



BRITISH STEAMSHIP P&I

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Rules of the Association

Version 1/2013

RULES OF THE ASSOCIATION 1/2013

Table of contents

Number	Contents	Page
PART 1	PROTECTION & INDEMNITY (CLASS 1) – RISKS COVERED	5
Section 1	Illness, Injury and Loss of Life - Seamen	5
Section 2	Repatriation	5
Section 3	Substitutes and Crew Unemployment	5
Section 4	Personal Effects	5
Section 5	Diversion Expenses	6
Section 6	Illness, Injury and Loss of Life – Persons other than Seamen and Passengers	6
Section 7	Stowaways, refugees or persons rescued at sea	6
Section 8	Contracts and indemnities	6
Section 9	Cargo Liabilities	7
Section 10	Collision with other ships and non-contact damage	8
Section 11	Damage to Property (including Fixed and/or Floating Objects)	9
Section 12	Wreck Removal	9
Section 13	Quarantine Expenses	10
Section 14	Towage	10
Section 15	Pollution Risks	10
Section 16	Special Compensation for Salvors	11
Section 17	General Average	11
Section 18	Sue & Labour and Legal Costs	11
Section 19	Fines	12
Section 20	Enquiry Expenses	12
Section 21	Life Salvage	13
Section 22	Risks Incidental to Shipowning	13
PART 2	DEFENCE COVER FOR LEGAL COSTS (CLASS 2) – RISKS COVERED	14
Section 23	Risks Covered	14
Section 24	Exclusions and Limitations	15

PART 3	GENERAL TERMS AND CONDITIONS	17
Section 25	Application of Terms	17
Section 26	Application for Entry	17
Section 27	Certificate of Entry	17
Section 28	Disclosure and Alteration of Risk	17
Section 29	Exclusions and Limitations	18
Section 30	Other Insurance	19
Section 31	Sanctions	20
Section 32	Premiums and Calls	20
Section 33	Supplementary Calls	21
Section 34	Release Calls	21
Section 35	Payment to the Association	21
Section 36	Premium Payment Warranty	21
Section 37	Payment by the Association	22
Section 38	Security	22
Section 39	Liens	22
Section 40	Closing of Policy Years	22
Section 41	Termination and Cesser of Entry	23
Section 42	Effect of Cesser and Termination other than under Section 43	24
Section 43	Cancellation for Non-payment	25
Section 44	Fleet Entry	25
Section 45	Claims	25
Section 46	Burden of proof	27
Section 47	Maximum Amount Insured	27
Section 48	Deductibles	27
Section 49	Joint Members and Co-Assureds	28
Section 50	Dispute between Members	29
Section 51	Interest and Set off	29
Section 52	Documentation	29
Section 53	Flag State & Statutory Regulations	29
Section 54	Classification	30

Section 55	Condition, other Surveys and Inspections	30
Section 56	Subrogation	31
Section 57	Assignment	32
Section 58	Forbearance and Waiver	32
Section 59	Admission and Settlement	32
Section 60	Notification and Time Limit	32
Section 61	Currency of Payment	32
Section 62	Total Asbestos Exclusion	33
Section 63	Amendment of the Rules	33
Section 64	Law and Jurisdiction	33
Section 65	Marine Insurance Act	33
PART 4	EXTENSIONS OF COVER	34
PART 5	MEMORANDUM AND ARTICLES OF ASSOCIATION	38
PART 6	DEFINITIONS	38

PART 1

PROTECTION & INDEMNITY (CLASS 1) - RISKS COVERED

Protection & Indemnity

The Association shall indemnify the Member against the legal liabilities, costs and expenses under this Class, which are incurred in respect of and only in connection with the operation of the Entered Vessel, arising from events occurring during the period of entry, as set out in Sections 1 to 22 below.

Section 1

Illness, Injury and Loss of Life – Seamen

- 1.1 Liability to pay damages or compensation for injury, illness or death, as well as resulting hospital and medical expenses when such liability arises during employment on the Entered Vessel. Cover shall extend to the Member's liability for funeral expenses, including costs for sending home of the coffin or ashes, and Personal effects of a deceased crewmember.
- 1.2 *Exclusions and Limitations*
 - 1.2.1 Where the liability arises pursuant to the terms of a contract of employment and this contract is not approved in writing by the Association, cover under this section is to be limited to the following maximums:
 - 42 days in respect of sick wages each crewmember; or
 - USD 80,000.- in respect of death/disability payments each crewmember; or
 - USD 25,000.- in respect of medical expenses payment each crewmember.

Section 2

Repatriation

- 2.1 Liability to pay repatriation expenses incurred under statutory obligation or contract of service or employment in respect of a crewmember.
- 2.2 *Exclusions and Limitations*

There shall be no recovery when the expenses result from termination of a contract of service or employment, any breach by the Member of any contract, agreement or statute or the sale or laying-up of the Entered Vessel.

Section 3

Substitutes and Crew Unemployment

- 3.1 Liability to pay expenses necessarily incurred in sending a substitute or in securing or engaging and subsequently repatriating a substitute to replace crewmember who shall have died or been left behind in consequence of illness, injury, desertion where such expenses could not be reasonably avoided. Wages shall only be recoverable as part of the said expenses when payable to a substitute engaged abroad while awaiting or during repatriation.
- 3.2 Liability to pay wages to a crewmember during unemployment in consequence of the wreck or total loss of the Entered Vessel, not exceeding 30 days. This cover will include a contribution by the Association to the accommodation and any other subsistence or expenses whatsoever of a crewmember, for this same period.
 - 3.2.1 Cover under this sub-Section 3.2 is limited solely to a crewmember identified in the crew list of the Entered Vessel at the time of the wreck or total loss and to no other person.

Section 4

Personal Effects

Liability to pay the loss of or damage to personal effects belonging to crewmember on board of the Entered Vessel during its operation.

Exclusions and Limitations

- 4.1 No payment shall be made for theft or pilferage of crew's personal effects and there shall be no recovery in respect of cash, cheques, precious or rare metals or stones, diamonds, artworks, antiques, valuables or objects of a rare or precious nature.
- 4.2 Any item with a value in excess of US\$ 2,500.-, unless agreed by the Association in writing.

Section 5 **Diversion Expenses**

- 5.1 Liability to pay the costs of port charges, bunkers, insurance, stores, provisions and crew wages, but excluding loss of profit, hire, freight or otherwise incurred by the Member in deviating the Entered Vessel to land or to obtain medical attention for a sick or injured crewmember;
- 5.2 Any claim for costs and expenses in respect of bunkers, stores, crew wages, insurance and port charges shall be limited to the Member's net loss.

Section 6 **Illness, Injury and Loss of Life - Persons other than Seamen and Passengers**

- 6.1 Liability to pay damages or compensation for illness, personal injury or death of any person, other than crewmember and/or other than a passenger, including hospital, medical or funeral expenses incurred in relation to such illness, injury or death where such liability arises on board the Entered Vessel or during its operation.
- 6.2 *Exclusions and Limitations*
 - 6.2.1 Cover under this Section is limited to liabilities arising out of a negligent act or omission on board or in relation to the Entered Vessel;
 - 6.2.2 Liability to persons engaged with the handling of cargo shall be limited from the time of receipt of that cargo at the port of shipment till delivery of that cargo at the port of discharge;
 - 6.2.3 No claim shall be recoverable under this Section where the liability arises under the terms of any contract or indemnity and would not have arisen but for those terms, unless those terms were previously approved by the Managers in writing in accordance with Section 8 (Contracts and Indemnities).

Section 7 **Stowaways, refugees or persons rescued at sea**

- 7.1 Costs and expenses other than the costs of diversion of the Entered Vessel, necessarily incurred by the Member in meeting its legal obligations in respect of stowaways, persons rescued at sea, or refugees, including the costs of maintaining, landing and where necessary repatriating such persons, but only to the extent as such sums are not recoverable under the Hull Policies of the Entered Vessel or from cargo owners or their insurers.
- 7.2 Any claim for costs and expenses in respect of bunkers, stores, crew wages, insurance and port charges shall be limited to the Member's net loss.

Section 8 **Contracts and indemnities**

Liability for loss of life, illness or personal injury, or for loss of or damage to property under the terms of any contract or indemnity made or given by the Member in respect of facilities or services rendered or to be rendered to the Entered Vessel during its operation, but only if and to the extent that the terms have been agreed and cover for the liability has been agreed in writing between the Member and the Managers.

Section 9

Cargo Liabilities

- 9.1 The liabilities, costs and expenses set out in paragraphs 9.1.1 to 9.1.3 when and to the extent that they relate to cargo intended to be or being or having been carried in the Entered Vessel:
- 9.1.1 **Loss, shortage, damage or other responsibility**
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 he may be legally liable, of his obligation properly to load, handle, stow, carry, keep, care for, discharge or deliver the cargo or out of unseaworthiness or unfitness of the Entered Vessel.
- 9.1.2 **Disposing of damaged cargo**
The additional costs and expenses over and above those which would have been incurred by the Member in any event under the contract of carriage, which have been incurred by the Member in discharging or disposing of damaged or worthless cargo, but only if and to the extent that the Member is unable to recover those costs from any other party.
- 9.1.3 **Failure of consignee to remove cargo**
The liabilities and additional costs incurred by the Member, over and above the costs which would have been incurred by him if the cargo had been collected or removed, solely by reason of the total failure of a consignee to collect or remove cargo at the port of discharge or place of delivery, but only if and to the extent that such liabilities or costs exceed the proceeds of sale of the cargo and the Member has no recourse to recover those liabilities or costs from any other party.
- 9.2 ***Exclusions and Limitations***
- 9.2.1 There shall be no recovery from the Association under this Section in respect of liabilities, costs or expenses arising from:
- a.. a bill of lading, way bill or other document containing or evidencing the contract of carriage, issued with the knowledge of the Member, or his agent with an incorrect description of the cargo or its quantity or its condition;
 - b.. the issue of a bill of lading or other document containing or evidencing the contract of carriage which contains any fraudulent misrepresentation, including but not limited to the issue of an ante-dated or post-dated bill of lading;
 - c.. delivery of cargo carried under a negotiable bill of lading or similar document of title without production of that bill of lading or document by the person to whom delivery is made;
 - d.. delivery of cargo carried under a waybill or similar non-negotiable document to a party other than the party nominated by the shipper as the person to whom delivery should be made;
 - e.. discharge of cargo at a port or place other than in accordance with the contract of carriage;
 - f.. late arrival or non-arrival of the Entered Vessel at a port or place of loading, or failure to load any particular cargo, unless the late arrival or failure to load is caused beyond the Member's control;
 - g.. loss of market.
- 9.2.2 **Standard terms of carriage**
There shall be no recovery from the Association in respect of 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 on the Association's recommended standard terms of carriage which shall be the Hague-Visby Rules. In particular, there shall be no recovery from the Association in respect of liabilities arising under the Hamburg Rules, unless the Hamburg Rules are compulsorily applicable to the contract of carriage by operation of law.

