

CLUB CIRCULAR

Friday, January 13, 2017

BSM-GM-07/001/17

To: All Members

Introduction Of The New P&I Rule Of The Association

To reflect the changing of market demand as well as the new legislations and conventions came into force, especially the implementation of the Insurance Act 2015 and the amendment of MLC 2006, the Manager of this Association makes the new Rule, Shipowner's P&I Rule 2017, to comply with new regulations and conventions, and to suite the market needs and practice.

The new Rule integrated the concept of new requirement of MLC 2006 convention, so the new Policy of Insurance under this Rule will cover such risks without necessity to issue additional MLC clause.

The Insurance Act 2015 came into force since August 2016, and this Association, as IG member clubs and other fixed premium insurers did, embraces certain aspects of the new Act which bring clarity to the existing law, whilst contracting out of a number of others which would put substantial tension to existing practices. This is specifically explained in Section 66.

For your easy reference please find below a recap of all significant changes coming into effect with our new Rule version 2017.

PART 1: PROTECTION AND INDEMNITY

SECTION 1 – ILLNESS, INJURY AND LOSS OF LIFE [Crew]

This section has seen a complete makeover of its wording. We have sought first to itemize and then to clarify the full extent of the cover. The Rule goes on to recognize that covered risks may also derive from the provisions of the Maritime Labour Convention 2006 (MLC) 2006.

SECTION 2 – REPATRIATION

Repatriation is one of the two main risks for which MLC will requires a formalized evidence of insurance or other financial security as from mid-January 2017. Section 2 has been reworked in order to recognize the impact that MLC has on this area. Attention should also be given to the Rule

of 47.16 which – although not new – is relevant at the time of distinguishing MLC obligations from policy cover.

SECTION 5 – DIVERSIONS EXPENSES

Significant changes have been carried on this section. Instances that would benefit from diversion cover are better outlined, including repatriation of a deceased member of the Crew which remained a point of interest amongst some of our Members. The Exclusions and Limitations paragraphs are not altogether new, but rather they have been extracted from within existing provisions and made to stand separate for clarity's sake.

SECTION 9 – CARGO LIABILITIES

In order to stay in line with the latest market trends a new section 9.2.12 has been included in relation to the use of Electronic Bills of Lading. Equally relevant when considering this practice is the new definition for Electronic Trading System (E.T.S.) included in Part 5 of the Rule.

SECTION 12 – WRECK REMOVAL

It was in April last year that the Nairobi Convention on the Removal of Wrecks came into force. Since then BSM has been issuing required Blue Cards in order to enable our Members compliance with this Convention. During our review it was felt that more could be done in order to outline the cover we offer. With this in mind is that the wreck removal cover has been expanded into three separate paragraphs dealing with distinct heads of cover. For their part, the Exclusions and Limitations provisions remain unchanged.

PART 3: WAR PROTECTION AND INDEMNITY COVER

Favouring to work with one main document, our frequently used War P&I wording has been incorporated into our Rule as a new part. As usual, this additional cover is subject to agreement with the Manager and whenever included the Certificate of Entry (COE) will reflect this accordingly.

PART 4: GENERAL TERMS AND CONDITIONS

SECTION 37 – PAYMENTS TO THE ASSOCIATION

A new section on Premium Tax has been added at the end of this section under number 37.7

Also in this section a new 37.12 has been added dealing with 'schedule payments'. The intention behind this section is to formalize in the Rule

wording a procedure which up to now works mainly in practice.

SECTION 43 – CESSER OF ENTRY AND TERMINATION

The last three years has seen much progress in the ‘sanctions’ field. We have no doubt this is a fact known to our Members as much as it is to us. BSM’s ability to serve the totality of our clients depends on being able to stay clear of sanctions infringements and with this in mind is that we have included a new section 43.3.

SECTION 47 – CLAIMS

The ability of a shipowner to limit their liability is a recognized by numerous national and international legislations. Intending to ensure that our Members safeguard their position in this respect, a new section 47.17 has been included.

SECTION 48 – LIMIT OF LIABILITY COVERED

A new section has been added to bring clarity in relation to instances when more than one limit applies under the Policy of Insurance under number 48.2

SECTION 50 – JOINT MEMBERS AND CO-ASSUREDS

A complete review of this section has been undertaken in order to more distinctly outline the two parties, as well as their rights and obligations under the Policy of Insurance. This should be read in conjunction with the New Contractor’s Co-assurance Cover (NEW Clause 15), which has been designed to operate in instances where a charter party requires the Owners to name the Charterers as Co-assured (for instance SupplyTime). Additional Clause 15 Cover, once agreed with the Manager, should be reflected in the COE.

The soft copy of the new Rule is available on request, or you may wish to download from our website.

Should you have any specific question regarding any of this new Rule kindly direct this to us at underwriter@britishsteamship.com.

Yours faithfully

British Steamship Management Limited

Managers of

British Steamship Protection and Indemnity Association (Bermuda) Limited

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