
5. “...shall still be liable for calls or premium assessed and levied...”
“...for further calls or premium has been assessed...”

RULE 47
A “... all such calls or premium as may have been levied for the relevant policy year...”

C”all calls or premium and other sums payable...”

3 “...the Member shall be allowed a return of calls or premium for the relevant policy... No claim for a return of calls or premium relating to any policy year...”

RULE 49

EFFECTS OF CANCELLATION

1 "...shall be and remain liable for all calls or premium and other sums..."

B "...for all calls or premium and other sums..."

4 "...including but not restricted to terms as to payment of calls or premium or other sums..."

RULE 56

LAID-UP RETURNS

"...the Member concerned shall be allowed a return of calls or premium ...Managers in writing the return of calls or premium shall be...40% of the total calls or premium payable...and at 15% of calls or premium payable..."

EXPLANATION

These Rule changes, for the first time, specifically make reference to our fixed premium book of business. Until this distinction was made it was arguably ambiguous, on a strict reading of the Rules, as to whether fixed premium Members were liable for additional and overspill calls which was naturally never the intention.

Additionally, Rule 54 (3) has been introduced to safeguard the Association in cases where premium or calls are remitted by Members via intermediaries but ultimately do not reach the Club.

APPENDICES

Proposed Amendments to the Rules 2018

ADDITIONAL CLAUSE WORDINGS



EXPLANATION

The following War Risk and Bio-Chemical extension clauses from part of the Members insurance as envisaged by the new Rule 25.

The Maritime Labour Convention (MLC) extension clause was previously available only if agreed by the Managers in writing, with the extension clause available on our website. This extension clause remains part of cover only by prior agreement as it is appropriate only for certain Members where vessels are subject to MLC. It is now housed in the Rules to reflect its permanent position as an adjunct to cover, the MLC now being in force.

WAR RISK EXTENSION CLAUSE 2018

THE FOLLOWING WAR RISK EXTENSION CLAUSE 2018 FORMS PART OF A MEMBER'S INSURANCE UNLESS OTHERWISE AGREED BY THE MANAGERS IN WRITING.

This WAR RISKS EXTENSION CLAUSE provides for such liabilities as would be covered by the Association and the Member's terms of entry, but for the exclusion of war risks in Rule 25.

1. NOTICE OF CANCELLATION

Cover hereunder may be cancelled by the Association giving 7 days notice (such cancellation becoming effective on the expiry of 7 days from midnight on the day on which notice of cancellation is issued by the Association).

2. AUTOMATIC TERMINATION OF COVER

Whether or not such notice of cancellation has been given cover hereunder shall TERMINATE AUTOMATICALLY

2.1 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.

2.2 in respect of any vessel, in connection with which cover is granted hereunder, in the event of such vessel being requisitioned either for title or use.

3. FIVE POWERS WAR EXCLUSIONS

This insurance excludes loss damage liability or expense arising from 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;

Requisition either for title or use.

Cover hereunder 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 this clause.

4. CHEMICAL, BIO-CHEMICAL, ELECTROMAGNETIC WEAPONS AND COMPUTER VIRUS EXCLUSION CLAUSE

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

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

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

1.2 the use or operation, as a means for inflicting harm, of any computer virus.

1.3 Clause 1.2 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.

5. LIMIT

Cover hereunder shall be subject to any limits set out elsewhere in this certificate, provided always that cover hereunder shall not in any event exceed US\$ 500,000,000 any one accident, each vessel.

PROVIDED ALWAYS that:

where a ship entered in the Association by or on behalf of any person is also separately insured in the name of or on behalf of the same or any other person by the Association or by any other insurer which is a party to the Pooling Agreement in respect of the losses, liabilities or the costs and expenses incidental thereto which are covered pursuant to the terms of this Clause and/or the equivalent policy provisions of such other insurer, the aggregate recovery in respect of all such losses, liabilities and the costs and expenses incidental thereto shall not exceed US\$ 500 million, each ship, any one event, and the liability of the Association to each such person insured by the Association shall be limited to such proportion of US\$ 500 million as the maximum claim otherwise recoverable by such person from the Association bears to the aggregate of all such claims otherwise recoverable from the Association and all such insurers, or the limit applicable to the claim under that persons individual terms and conditions of entry if less.

6. This cover shall pay claims only in excess of the US dollar equivalent of such insured value as the Board determines represents the market value of the insured vessel disregarding any charter or other engagement to which she may be committed, or, the amount recoverable from a participating Members underlying war risk underwriters, whichever is the greater. However, such an excess shall not apply where any insured vessel is entered solely in the name of a charterer, other than a charterer by demise or Bareboat charterer, and in any case the excess shall be deemed to be no more than US\$ 100 million per entered vessel. The Board shall retain an absolute discretion to pay claims within this excess.
 7. This cover shall not provide insurance for any losses, liabilities, costs or expenses if the provision of such insurance would create a liability for the insured owner under the Tanker Oil Pollution Indemnification Agreement 2006 to contribute to the IOPC supplementary fund.
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BIO-CHEMICAL EXTENSION CLAUSE 2018

THE FOLLOWING BIO-CHEMICAL EXTENSION CLAUSE 2018 FORMS PART OF A MEMBER'S INSURANCE UNLESS OTHERWISE AGREED BY THE MANAGERS IN WRITING.