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- 9.2.3 **Rare or precious cargo**
There shall be no recovery from the Association in respect of bullion, precious, semi-precious or rare metals or stones, plate, jewellery or other objects of a rare or precious nature, bank notes or other forms of currency, bonds or other negotiable instruments or specie, unless the Managers have approved the carriage in writing.
- 9.2.4 **Ad valorem bills of lading**
Where the value of any cargo is declared upon the bill of lading at a figure in excess of US\$ 2,500.- (or the equivalent in the currency in which the declared value is expressed) per unit, piece or package, the liability of the Association under this Section shall not exceed US\$ 2,500.- per unit, piece or package, unless the Managers have agreed in writing to provide cover at a higher value.
- 9.2.5 **Property of the Member**
If any cargo lost or damaged on board of the Entered Vessel shall be the property of the Member, he shall be entitled to recover from the Association the same amounts as would have been recoverable if the cargo had belonged to a third party and that third party had concluded a contract of carriage with the Member on the terms of the Association's standard terms of carriage stated above in 9.2.2 "Standard terms of carriage".
- 9.2.6 **Deviation**
There shall be no recovery from the Association under this Section and no claims shall be admissible if the liability, costs or expenses arise as a result of or arise following a deviation from the contractually agreed voyage and if as a result of such a deviation the Member is not entitled to rely on any defences or rights of limitation which would otherwise have been available to him to reduce or eliminate his liability. The Association may agree special cover at terms to be agreed, if the deviation is reported before it occurs.
- 9.2.7 **Deck cargo**
There shall be no recovery from the Association for liability, costs or expenses in respect of cargo carried on deck, except for containers where the Entered Vessel is designed and/or fitted for the carriage of containers on deck and the Entered Vessel has a written approval from the Classification Society for the carriage of containers on deck.
- 9.2.8 **Refrigerated containers**
There shall be no recovery from the Association for liability, costs or expenses in respect of refrigerated containers.
- 9.2.9 **Livestock**
There shall be no recovery from the Association for liability, costs or expenses arising out of the carriage of live animals.

Section 10

Collision with other ships and non-contact damage

- 10.1 **Liability to pay costs and damages to any other person arising out of the collision of the Entered Vessel and another vessel, but only to the extent that such liabilities are not recoverable under the collision liability clause contained in the Hull Policies of the Entered Vessel and provided that it has been agreed in writing between the Association and the Member prior to inception what proportion of the Entered Vessel's collision liability is covered under this Section.**
- 10.2 **If a claim arises under this Section in respect of a collision involving two vessels belonging wholly or partly to the same owner, the Member shall be entitled to recover from the Association, and the Association shall have the same rights, as if the vessels had belonged to different owners.**

10.3	In any instance in which both vessels involved in a collision are to blame and the liability of either or both vessels becomes limited by law, any recovery of the Member from the Association will be settled on the principle of single liability. In all other instances, a claim for recovery by the Member from the Association under this Section shall be settled on the principle of cross liabilities, as if the owner of each vessel had been compelled to pay the other owner such proportion of the latter's damages or as may have been properly allowed in ascertaining the balance payable by or to the former.
10.4	Liability to pay for loss of or physical damage to any other ship or cargo or other property therein caused by the wash of the Entered Vessel.
10.5	<i>Exclusions and Limitations</i>
10.5.1	There shall be no recovery from the Association of any deductible applicable under the Hull Policies of the Entered Vessel.
10.5.2	Recovery from the Association under this Section shall be limited to the excess, if any, of the amount which, in the opinion of the Association, would have been recoverable under the Hull Policies of the Entered Vessel had the Entered Vessel been properly insured for its uncommitted value on standard terms, without deductible or franchise, with the proper insured value to be determined by the Managers in their absolute discretion.
Section 11	Damage to Property (including Fixed and/or Floating Objects)
11.1	Liability to pay damages or compensation for any loss of or damage to any property (including infringement of rights in connection with that property) whether on land or water and whether fixed or moveable, not being another ship or cargo and incurred during the operation of the Entered Vessel.
11.2	<i>Exclusions and Limitations</i>
11.2.1	No claim shall be recoverable under this Section where the liability arises under the terms of any contract or indemnity and would not have arisen but for those terms, unless those terms were previously approved by the Managers in writing.
11.2.2	No claim shall be recoverable under this Section in respect of loss of or damage to property that is owned, leased or otherwise within the possession, custody or control of the Member.
Section 12	Wreck Removal
12.1	Liability for the costs and expenses of raising, removing, destroying, lighting or marking the wreck of an Entered Vessel or of any cargo, equipment or property which is or was carried onboard such vessel, but always provided that the Member is obliged by law to perform such operations or bear such expenses.
12.2	<i>Exclusions and Limitations</i>
12.2.1	In respect of a recovery from the Association under this Section the value of the wreck and anything else salvaged shall be deducted and set off against the recoverable costs and expenses;
12.2.2	The Member shall not have transferred its interest in the wreck prior to the raising, removal, destruction, lighting or marking of the wreck or prior to the incident giving rise to liability, save by abandonment with the Managers' approval in writing;
12.2.3	The occurrence or event giving rise to the wreck of the Entered Vessel arose during the period of entry of the Entered Vessel.

Section 13

Quarantine Expenses

Liability to pay damages or compensation and/or additional expenses incurred by the Member as a direct consequence of an outbreak of a contagious or infectious disease on the Entered Vessel during its operation, including quarantine and disinfection expenses and the net loss to the Member in respect of bunkers, insurance, wages, stores, provisions and port charges.

Section 14

Towage

- 14.1 Towage of the Entered Vessel
 - 14.1.1 Liability under the terms of a contract for the customary towage of the Entered Vessel for the purpose of entering or leaving a port or maneuvering within the port during the ordinary course of trading;
 - 14.1.2 Liability in the ordinary course of trading if the Entered Vessel is habitually towed from port to port or from place to place;
 - 14.1.3 Liability under the terms of a contract for towage of an Entered Vessel other than customary towage, but only if and to the extent that cover for such liability has been agreed by the Managers in writing.
- 14.2 Towage by the Entered Vessel
Liability arising from the towage of another ship or object is only recoverable from the Association if agreed by the Managers in writing.

Section 15

Pollution Risks

- 15.1 The liabilities, losses, damages, costs and expenses set out below under 15.1.1 to 15.1.4 when and to the extent that they are caused by or incurred in consequence of the accidental or threatened accidental discharge or escape from the Entered Vessel, of oil or any other substance incurred during its operation:
 - 15.1.1 Liability for loss, damage or contamination.
 - 15.1.2 The costs of any measures reasonably taken for the purpose of avoiding or minimizing pollution or any resulting loss or damage together with any liability for loss of or damage to property caused by measures so taken.
 - 15.1.3 The costs of any measures reasonably taken to prevent an imminent danger of the accidental discharge or escape from the Entered Vessel of oil or any hazardous substance which may cause pollution.
 - 15.1.4 The costs or liabilities incurred as a result of compliance with any order or direction given by any government or authority for the purpose of preventing or reducing pollution or the risk of pollution, provided always that such costs or liabilities are not recoverable under any other insurance.
- 15.2 *Exclusions and Limitations*
 - 15.2.1 No claim shall be recoverable under this Section where the Member is solely held liable as owner of the cargo.
 - 15.2.2 Any Certificate of Entry or confirmation of cover pursuant to these Rules shall not be deemed to be evidence of financial responsibility under the Oil Pollution Act of 1990 or any similar federal or state law and may not be shown or tendered to the United States Coast Guard or any federal or state agency as evidence of financial responsibility or evidence of insurance. The Association does not consent to be a guarantor.
 - 15.2.3 In respect of recovery from the Association under this Section the value of any property that is or may be deemed to be a hazardous substance which may cause pollution and in respect of which the Member has obtained any proceeds of sale or other financial recovery whatsoever shall be deducted from and set off against the Association's liability to pay.

Section 16

Special Compensation for Salvors

- 16.1 Liability to pay special compensation to a salvor in respect of the Entered Vessel under the provisions of Article 14 of the International Convention on Salvage 1989, or under a Lloyd's Open Form of salvage agreement, or any standard form of salvage agreement approved by the Managers in writing, or under the Special Compensation P&I Club's (SCOPIC) clause.
- 16.2 *Exclusions and Limitations*
- 16.2.1 No claim shall be recoverable under this Section insofar as such special compensation is payable by any third party also interested in property which is the subject of salvage services.
- 16.2.2 No claim shall be recoverable from the Association if the Managers have not been notified of the salvage requiring Event by the Member within 24 hours from the time in which they gained knowledge or could have been reasonably expected to gain knowledge.
- 16.2.3 In respect of a recovery from the Association under this Section the value of the wreck or of any related appurtenances, equipment, cargo, bunkers and apparel in respect of which the Member has obtained any proceeds of sale or other financial recovery whatsoever shall be deducted from and set-off against the Association's liability to pay.

Section 17

General Average

- 17.1 *Unrecoverable general average contributions – cargo*
- The proportion of general average expenditure (including salvage) and special charges which the Member is entitled to claim from cargo interests or from some other party to the maritime adventure, but which are not legally recoverable solely by reason of a breach of the contract of carriage.
- 17.2 *Ship's proportion of general average – hull*
- Ship's proportion of general average expenditure (including salvage) and sue and labour expenses which are not recoverable under the Hull Policies and Excess Liabilities by reason of the value of the Entered Vessel being assessed for contribution to general average or salvage at a sound value in excess of the insured value under such policies. If the amount insured under the Hull Policies is less than the proper value, then the proper value shall be determined by the Managers in their sole discretion and the Member shall only be entitled to recover the excess of the amount which would have been recoverable under the Hull Policies if the vessel had been insured at the proper value.

Section 18

Sue & Labour and Legal Costs

- 18.1 Costs, including legal costs, and expenses reasonably incurred by the Member, on the occurrence of an event or matter liable to give rise to a claim, in avoiding or seeking to avoid or minimise any liability or expenditure or loss against which it is insured by the Association, provided that no such costs or expenses shall be recoverable unless either they have been incurred with the Managers' prior agreement or the Association determines that such costs or expenses were reasonably incurred.
- 18.2 Unless otherwise agreed the costs and expenses incurred under section 18.1 shall bear the same Deductible as the liability or expenditure so avoided or reduced would have borne

18.3

Exclusions and Limitations

There shall be no recovery from the Company in respect of costs and expenses:

- a. which are claimable in General Average;
- b. which result from the Insured Vessel being overloaded or improperly stowed;
- c. which are incurred in order to make the Entered Vessel seaworthy to receive the Cargo;
- d. which form part of the daily running of the Entered Vessel;
- e. for work which could have been carried out by the Crew or by reasonable use of the Entered Vessel and its equipment.

Section 19

Fines

19.1

Liability for fines imposed by any court, tribunal, or Authority of competent jurisdiction upon the Member or upon any person for whom the Member is legally liable to reimburse, for any of the following:

- 19.1.1 Short or over delivery of cargo or for failing to comply with regulations concerning declarations relating to goods or cargo or to the Entered Vessel's documents;
- 19.1.2 In respect of accidental pollution by oil or other substance;
- 19.1.3 Smuggling or any infringement of any customs law or regulation relating to the cargo or the Entered Vessel;
- 19.1.4 Breach of immigration laws or regulations;
- 19.1.5 Any act, neglect or default, other than those specified above, of any servant or agent of the Member in the course of their duties in respect of the Entered Vessel.

19.2

Exclusions and Limitations

There shall be no recovery from the Association in respect of:

- 19.2.1 overloading of the Entered Vessel;
- 19.2.2 the presence on board the Entered Vessel of a greater number of passengers than is legally permitted;
- 19.2.3 contravention of any law, regulation or requirement in respect of fishing;
- 19.2.4 entry of the Entered Vessel into prohibited waters;
- 19.2.5 disregarding of routing regulations;
- 19.2.6 criminal activity of which the Member had actual or constructive knowledge, recklessly disregarded or failed to take reasonable steps to prevent;
- 19.2.7 failure to maintain the Entered Vessel's life saving and/or navigational equipment and/or to keep prescribed certificates on board;
- 19.2.8 Desertion or landing of a crewmember, stowaway or refugee without permission of the necessary authorities;
- 19.2.9 inspection fees, including follow-up survey fees or fines of any sort arising out of or relating to a Port State Control detention or other order;
- 19.2.10 infringement of MARPOL regulations where the ship's oily water separator or similar pollution prevention device has been bypassed or rendered inoperable.

Section 20

Enquiry Expenses

Expenses reasonably incurred at the discretion of the Managers by the Member in defending itself and/or protecting its interests before a formal enquiry into a casualty involving the Entered Vessel during its operation.

Section 21

Life Salvage

Sums which are legally payable to third parties by reason of their having saved, or attempted to save, the life of any person on or from the Entered Vessel, but only to the extent as such sums are not recoverable under the Hull Policies of the Entered Vessel or from cargo owners or their insurers.

Section 22

Risks Incidental to Shipowning

The Member may recover from the Association those liabilities, losses or expenses to third parties, which are incidental to the business of shipowning and which are not specified or expressly excluded in these Rules, but only to such extent that the Association may decide on any request under this Section in its sole and absolute discretion.

PART 2

DEFENCE COVER FOR LEGAL COSTS (CLASS 2) – RISKS COVERED

Defence cover for legal costs

The standard cover is set out in Section 23 below and is subject always to the terms and conditions of these Rules and the provisions of the General Terms & Conditions mentioned in Part 3 and the provisions of Section 24 below. The Association shall indemnify the Member against the reasonable and necessarily legal costs and expenses, which are incurred in relation to the operation of the Entered Vessel, arising from events occurring during the period of entry.

The Association has the liberty to exclude, limit, modify or otherwise alter the standard cover by special terms, which have been agreed between the Association and the Member and if so agreed any special terms will appear on the Certificate of Entry.

Section 23

Risks Covered

- 23.1 The reasonable and necessarily legal costs and expenses incurred in establishing or resisting claims and disputes, including any such costs and expenses which a Member may become liable to pay to any other party, arising in respect of:
 - 23.1.1 hire or off-hire, freight, deadfreight, laytime, demurrage, despatch or other claim or dispute relating to the Charter Party, Bill of Lading or other contract of carriage in respect of the Entered Vessel;
 - 23.1.2 supplies to the Entered Vessel;
 - 23.1.3 charges, disbursements and accounts received from agents, stevedores, customs, brokers, harbour authorities or other servants of the Member;
 - 23.1.4 loading, stowing, trimming, discharging, lightening of cargo on or from the Entered Vessel;
 - 23.1.5 loss of, damage to or detention of the Entered Vessel;
 - 23.1.6 general or particular average contributions or charges;
 - 23.1.7 salvage or towage services rendered to the Entered Vessel;
 - 23.1.8 representation of the Member at official investigations or other inquiries in relation to the Entered Vessel;
 - 23.1.9 actions by, or against passengers intended to be or being or having been carried on the Entered Vessel, provided the carriage of passengers was approved by the Managers;
 - 23.1.10 actions by or against crew members, or their personal representatives, dependants or stowaways;
 - 23.1.11 actions by or on behalf of a State or any public body against the Member or the Entered Vessel, but not taxes or dues payable in countries where the Entered Vessel is registered or where the Member is resident or where the Member has a permanent place of business;
 - 23.1.12 amounts due from or to insurers, other than the Association;
 - 23.1.13 sale and purchase of the Entered Vessel;
 - 23.1.14 actions by or against builders and/or repairers of the Entered Vessel;
 - 23.1.15 any other issue or matter in connection with the Entered Vessel.
- 23.2 Any claim under this Section must have arisen from occurrences or circumstances, which have taken place after the Attachment Date and must be notified to the Association within the period of entry.

Section 24

Exclusions and Limitations

- 24.1 There will be no recovery under Class 2 if:
- 24.1.1 The claim, liability or dispute would have been covered if the Entered Vessel were fully covered by the Association's Protection & Indemnity cover.
 - 24.1.2 There is no reasonable relationship between the amount in dispute or the prospects of successfully obtaining payment (due to financial position of the other party or otherwise) and the costs which are likely to be incurred.
 - 24.1.3 The claim or position adopted by the Member is tainted with illegality or serious impropriety, or is based on conduct or matters which give rise to an exclusion of cover under either this or any other policy of insurance concluded between the Member and the Association, including the Association's General Terms and Conditions incorporated therein.
- 24.2 Any recovery under Class 2 shall be subject always to the following:
- 24.2.1 The Association shall be entitled in its absolute discretion to support the Member in connection with any claim or dispute referred to in preceding Section 23 to such stage or extent and in such manner and on such terms as the Association may think fit, including but not limited to a term that the amount that the Member will be reimbursed by the Association shall be capped at a particular amount or alternatively that the Member shall not be reimbursed in respect of any specified amount or proportion of the costs and expenses incurred or to be incurred.
 - 24.2.2 The Association shall be entitled at any time in its absolute discretion to discontinue its support or to refuse further support in connection with any claim or dispute referred to in preceding Section 23, notwithstanding any previous decision by the Association to support the same.
 - 24.2.3 Notwithstanding Section 45.8 (Claims) of Part 3 in these Rules, the Association shall have an absolute discretion as to the conduct of any claim or dispute referred to in preceding Section 23 and may at any time direct a Member and its appointed lawyers, surveyors or other persons to take whatever course in connection therewith as the Association may at its sole discretion require and upon such terms as the Association may deem appropriate and to continue or discontinue any legal proceedings.
 - 24.2.4 In the event of a failure by the Member to act as directed by the Association whether under this sub-Section 24.2. or howsoever, the Member shall not be entitled to be reimbursed by the Association in respect of any legal costs and expenses so incurred unless and insofar as the Association shall, in its absolute discretion, otherwise determine.
- 24.3 The Association shall be entitled either directly on its own behalf or with the full cooperation of the Member to take all such steps as it deems appropriate to satisfy itself that the legal costs and expenses incurred in respect of this Part 2 are reasonable. The Association shall have full authority and right to make enquiry of any appointed lawyers and to negotiate with them, to require a full schedule of costs and disbursements and to tax or assess the same as the Association in its sole discretion shall consider appropriate whether formally or otherwise and the Member shall provide all consents as may be necessary in this regard.

24.4

Where a dispute falls within these Rules, a Member shall not settle or compromise the dispute or make any admissions without the prior approval of the Managers, failing which the Managers may in their absolute discretion decline cover and/or require reimbursement from a Member forthwith of any legal costs and/or expenses that it has already incurred in respect of the dispute. If a claim by a Member has been compromised or settled on terms that either are inclusive of legal costs or make no provision as to costs, the Managers shall in their absolute discretion be entitled to determine what part of any sum thus received by the Member shall be deemed attributable to legal costs, and require that part to be paid forthwith to the Association to the extent that the Association has already incurred such costs.

Part 3

GENERAL TERMS AND CONDITIONS

Section 25

Application of Terms

Any contract of insurance effected pursuant to the Rules of the Association shall incorporate the General Terms & Conditions and the terms and conditions of Class 1 and/or Class 2. The terms and conditions set out in each Class of insurance in these Rules shall prevail over the general terms and conditions in the event of a conflict between them, but any terms appearing in the Certificate of Entry shall prevail above all others.

Section 26

Application for Entry

Any application shall be in the form supplied by the Association from time to time. The information and particulars given in the course of applying for Entry shall be deemed to form the basis of the contract of insurance between the Association and the Member. The entry shall be on the basis of either an Owner's Entry or Charterer's Entry.