- 1** Subject to the terms and conditions and exclusions set out herein, cover is extended to include the liability of the Member (being an Insured Owner):
 - (a)** To pay damages, compensation or expenses in consequence of the personal injury to or illness or death of any seaman (including diversion expenses, repatriation and substitute 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 an Association (other than under the Omnibus Rule)

- 2** Where such liability is not 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 25, or
 - (b)** Any underlying war risk policies covering the same risks,

- 1.3** Solely by reason of the operation of an exclusion of liabilities, costs, losses and expenses directly or indirectly caused by or contributed to by or arising from:
 - (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 program, malicious code, computer virus or process or any other electronic system,

- 1.4** Other than liabilities, costs, losses and expenses arising from:
 - (i)** Explosives or the methods of the detonation or attachment thereof
 - (ii)** The use of the entered ship or its cargo as a means for inflicting harm, unless such cargo is a chemical or biochemical weapon.
 - (iii)** the use of any computer, computer system or computer software program or any other electronic system in the launch and/or guidance system and/or firing

mechanism of any weapon or missile.

2. Excluded Areas

2.1 The Board may in its discretion decide that 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 such ports, places, zones or areas, or during such period as they may specify.

2.2 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 Clause 2.1 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. Cancellation

Cover hereunder 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.

4. Limit of Liability

4.1 Subject to Clause 4.2 the limit of liability of the Association under this extension of cover in respect of all claims shall be in the aggregate US\$ 30 million each ship any one accident or occurrence or series thereof arising from any one event.

4.2 In the event that there is more than one entry by any person for Bio-Chemical cover 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 Clause 4.1 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.

5. Deductible

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

6. Law and Practice

This clause is subject to English law and practice.

MARITIME LABOUR CONVENTION (MLC) EXTENSION CLAUSE 2018

THE ADDITIONAL COVER WHICH FOLLOWS DOES NOT FORM PART OF ANY MEMBER'S INSURANCE UNLESS AND TO THE EXTENT THAT IT IS EXPRESSLY AGREED AND INCORPORATED INTO THE MEMBER'S CERTIFICATE OF INSURANCE.

1. Subject only to the other provisions of this MLC Extension ("the Extension"), the Association shall discharge and pay on the Member's behalf under the 2006 Maritime Labour Convention as amended (MLC 2006) or domestic legislation by a State Party implementing MLC 2006:
 - (a) Liabilities in respect of outstanding wages and repatriation of a seafarer together with costs and expenses incidental thereto in accordance with Regulation 2.5, Standard A2.5 and Guideline B2.5; and
 - (b) Liabilities in respect of compensating a seafarer for death or long-term disability in accordance with Regulation 4.2, Standard A4.2.1 and Guideline B4.2.
2. The Member shall reimburse the Association in full:
 - (a) any claim paid under paragraph 1(a) save to the extent that such claim is in respect of liabilities, costs or expenses which are recoverable under Rule 2, Section 1 B; and
 - (b) any claim paid under paragraph 1(b) save to the extent that such claim is in respect of liabilities, costs or expenses recoverable under Rule 2 Section 1 A.
3. There shall be no payment under paragraph 1(a) or paragraph 1(b) if and to the extent that the liability, cost or expense is recoverable under any social security scheme or fund, separate insurance or any other similar arrangement.
4. The Association shall not discharge or pay any liabilities, costs or expenses under paragraph 1(a) or paragraph 1(b), irrespective of whether a contributory cause of the same being incurred was any neglect on the part of the Member or the Member's servants or agents, where such liabilities, costs or expenses were directly or indirectly caused by or contributed to by or arise from:
 - (a) Any chemical, biological, bio-chemical or electromagnetic weapon
 - (b) The use or operation, as a means for inflicting harm, of any computer, computer system computer software programme, computer virus or process or any other electronic system.
5.
 - (a) The Extension may be cancelled in respect of War Risks by the Association on 30 days' notice to the Member (such cancellation becoming effective on the expiry of 30 days from midnight of the day on which notice of cancellation is issued).

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

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

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

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

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

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

(ii) Requisition for title or use.

6. The Extension shall be subject to Rules 26, 32 and 46 H.

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 A4.2.1.12.

8. Any dispute arising out of or in connection with the Extension shall be resolved in accordance with Rule 1 section 11 A and Rule 65.

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 25.