Section 27

Certificate of Entry

- 27.1 On acceptance of the application for Entry by the Association, a Certificate of Entry will be issued by the Association evidencing the terms and conditions of the contract of insurance between the Association and the Member, which shall also state:
 - 27.1.1 Name of Member on whose behalf the vessel is entered, the name of the ship manager of the Entered Vessel and name of any Co-Assureds;
 - 27.1.2 The Class of insurance and any special terms and/or warranties;
 - 27.1.3 The name and main details of the Entered Vessel(s);
 - 27.1.4 The Attachment Date of the Entered Vessel(s) and the period of entry;
 - 27.1.5 The maximum amount insured;
 - 27.1.6 The applicable deductibles.
- 27.2 If at any time during the period of entry the terms relating to any Entered Vessel vary the Association will issue an endorsement stating the terms and effective date of such variation.
- 27.3 Every Certificate of Entry and any endorsement thereto issued by the Association shall be conclusive evidence as to the terms of the contract of insurance or as to the variation of such terms as the case may be.

Section 28

Disclosure and Alteration of Risk

- 28.1 The Member shall:
 - 28.1.1 make full and correct disclosure to the Association, before the contract of insurance is concluded, of every circumstance,
 - a.. which is known to the Member or any agent effecting the cover on his behalf, or which, in the ordinary course of business, ought to be known by the Member or agent, and
 - b.. which would be of relevance to the Association in deciding whether and on what conditions to accept the entry,
 - 28.1.2 make full, correct and prompt disclosure to the Association of every change in circumstance which is or ought to be known to the Member and which alters the risk covered by the Association, and
 - 28.1.3 refrain from causing or agreeing, without the Managers' prior approval in writing, to any change in circumstance which alters the risk covered by the Association.

28.2 In the event of any failure to comply with any of the above requirements, the Association is free from liability in respect of any event occurring after the time of failure. Where there has only been a failure to comply with Sections 28.1.2 and 28.1.3 and the Association would have provided the cover at the same Premium Rating 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.

Section 29

Exclusions and Limitations

- 29.1 The Member shall not be entitled to recover under any Part or Class of insurance, if:
- 29.1.1 the Member has failed to exercise reasonable care in the chartering, ownership, operation or management of the Entered Vessel;
 - 29.1.2 the Member has failed to promptly provide the Association or its nominated representative with any information or documentation relating to any claim or dispute under these Rules;
 - 29.1.3 the claim or dispute is between Joint Members or between associated persons;
 - 29.1.4 the claim or dispute arose out of or consequent upon the Entered Vessel carrying illegal goods, contraband, blockade running or the Member recklessly or intentionally employed or caused the Entered Vessel to be employed in illegal fishing or an unlawful or unduly hazardous or improper trade or voyage or that the cargo carried and/or the method of its securing or unsecuring, carriage, loading or discharging was unduly hazardous, patently inappropriate or improper;
 - 29.1.5 the liabilities, costs, losses or expenses are arising directly or indirectly out of or in consequence of:
 - a. war (actual or threatened), act of war, war-like operations, civil war, revolution, rebellion, insurrection, martial law, state of emergency, civil strife arising therefrom, or any hostile act by or against a belligerent power or by any act of terrorism;
 - b. occupation by armed or unarmed fighting forces whether of regular or irregular nature;
 - c. capture, seizure, arrest, restraint or detention (barratry and piracy excepted) and the consequences thereof or any attempt thereat;
 - d. strikers, locked-out workmen, or persons taking part in labour Disturbances, riots or civil commotions;
 - e. Blockades or threatened blockades of whatsoever nature;
 - f. confiscation or expropriation;
 - g. any weapons of war, (save for those liabilities, losses or expenses which arise solely by reason of the transport of any such weapons whether on board the Entered Vessel or not) but provided always that this exclusion shall not apply to the use of such weapons, whether as a direct result of government order or with the agreement of the Association where the reason for such use is the mitigation of liabilities, losses or expenses which would otherwise fall within the cover given by the Association;
 - h. any chemical, biological, bio-chemical or electromagnetic weapon;
 - i. nuclear risks;
 - j. ionising radiations from or contamination by radioactivity from or nuclear fuel or from any nuclear waste or from combustion of nuclear fuel;
 - k. the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof;
 - l. any weapon of war or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter;
 - m. the radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter; The exclusion in this sub-clause does not extend to radioactive isotopes, other than nuclear fuel, when such isotopes are being prepared, carried, stored, or used for commercial, agricultural, medical, scientific or other similar peaceful purposes;
 - n. cargoes that are not carried in accordance with the specific international

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- guidelines applicable including, but not limited to, the IMDG, IBC, IMSBC or International Timber Code; or which are carried on vessels that do not comply with the requirements as set for the carriage of such Cargoes;
 - o. willful 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 of omission will probably result in injury, or an act done or omitted in such way as to allow inference of a reckless disregard of the probable consequences.
 - 29.1.6 the Entered Vessel has been, or is intended to be, employed in trades or areas other than those agreed with the Managers;
 - 29.1.7 any liability imposed on the Member as punitive or exemplary damages, howsoever described;
 - 29.1.8 liabilities, losses, costs and expenses arise out of overdue or irrecoverable debts or out of insolvency of any party;
 - 29.1.9 claims in respect of liability, losses, costs and expenses arising out of performing Specialists Operations unless agreed by the Managers in writing prior to attachment;
 - 29.1.10 claims in respect of liability, losses, costs and expenses arising out of the carriage of passengers, unless agreed by the Managers in writing prior to attachment;
 - 29.1.11 the liability arises under the terms of any contract or indemnity and would not have arisen but for those terms, unless those terms were previously approved by the Managers in writing.
 - 29.2 29.2.1 Subject only to clause 29.2.2 below, in no case shall this insurance cover loss damage liability or expense directly or indirectly caused or contributed to by or arising from the use or operation, as a mean of inflicting harm of any computer, computer system, computer software programme, malicious code, computer virus or process or any other electronic system.
 - 29.2.2 where this clause is endorsed on Certificates of Entry covering risks of war, civil war, revolution, rebellion insurrection, or civil strife arising therefrom, or any hostile by or against a belligerent power, or terrorism or any person acting from a political motive, Clause 29.2.1 shall not operate to exclude losses (which would otherwise be covered) arising from the use of any computer, computer system or computer software program or any other electronic computer system in the launch and/or guidance and/or firing mechanism of any weapon or missile.
 - 29.3 The exclusion in Section 29.1.5 a, b, c, d, e, f, g, h 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:
 - 29.3.1 A certificate issued by the Association in compliance with Article VII of the International Conventions on Civil Liability for Oil Pollution Damage 1969 and 1992 or any amendments thereof,
 - 29.3.2 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 any amendments thereof,to the extent that 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.

Section 30

Other Insurance

- 30.1 There shall be no recovery under any Part of the Rules in respect of any liabilities, losses, costs or expenses,
 - 30.1.1 which are recoverable under the Hull Policies of the Entered Vessel or which, in the opinion of the Association, would have been covered by the Hull Policies had the Entered Vessel been properly insured for its uncommitted value on standard terms, without deductible or franchise, with the proper insured value to be determined by the Managers in their absolute discretion;

30.1.2	which are recoverable by the Member under another insurance policy, or which would have been recoverable under another standard insurance policy but for any term in such policy providing for deductibles or excluding or limiting liability on the grounds of double insurance;
30.1.3	furthermore, the Association shall not provide pro-rated or allocated cover, on the basis of double-insurance or otherwise, nor will the Association's cover replace any other insurance where (for whatsoever reason) that other insurance does not or is not able to respond to a claim thereunder;
30.1.4	which relate to a person performing work in the service of the Entered Vessel covered by a social insurance or by public or private insurance required by the legislation or a collective wages agreement governing the contract of employment, or which would have been covered had such insurance been effected.
30.2	The Association shall not cover under a Defence Entry costs which are or can be covered under a Protection & Indemnity Entry.
30.3	The Association shall not be liable for any franchise, deductible or deduction of a similar nature borne by the Member under any other insurance.
Section 31	Sanctions
31.1	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 to any sanction, prohibition, restriction or adverse action by any competent authority or government.
31.2	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 under any reinsurance(s) arranged by the Association because of a shortfall in recovery from such reinsurers by reason of any sanction, prohibition or adverse action against them by a competent authority or government or the risk thereof if payment were to be made by such reinsurers. For the purposes of this Section, "shortfall" includes, but is not limited to, any failure or delay in recovery by the Association by reason of the said reinsurers making payment into a designated account in compliance with the requirements of any competent authority or government.
Section 32	Premiums and Calls
32.1	Before an application for the entry of a vessel is accepted, the Premium Rating of the vessel concerned shall be set taking into account all matters, including, but not limited to, the Member's loss record, which the Managers may consider relevant in assessing the degree of risk involved. All Entered Vessels under the same management may at the absolute discretion of the Managers be deemed, for the purpose of determining the loss record or otherwise for the determination of the Premium Rating, to be owned by one Member.
32.2	The Premium Rating of the Entered Vessel for each Policy Year shall be collected by way of Advance Call in the Policy Year to which it relates.
32.3	The Managers may agree fixed premiums for special categories of Members. Where fixed premiums have been agreed, the provisions of Sections 33 (Supplementary Calls) and 34 (Release Calls) of this Part of the Rules shall not apply to such entries.
32.4	Before the start of each Policy Year, the Managers may determine that for the next ensuing Policy Year the Premium Rating for the Entered Vessels 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 fact the Managers may deem relevant.

Section 33

Supplementary Calls

The Managers may at any time during or after the end of each Policy Year direct that in respect of any specified class and Policy Year a Supplementary Call shall be levied on each Member in respect of Entered Vessel in such class in the relevant Policy Year of such amount as the Association in its discretion may determine. Unless the Managers in their discretion otherwise decides, all Supplementary Calls so made shall be calculated *pro rata* to the Advance Call levied on the Member concerned in respect of the class and Policy Year concerned, unless the entry has been accepted on special terms which otherwise provide.

Section 34

Release Calls

Upon or any time after the cesser or termination of the entry of the Entered Vessel for any reason, the Managers may, on their own initiative or at the request of the Member, release the Member from liability for further contribution to mutual premium in respect of such vessel upon such terms (including the payment of a Release Call) as the Managers in their discretion may consider to be appropriate in all the circumstances. A Release Call in respect of such a vessel and the amount of such assessment shall be payable in full by the Member on demand without any set-off by the Member.

Section 35

Payment to the Association

- 35.1 The Member shall pay all calls, premiums and other sums due to the Association as they fall due.
- 35.2 Advance Calls, Supplementary Calls, Release Calls and fixed premiums shall be payable in such instalments and on such dates as the Managers shall specify.
- 35.3 Reimbursement of deductibles, interest, costs or expenses and any other claims which the Association may have against the Member, are due on demand.
- 35.4 The Member shall pay the Association on demand the amount of any tax or duty relating to premiums or other sums paid or payable by the Member and for which the Association is or may become liable.
- 35.5 If any sums due to the Association from the Member are not paid on or before the due date, the Association shall be entitled to interest on overdue payments at such rates as the Managers may from time to time determine.
- 35.6 If any contribution or other payment due from a Member to the Association is not paid and if the Managers consider that payment cannot economically be recovered, the sum required to make good any resulting shortfall or deficiency in the funds of the Association shall be deemed to be an expense of the Association.

Section 36

Premium Payment Warranty

- 36.1 Warranted all calls, annual premiums and/or other sums due to the Association are payable as per a Debit Note to be attached.
- 36.2 If, prior to completion of payment of a call or an annual premium, a payment of a claim is to be made, a Member shall, before receipt of payment of the claim, pay in a lump sum the total of unpaid instalment premiums (the balance of the call or annual premium after deducting the total instalment premiums already paid; hereinafter to be so interpreted).
- 36.3 In case of an Actual Total Loss and/or Constructive Total Loss of the Entered Vessel a Member is to effect immediate payment of full call or annual premium for the whole period of cover.

36.4	Where a Member has failed to pay, either in whole or in part, any call or premium by a due date notwithstanding that, in relation to instalment payments, the Member may have paid any prior amount(s) by the due date(s), the Association shall have the right to serve a notice upon the Member requiring him to pay the premium by any date specified in such notice, not being less than seven (7) days from the date on which the notice is given. If the Member fails to make such payment in full on or before the date so specified, the Member's cover shall be cancelled forthwith without further notice or any other formality.
36.5	Breach of the Premium payment Warranty may lead to rejection of all claims whether arising before or after the breach: Part 3, Section 43 below.
36.6	Premium excluding local taxes if applicable.
Section 37	Payment by the Association
37.1	The cover afforded to a Member is indemnity only and not liability.
37.2	Unless the Managers in their discretion otherwise determine it shall be a condition precedent of a Member's right to recover from the funds of the Association in respect of any loss, damage, liabilities, costs or expenses that he shall first have discharged or paid the same.
37.3	Without prejudice to anything elsewhere contained in these Rules it shall be a condition precedent of a Member's right to recover from the funds of the Association in respect of any loss, damage, liabilities, costs or expenses that all such calls and other amounts whatsoever as shall have become due from the Member to the Association shall have been paid in full without any set-off or discount.
37.4	A Member shall have no right of recovery of interest on any claim he may have against the Association.
37.5	A Member shall have no right to recover any losses suffered as a consequence of delay or failure on the part of the Association to reimburse the Member.
Section 38	Security
	The Managers may at any time require, as a condition of entry or continued entry of a vessel, that a Member shall provide to the Association by such date as the Managers may determine a guarantee or other security in respect of the Member's liability to pay calls or any other amount due to the Association, such guarantee or other security to be in such form and amount and upon such terms as the Managers in their sole discretion may deem to be appropriate in the circumstances.
Section 39	Liens
	The Association shall be entitled to a lien on the Entered Vessel or, in the case of a fleet entry, any other vessel in the fleet for payments owed to the Association. The lien hereby granted may be enforced by the Association by way of arrest or detention of the vessel in any jurisdiction in which the Entered Vessel may call. The Member hereby irrevocably confers jurisdiction and the power to order the arrest or detention of the Entered Vessel on the court adjudicating upon the Association's application and will not challenge the jurisdiction of the court to order the arrest or detention.
Section 40	Closing of Policy Years
40.1	For the purposes of adjusting mutual premium in relation to any surpluses or deficiencies to the Association's funding, the business of the Association shall be divided into Policy Years which shall have the meaning ascribed to them in Part 6 (Definitions) below.
40.2	The Managers may declare that the Policy Year shall be closed at such time as it deems expedient.

- 40.3 If at any time after the Policy Year has been closed it shall appear to the Managers that the funds required in respect of such Policy Year are considered insufficient to cover the claims on, or costs, expenses and outgoings of the Association in respect of such Policy Year, the Managers may in their absolute discretion decide to provide for such deficiency by levying an Advance or Supplementary Calls on an open Policy Year for the class concerned for the purpose of meeting the whole or a part of such deficiency.

Section 41

Termination and Cesser of Entry

- 41.1 A Member shall immediately cease to be covered by the Association in respect of any and all vessels entered by him or on his behalf upon happening any of the following events:
- 41.1.1 Where the Member is an individual:
- a. upon his death;
 - b. if a receiving order is made against him;
 - c. if a petition in bankruptcy is presented in respect of him or any analogous proceedings are commenced against him in any jurisdiction outside the United Kingdom, or he makes any compromise, scheme or arrangement with his creditors generally in order to avoid or prevent the presentation of such a petition or such analogous proceedings;
 - d. if he shall become bankrupt or make any composition or arrangement with his creditors;
 - e. if he shall become incapable by reason of mental disorder of managing and administering his property and affairs;
 - f. or if an event having a similar effect under any system of law shall occur in relation to that individual;
- 41.1.2 Where the Member is a corporation:
- a. upon the passing of any resolution for voluntary winding up;
 - b. upon its commencing proceedings under any bankruptcy or insolvency laws to seek protection from its creditors or to reorganise its affairs;
 - c. upon its making any compromise, scheme or voluntary arrangement with its creditors or upon its commencing proceedings under any bankruptcy or insolvency laws to seek protection from its creditors or to reconstruct or readjust its debts or to reorganise its affairs;
 - d. upon a receiver, administrator or manager of all or part of the corporation's business or undertaking being appointed;
 - e. upon possession being taken of any of its property by or on behalf of a party who has taken full or partial security on the said property;
 - f. upon an order being made for appointment of an Administrator, Receiver or Liquidator or for compulsory winding up;
 - g. upon dissolution;
 - h. or if an event having a similar effect under any system of law shall occur in relation to that corporation;
- 41.1.3 Where the insurance cover is cancelled under Section 43 (Cancellation for Non-payment).
- 41.2 Unless otherwise agreed in writing by the Managers, the Member shall cease forthwith to be covered by the Association in respect of a vessel entered by him or on his behalf upon the happening of any of the following events in relation to such vessel:
- a. if the Entered Vessel is transferred to a new owner by sale or otherwise;
 - b. if new ship managers of the Entered Vessel are appointed or there is a change of the flag of the Entered Vessel;
 - c. if the ship is mortgaged or otherwise hypothecated without an undertaking or guarantee approved by the Managers being given to pay all contributions due to or become due in respect of the Entered Vessel, unless the Managers exercise their discretion in any particular case to dispense with such an undertaking or guarantee;

41.3	<p>d. if any person having given an undertaking or guarantee under the preceding paragraph fails to discharge his liability thereunder upon demand by the Managers;</p> <p>e. if any mortgagee or other secured party enters into possession of the Entered Vessel;</p> <p>f. if the Entered Vessel is requisitioned;</p> <p>g. if the entry of the Entered Vessel is terminated in accordance with any Section;</p> <p>h. if the Member fails to provide a bank guarantee or other security to be furnished under Section 38 (Security) within the time permitted by the Managers.</p> <p>Unless otherwise agreed in writing by the Managers and subject to Section 42 (Effect of Cesser and Termination other than under Section 43), a Member shall cease forthwith to be covered by the Association in respect of a vessel entered by him or on his behalf upon the happening of whichever shall be the earliest of the following events:</p> <p>a. if the vessel shall be missing for ten days from the date it was last heard of or from it being posted at Lloyd's as missing;</p> <p>b. if the Entered Vessel shall become an actual or total loss or shall be agreed by the Hull Underwriters (whether of marine or war risks) as constituting a constructive total loss or a compromised total loss or shall become a commercial total loss;</p> <p>c. if the Hull Underwriters (whether of marine or war risks) make a payment without commitment to a Member in respect of an unrepaired damage claim which exceeds the market value of the Entered Vessel immediately prior to the casualty which gave rise to such claim;</p> <p>d. if the Entered Vessel is, in the determination of the Managers, abandoned by the Member on account of its total loss appearing to be unavoidable;</p> <p>e. if the Managers in their absolute discretion conclude that the Entered Vessel is to be considered or deemed to be an actual or constructive total loss or otherwise commercially lost.</p>
41.4	<p>Notwithstanding and without prejudice to any other provisions contained in Sections 41.1, 41.2 and 41.3, a Member shall forthwith cease to be covered by the Association in respect of any and all Vessel(s) entered by him if any vessel is employed by the Member in a carriage, trade or on a voyage which will thereby in any way howsoever expose the Association 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 has its registered office or permanent place of business or by any State being a Major Power or by the United Nations or the European Union. For the purpose of this Section "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.</p>
41.5	<p>The Managers may terminate the entry of any or all of the vessels entered by the Member or on behalf of more than one Member on 30 days' notice without giving any reason.</p>
41.6	<p>Where cover ceases or the entry is terminated, the Managers may in their absolute discretion, reinstate the entry and cover with effect from such time as it considers appropriate.</p>
Section 42	Effect of Cesser and Termination other than under Section 43
42.1	<p>Where the cover ceases or is terminated otherwise than in accordance with Section 43 (Cancellation for non-payment), the Member shall remain liable for all Advance Calls, Supplementary Calls and other premiums in respect of the then current Policy Year <i>pro rata</i> for the period up to the date of cesser or termination, and for all Supplementary Calls and premiums in respect of prior Policy Years.</p>
42.2	<p>The Association shall be under no liability whatsoever by reason of anything occurring after cessation or termination.</p>

Section 43

Cancellation for Non-payment

- 43.1 Where a Member is in breach of his obligation under Section 35 (Payment to the Association) and/or Section 36 (Premium Payment Warranty), the Member's cover shall be cancelled, irrespective of whether the insurance is current at the date of cancellation or has by then ceased, been terminated or cancelled in accordance with any other Section of these Rules, and the remainder of this Section shall apply.
- 43.1.1 With effect from the date of cancellation the Association shall cease to be liable for any claim of whatsoever kind under these Rules in respect of the Entered Vessel:
- a. irrespective of whether such claim has occurred or arisen or may arise by reason of any event which has occurred at any time prior to the date of cancellation, including during previous Policy Years,
 - b. irrespective of whether such claim arises by reason of any event occurring after the date of cancellation,
 - c. irrespective of whether the Association may prior to such event have made payment of or accepted liability, either expressly or by conduct or implication for such claim or appointed lawyers, surveyors or any other person to deal with such claim,
 - d. irrespective of whether the Managers at the date of or prior to the date of cancellation knew that such claim might or would arise,
- 43.1.2 and as from the date of cancellation of any liability of the Association for such claim shall terminate retrospectively and the Association shall be under no liability whatsoever in respect of the cover.
- 43.2 When the Member's cover has been cancelled in accordance with this Section
- a. in relation to the policy period to which the cancellation refers all calls, contributions, premiums and other sums payable in respect of such policy period shall be payable *pro rata* only for the period up to the date of cancellation;
 - b. in relation to any policy period preceding that to which the cancellation refers, all calls, contributions, premiums and other sums of whatsoever kind shall be payable in full and non-returnable.

Section 44

Fleet Entry

If it is agreed between the Members and the Managers that the Entered Vessels are subject to Fleet Entry then the debts of any one Member in respect of any such Entered Vessel shall be treated as a debt to the Association of all other Members whose vessels are or were entered as part of the same fleet and the Managers shall be entitled to act as if all the vessels forming part of the fleet were entered by the same Member.

Section 45

Claims

- 45.1 Upon the occurrence of any casualty, event or matter liable to give rise to a claim by the Member against the Association, it should be the duty of the Member and his agents to take and continue to take all such steps as may be reasonable for the purpose of averting or minimising any expense or liability in respect of which he may be insured by the Association. If the Member commits any breach of this obligation the Association may reject any claim by him.
- 45.2 It is a condition precedent to the Association's liability hereunder that the Member shall give prompt notice in writing to the Managers of any claim, dispute, matter or event which has arisen or has occurred and which is liable to give rise to a claim under these Rules, and shall provide the Managers with all relevant facts of which the Member has knowledge at the time of any notification.

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- 45.3 If the Member makes any request for payment under the entry, knowing such request to be fraudulent or false in any respect (or in circumstances where it ought reasonably to be known to be so) or where the Member colludes with a third party with a view to making a fraudulent claim hereunder then the contract of insurance shall be rendered automatically void and the Member will forfeit all benefit under it and it shall be of no further effect. The Association shall be entitled to retain all and any sums already paid and to obtain a full indemnity from the Member in respect of any costs and disbursements incurred by the Association in relation to the claim and in relation to the investigation of the Member's conduct.
- 45.4 If the Member becomes insolvent during the course of any claim to which the Association has given support, the Association shall thereupon reserve the right to withdraw that support forthwith.
- 45.5 The Member must at all times promptly provide the Managers of any documents, reports, evidence or other information relevant to any claim, dispute, matter or event which has led or which is liable to lead to a claim under these Rules, and which are in the possession or power of the Member or his agents or otherwise within his knowledge.
- 45.6 When so requested by the Managers, the Member shall promptly produce, or cause his agents promptly to produce, all such documents or information of whatsoever nature which are or may be relevant to the Member's claim or intended claim.
- 45.7 The Member shall permit the Managers or his appointed agent or servant to interview any servant or agent or other person who may have been working for the Member at the material time or at any time thereafter or whom the Managers consider likely to have any direct or indirect knowledge of the matter giving rise to a claim under these Rules.
- 45.8 Any lawyer, surveyor or other expert or adviser shall be selected by the Managers. The Managers may, in their sole discretion, approve or decline any suggestions of the Member in this regard. A lawyer, surveyor, expert or other adviser so selected shall be appointed and employed solely on the basis:
- 45.8.1 That they are employed by the Member who shall be deemed their principal;
- 45.8.2 That they have standing instructions from the Member at all times to give advice and report to the Managers directly without prior reference to the Member and shall produce to the Managers any and all relevant documents or information obtained by them whether from the Member or howsoever and whether or not such advice, reports, documents or information would otherwise be the subject of legal or any form of privilege as if they had been appointed to act at all times and had at all times been acting on behalf of the Association and the Managers may at any time whatsoever rely upon such advice, reports and documentation or information as the Managers in their absolute discretion deem fit, including but not limited to, the provision of further support and on coverage under the Rules;
- 45.8.3 That notwithstanding 45.8.2 above, any reports or advices given pursuant to this Section shall not bind the Association to any course of action;
- 45.8.4 That they shall provide costs and disbursement estimates to the Association at the Managers' request. If so advised by the Association in writing, no legal costs and expenses shall be incurred by them without the Association's express prior approval.
- 45.9 The Association is under no obligation to provide bail or other security on behalf of the Member, but from time to time the Managers may in their sole discretion decide to provide bail or other security on such terms and in such form as the Managers in their sole discretion may consider appropriate.

45.10	Where legal steps or other proceedings are undertaken by lawyers or other parties appointed by the Member or its agents, the Managers have the discretion to decline to pay for such legal services. The Managers furthermore have the right to control or direct the conduct of handling of any case or legal and other proceedings relating to any matter in respect whereof legal and other costs are covered 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 Managers deem necessary. The Association shall be under no liability to reimburse a Member for costs incurred before the Association has been notified of a claim under the cover.
45.11	The provision by the Association of bail or other security, or otherwise acting on behalf of the Member, shall not constitute an admission of liability by the Association for the claim in respect of which the bail or other security is given.
45.12	The provision by the Association of bail or other security is always subject to payment to the Association of the applicable deductible(s) and all outstanding premiums.
45.13	It is a condition precedent to the Member's right of recovery under these Rules with regard to any claim by the Member in respect of any loss, expense or liability, that the Member shall first have discharged any loss, expense or liability.
45.14	Where the Association has indemnified the Member for any claim under these Rules, the Association shall be entitled to any recovery from a third party in respect of that claim and the Member shall, upon first request of the Association, provide all documents to enable the Association to exercise the Member's rights of recovery.
Section 46	Burden of proof
46.1	A Member shall have the burden of proving that any claim against the Association results from a risk covered under the contract of insurance he has entered with the Association.
46.2	Where the claim results from a combination of a cause in respect of which liabilities, losses, expenses or costs are covered and a cause in respect of which liabilities, losses, expenses or costs are excluded, the Member shall have the burden proving that the cause covered by the insurance is the dominant cause, failing which the entire claim shall be excluded.
Section 47	Maximum Amount Insured
	The maximum liability of the Association in respect of each accident or occurrence relating to the Entered Vessel and falling within the period of entry shall be limited to the amount(s) specified in the Certificate of Entry.
Section 48	Deductibles
48.1	Any claim recoverable under these Rules shall be limited to the excess of the Deductibles specified in the Certificate of Entry.
48.2	A Member shall pay the Deductible on or before the date specified by the Managers

48.3 Where a Member has failed to pay, either in whole or in part, any amount due from the Member to the Association, the Managers shall have the right to serve a notice upon the Member requiring him to pay such amount by any date specified in such notice, not being less than seven (7) days from the date on which notice is given. If the Member fails to make such payment in full on or before the date so specified, the cover of the Member shall be cancelled forthwith without further notice or formality. Notwithstanding that the cover has been cancelled by virtue of this clause, the Member shall be liable for all or any amounts which have fallen due under these Rules and Certificate of Entry prior to such cancellation.

48.4 The Association shall be entitled, once Deductibles have become due and payable, to commence an action against a Member or any other person liable, to recover any unpaid Deductible.

Section 49

Joint Members and Co-Assureds

49.1 The Association may accept an entry of a vessel on owned by more than one party or managed by another party than the Member, in which case each such party shall become a Joint Member.

49.1.1 Joint Members shall be jointly and severally liable to pay all amounts due to the Association.

49.1.2 If an application is made by two or more vessels forming part of a fleet through a ship manager with a view to obtaining terms which would not have been available had the vessels been offered for entry separately, such entries may be accepted on the basis that the ship manager shall sign the appropriate Application Form and be treated as a Joint Member and shall together with the Member be jointly liable as a Member.

49.1.3 Any payment by the Association to a Member or any Joint Member, shall be deemed to be a complete payment to the Member and to all Joint Members jointly and shall fully discharge the obligations of the Association in respect of that payment.

49.1.4 The contents of any communication between the Managers and a Member, or any Joint Member or any Co-Assured, shall be deemed to be within the knowledge of the Member and all the Joint Members and Co-Assureds.

49.1.5 Any failure by a Member, or any Joint Member, or any Co-Assured to comply with any of the obligations under these Rules, shall be deemed to be a failure of the Member and all the Joint Members and Co-Assureds.

49.1.6 Any conduct or omission (including misrepresentation or non-disclosure) by a Member, or any Joint Member or any Co-Assured, which would have entitled the Association to reject or reduce any claims shall be deemed to have been the failure of the Member and all the Joint Members and Co-Assureds.

49.1.7 The Association shall not cover any liability, loss, expense or costs in respect of any dispute between a Member and any Joint Member or any Co-Assured, or between Joint Members, or between Co-Assureds, or between Joint Members and Co-Assured.

49.1.8 The total liability of the Association in respect of any one event, to a Member, and to any Joint Member or Co-Assured shall not exceed such sum as would have been recoverable from the Association only by the Member.

49.1.9 In the event that the total liability of the Association is less than the total sum claimed by a Member and by any Joint Member or Co-Assured, the Association shall be entitled to apportion payment in proportion to the respective amounts claimed.

49.2 The Association may agree to extend the contract of insurance to a Co-Assured named in the Certificate of Entry.

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- 49.2.1 In respect of a Co-Assured the Association shall only be liable to the Co-Assured to the extent that it would have been liable to the Member had the claim in question been brought and enforced against the Member;
- 49.2.2 A Co-Assured shall not be liable for amounts due to the Association by the Member.

Section 50

Disputes between Members

In the event of a dispute between Members entered with the Association, they may insist that the dispute in question shall be submitted to the Association and/or to a legal, technical or other expert appointed by the Association, for an opinion prior to the commencement of court proceedings or arbitration. Any such opinion may not be referred to in any subsequent proceedings, but may be taken into account by the Association in determining to what extent the Association shall cover the costs of either Member.

Section 51

Interest and Set off

- 51.1 In no case whatsoever shall interest be paid on any amount due from the Association;
- 51.2 The Association shall be entitled to set off any amount due from the Member against any amount due to the Member.
- 51.3 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 Joint Members may have against the Association, nor shall any such claim entitle the Member to withhold or delay payment to the Association at any time.

Section 52

Documentation

It is warranted that the Entered Vessel, its crew and its cargo shall, at all times, be properly documented, unless otherwise agreed in writing between the Member and the Association. Should the Entered Vessel at any time to the knowledge of the Member or any of its Officers or crew, or should any of them be reckless in relation thereto, carry false papers relating to the operation of the vessel, the qualifications, number or competence of the crew, or as to the nature or condition of the cargo then the contract of insurance shall be rendered automatically void and the Member will forfeit all benefit under it and it shall be of no further effect.

Section 53

Flag State & Statutory Regulations

- 53.1 It is warranted that the Entered Vessel is registered in a particular country and sails under a particular flag and/or management and shall remain so during the entire period of entry;
- 53.2 It is warranted that the Member shall comply with all statutory regulations, laws, and directions relating to the construction, adaptation, condition, fitment and equipment of the Entered Vessel throughout the entire period of entry;
- 53.3 It is warranted that the Member shall maintain, if applicable, the validity of all statutory or other certificates as are issued by or on behalf of the Entered Vessel's flag state in relation to the International Safety Management (ISM) Code and the International Ship and Port Facility Security (ISPS) Code throughout the entire period of entry;

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- 53.4 The Entered Vessel is to be crewed and manned in accordance with the statutory regulations, laws and directions applying to the Entered Vessel by virtue of its registry or flag and shall comply with the statutory regulations, laws or decrees relating to crewing and manning in each port which the Entered Vessel visits, whether or not in the course of its employment.

Section 54

Classification

Unless otherwise agreed in writing between the Member and the Managers the following shall apply to every entry of every vessel:

- 54.1 It is warranted that the Entered Vessel is and shall remain throughout the period of entry fully classed with a Classification Society approved by the Managers, and that any change of Classification Society shall forthwith be notified to the Association in writing. The Member shall fully and timeously comply with all rules, recommendations and requirements of the Classification Society and will promptly report to the Classification Society and the Association any incident or condition in connection with the Entered Vessel.
- 54.2 The Member irrevocably authorises the Managers to inspect and copy information relating to the maintenance of Class either in the Member's possession or in the possession of the Classification Society and the Member will at the request of the Managers confirm in writing that the Managers are entitled to inspect and copy such records of the Classification Society for whatever purpose the Managers may deem necessary.
- 54.3 It is warranted that during the period of entry the Entered Vessel shall be classed and maintained in class without any extensions or postponements from the Classification Society of their survey dates. It is further warranted that any recommendations by the Classification Society in relation to the Entered Vessel will be complied with immediately.

Section 55

Condition, other Surveys and Inspections

The provisions of this Section shall not derogate from the warranties of the Member in relation to those matters set out in Sections 52, 53 and 54. This Section contains the entitlement of the Managers to review the condition of the Entered Vessel prior to inception and throughout the period of entry and in appropriate circumstances to amend the cover provided.

- 55.1 The Member shall strictly comply with any survey warranty set out in the Certificate of Entry relating to the Entered Vessel. The Managers may, as a condition precedent to the inception of the entry or on a held covered basis or on such other terms as it in their sole discretion may decide, require the Entered Vessel to be surveyed by a surveyor appointed by the Association but at the Member's expense on a date and at a place satisfactory to the Managers and unless and until any repairs or other action have been carried out to the satisfaction of the Managers within the time prescribed by its appointed surveyor. The Certificate of Entry shall not be in full force and effect, or shall be restricted to such special terms as the Managers may, in their discretion, agree.

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- 55.2 The Member shall provide the Managers with all information documents and photographic or other evidence as to the condition, maintenance and operation of the Entered Vessel, including its whereabouts, throughout the entire period of entry as the Association or its appointed Surveyor(s) may reasonably request. It is a continuing obligation upon the Member promptly to notify and to provide the Managers with all relevant documentation concerning any incident or matter that may affect the Entered Vessel's condition during the period of entry including, but not limited to, intervention by Port State Control, a casualty, a direction or other order by a state or port regulatory authority that requires repairs, improvement or some remedial step to the Entered Vessel.
- 55.3 The Member shall permit the Managers, at any time, to carry out a survey of the Entered Vessel by a surveyor or other expert appointed by the Managers but at the Member's expense on a date and at a place satisfactory to the Association. In the light of the surveyor's recommendations following such survey the Managers shall be entitled:
- 55.3.1 to terminate the entry immediately on provision to the Member of the surveyor's findings, when the Member shall cease to be covered. The Managers shall, tender an appropriate *pro rata* per day return as soon as reasonably practicable.
- 55.3.2 to impose conditions and restrictions or otherwise vary the Certificate of Entry as the Managers may, in their sole discretion, deem appropriate including, without limitation, the exclusion of all or part of the risks covered under Class 1 on provision to the Member of the surveyor's findings. Any condition, restriction, variation or exclusion shall remain in full force and effect unless and until the Member has complied with the recommendations of the survey as to repairs or other action to be taken within such time as may be specified by the Managers to the satisfaction of the Association and its surveyor.
- 55.3.3 Should the Member decline to accept any condition, restriction, variation or exclusion imposed by the Managers pursuant to 55.3.2 above ("the amended terms") then it shall have the option of terminating the entry within 7 days of its receipt of the amended terms when the Association shall tender an appropriate *pro rata* per day return as soon as reasonably practicable.
- 55.4 The Association's Condition Survey Guidelines, as from time to time amended, and the Association's P&I Risk Assessment Reports insofar as they relate to the Entered Vessel, shall be patent to the Member as the basis of the Association's assessments pursuant to 55.3.1 and 55.3.2.

Section 56

Subrogation

The Association shall be subrogated to all the rights which the Member may have against any other person or entity, in respect of any payment or promise of payment made in accordance with this policy, to the extent of such payment or that promise of payment, and the Member shall, upon the request of the Managers, execute all documents necessary to secure to the Association such rights.

The Association shall have the right to sue in the name of the Member, and the Member shall execute all papers and documents in connection therewith, as requested by the Managers, and shall lend all assistance to the prosecution of any suit. The balance of any amount recovered after full reimbursement of the Association for its loss and all expenses incurred shall be paid to the Member. Compliance with this requirement may, in the Managers' discretion, be made a condition of the payment of a loss.

Section 57

Assignment

No cover provided by the Association and no interest in any contract between the Association and the Member may be assigned without the written consent of the Association, who shall have the right in its sole discretion to give or refuse such consent without stating any reason or to give consent upon any such terms or conditions as the Association may think fit. The Association shall be entitled, before paying any claim to an assignee of the Member, to deduct or retain such amount as the Association may then estimate to be sufficient to discharge any liabilities of the Member to the Association, whether existing at the time of the assignment or having accrued or being likely to accrue thereafter.

Section 58

Forbearance and Waiver

No act, omission, course of dealing, forbearance, delay, inaction or conduct of any kind by the Association, whether by its Managers, officers, servants, agents or otherwise, including the provision of any security, payment of any sum or the handling of any claim or the survey of any vessel, shall be treated as a waiver of any of the Association's rights or an acceptance that the Association covers any particular claim.

Section 59

Admission and Settlement

The Member shall make no admission of liability nor settle any claim or dispute or proceedings instituted by or against it without prior approval of the Managers. If the Member admits liability or settles the claim or dispute without such prior approval or refuses to settle the claim, notwithstanding that the Association shall have required it to do so, the Association shall not be liable to indemnify the Member and the Member will be liable to refund the Association all or part of any costs paid by the Association either to the Member or to lawyers, surveyors or other persons.

Section 60

Notification and Time Limit

Without prejudice to the duty of prompt notification contained in Section 45.2(Claims) if a Member:

- 60.1 fails to notify the Association of any casualty, event or claim referred to in Section 45.2 within one year after he has knowledge thereof or ought to have had knowledge thereof, or
- 60.2 fails to submit a claim to the Association for reimbursement of any liabilities, costs 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 thereof.

Section 61

Currency of Payment

- 61.1 Unless otherwise agreed by the Managers in writing, all payments to the Association shall be made in in U.S. Dollars (the "premium currency").
- 61.2 Where a Member has made a payment in respect of any liability, loss, cost or expense which is covered by the Association, on a currency other than the premium currency, that payment shall be converted into the premium currency at the rate of exchange ruling on the day such payment was made by the Member.
- 61.3 Where a payment in respect of a liability, loss, cost or expense is due to a fixed time and the Member without valid reason neglects to make payment when due, the Member shall not be entitled to compensation at higher rate of exchange than that ruling on the day on which payment was due.

61.4	All rates of exchange for the purposes of this Section shall be as conclusively certified by the Managers.
Section 62	Total Asbestos Exclusion There shall be no recovery from the Association in respect of any liabilities, costs and expenses directly or indirectly arising out of, resulting from or in consequence of, or in any way involving asbestos, or any materials containing asbestos in whatever form or quantity.
Section 63	Amendment of the Rules Notwithstanding and without prejudice to any other provisions of these Rules or the Association's Memorandum and Bye-Laws or a Member's Certificate of Entry relating to the amendment of these Rules, these Rules may, on such notice as the Managers may in their absolute discretion decide, be amended at any time (including with effect from any time during the course of any current or future Policy Year) in such fashion and to such extent as the Managers may in their absolute discretion determine if necessary as a result of the implementation of, or potential or proposed implementation of, any applicable change in legislation, regulation, prohibition, restriction, or requirement to obtain any license, consent, or authorization; or potential or actual imposition of economic or other sanctions against the Association by any State, government, official body, regulatory or competent authority, international organization, or the like.
Section 64	Law and Jurisdiction
64.1	These Rules shall be governed by, and construed in accordance with, English Law.
64.2	The High Court in London shall have exclusive jurisdiction to hear and determine any claim or dispute under these Rules.
64.3	The cover provided by the Association shall not nor is intended to confer any right or benefit on any third party under the Contracts (Rights of Third Parties) Act 1999 or any similar provision, enactment or principle of law contained in the laws of any State which purports to do so.
Section 65	Marine Insurance Act
65.1	These Rules and all contracts of insurance made by the Association shall be subject to and incorporate the provisions of the Marine Insurance Act, 1906 of England and Wales and any statutory modifications thereof except insofar as such Act or modifications may have been excluded by these Rules or by any terms of such contracts.
65.2	Without prejudice to the generality of the foregoing:
65.2.1	The sections of the said Act relating to disclosure and representations (Sections 17 to 20) and those relating to warranties (Sections 33 to 41) shall apply to every contract of insurance between a Member and the Association.
65.2.2	The Association shall not be liable for any loss, damage, liabilities, costs or expenses caused by willful misconduct of the Member or his manager.

PART 4

EXTENSIONS OF COVER

In addition to the risks covered under Part 1 of these Rules, the Protection & Indemnity cover can be extended with the following optional clauses at terms and conditions to be approved and confirmed by the Association in writing prior to commencement of such risk:

Specialist Operations Clause
 (Part 4, Clause 1)

The coverage is hereby extended to include those liabilities, costs and expenses, including those assumed by reason of contract, to the extent they may be incurred by the Member during the course of performing special operations.

PROVIDED ALWAYS THAT

1. The terms of such contract or indemnity can be shown to be customary in a particular trade/contracting operation at the particular port or place.
2. The below mentioned exclusions shall prevail, notwithstanding any provisions in this clause inconsistent therewith.
 - a. Claims brought forward 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.
 - b. Fines, punitive, exemplary or aggravated damages.
 - c. Penalties and liquidated damages for which the Member is solely liable under the contract terms.
 - d. Liabilities, costs and expenses arising from drilling in connection with oil or gas production, core sampling.
 - e. Any liabilities, losses, costs or expenses in relation to damage or loss of the contract works or failure to perform the contract works or the fitness for purpose and quality of the Members work, products or services.
 Abovementioned exclusions 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 vessel.
 - (ii) the wreck removal of the vessel.
 - (iii) oil pollution from the vessel
 But only to the extent that such liabilities, costs and expenses are covered by the Association in accordance with the Certificate of Entry wording.

Salvors Clause
 (Part 4, Clause 2)

The cover is extended to include liabilities and expenses arising out of salvage operations in accordance with the terms and conditions as set out below:

1. Liabilities and expenses arising in respect of risks covered under Rules of Association 1/2013.
2. Liabilities and expenses caused by oil pollution during salvage operations whether or not they arise in respect of the Members interest in the Entered Vessel.

Towage Liability Clause
 (Part 4, Clause 3)

1. The coverage is hereby extended to include those liabilities, costs and expenses, including those assumed by reason of contract, to the extent they may be incurred by the Member during the course of performing towage.
2. The Member is fully aware as to the extent to which this cover responds in respect of towage liability claims in accordance with The Rules and in accordance with this clause. It is noted and agreed that the Member always endeavours to tow in accordance with approved towage conditions and utilize towage conditions when berthing/un-berthing but this may not always be possible and in these limited cases the following coverage is afforded:

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3. Unless otherwise specifically agreed in writing by the Association there is neither liberty to tow rigs or platforms nor to tow under contract governed by American law.
 4. The contracts set out under sections a. and b. of this clause (below) are approved provided that they are not amended so as to increase the liability of the Entered Vessel. In countries where the terms of those contracts would not be enforceable at law the Association may approve, on a case by case basis, contracts in which the Member contracts on the basis most likely to be effective in upholding the right to limit liability provide always that the towage contract should not impose upon the tug any liability for the negligence of any other party:
 - a. WHERE THERE IS A CONTRACT WITH THE OWNER OF THE TOW
 - (i) The United Kingdom, Netherlands, Scandinavian or German standard towage conditions;
 - (ii) The international Ocean Towage Agreement's "Towhire" or "Towcon" conditions;
 - (iii) Lloyd's Standard Form of Salvage Agreement 1980 (LOF 1980), or Lloyd's Standard Form of Salvage Agreement 1990 (LOF 1990), or Lloyd's Standard Form of Salvage Agreement 1995 (LOF 1995), or Lloyd's Standard Form of Salvage Agreement 2000 (LOF 2000);
 - (iv) Terms as between the owner of the Entered Vessel on the one part, and the owner of the tow and the owners of any cargo or property on board the tow on the other part, that each shall be responsible for any loss or damage to his own vessel, cargo or other property on his own vessel and for the loss of life or personal injury of his own employees or contractors, without any recourse whatsoever against the other, that is "knock for knock" terms.
 - b. WHERE THERE IS NO DIRECT CONTRACTUAL RELATIONSHIP WITH THE OWNER OF THE TOW

A charter, which contains:

 - (i) "Knock for knock" terms, as in sub-section iv. above, covering the property of co-ventures or other contractors of the charterers as well as the property of the charterer themselves.
 - (ii) A separate clause within the charter requiring that all towage be carried out on terms no less favourable than "knock for knock" terms.

Bollard Pull Clause
(Part 4, Clause 4)

The cover is extended to continue during "Bollard Pull" tests, carried out by Port Authorities from time to time, subject to tugs registered Bollard Pull not exceeded. There is no cover for damage to the equipment used in the test

Passenger Liability Clause
(Part 4, Clause 5)

The cover is extended to include liability, costs and expenses arising out of the carriage of passengers in accordance with the terms and conditions as set out below:

1. Liability to pay damages or compensation:
 - a. for personal injury, illness or death of a passenger including hospital, medical or funeral expenses incurred in relation to such injury, illness or death including the costs of forwarding the injured or ill passengers to destination or return port of embarkation and maintenance of such passengers ashore. In this paragraph funeral expenses shall include the repatriation of dead bodies;
 - b. to passengers on board the Entered Vessel arising as a consequence of a casualty to that vessel, including the cost of forwarding passengers to destination or return to the port of embarkation and of maintenance of such passengers ashore;

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- c. for loss of or damage to the baggage or personal effects of a passenger;
 - d. for loss of or shortage or damage to accompanying property, including but not limited to cars, motorbikes or other vehicles carried under the contract, belonging to or carried under the direction or order of one or more passengers.
 - 2. The net cost to the Member (over and above the expenses that would have been incurred but for the diversion or delay) of fuel, insurance, wages, stores, provisions and port charges during a diversion of the Entered Vessel reasonably undertaken for the purpose of securing the necessary treatment ashore of ill or injured passengers on board the Entered Vessel
 - 3. The net cost to the Member (over and above the expenses that would have been incurred but for the outbreak of the infectious disease) of fuel, insurance, wages, stores and provisions and port charges, reasonably incurred as a direct consequence of an outbreak of infectious disease amongst passengers or in relation to passengers, including quarantine and disinfection expenses.
 - 4. Liability which the Member may incur, under the terms of an indemnity or contract relating to facilities or services provided in relation to the maintenance or entertainment of passengers.
 - 5. Fines imposed in respect of the Entered Vessel by any Court, Tribunal or Authority in accordance with Part 1, Section 19 (Fines) notwithstanding the exclusions and limitations thereof

PROVIDED THAT

- (i) There shall be no right of recovery under any paragraph of this clause unless and only to the extent that the Association has agreed to provide cover under this clause or under specified paragraphs thereof upon such terms and conditions as they think fit and the Certificate of Entry has been endorsed accordingly.
- (ii) There shall be no right of recovery from the Association in respect of claims relating to cash, cheques, credit cards, negotiable instruments, precious or rare metals or stones, valuables or objects of a rare or precious nature, unless and only to the extent that the Association have agreed to provide cover upon such terms and conditions as they think fit and the Certificate of Entry has been endorsed accordingly.
- (iii) In the case of loss or of damage to the baggage or personal effects of a passenger, there shall be no right of recovery from the Association in respect of any article, which in the opinion of the Association is not an essential or normal requirement of a passenger.
- (iv) The Association may reject or reduce a claim under preceding subsection (iv) of this clause if it considers that having regard to all the circumstances of the case it was unreasonable or imprudent for the Entered Vessel to have entered or remained at any port or place where such vessel was likely to be subject to disinfection or quarantine.
- (v) There shall be no right of recovery from the Association under this clause in respect of the contractual liability of a Member for death or injury to a passenger whilst on an excursion, or proceeding to or from the Entered Vessel in the circumstances where a separate contract has been entered into by the passenger for the excursion or passage, whether or not with the Member, or whether or not the Member has waived any or all rights of recourse against any subcontractor or other third party.

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- (vi) There shall be no right of recovery from the Association under this clause in respect of liabilities for personal injury, illness or death, or loss or damage to property, delay or any other consequential loss sustained by any passenger, by reason of carriage by air, except where such liability occurs during repatriation by air of injured or ill passengers, or of passengers following a casualty to the Entered Vessel.

PART 5

MEMORANDUM AND ARTICLES OF ASSOCIATION

These Rules are subject to the Memorandum and Bye-Laws of The British Steamship Protection and Indemnity Association (Bermuda) Limited, a company registered in Bermuda. Copies of the Memorandum and Bye-Laws are available on request from the Managers.

PART 6

DEFINITIONS

Application Form	An application for Entry required from every prospective Member in the standard format stipulated by the Managers, providing information material to the risk to be covered and which shall be deemed to be attached to and form part of the Certificate of Entry.
Association	British Steamship Protection & Indemnity Association (Bermuda) Ltd
Attachment Date	The first day on which the Certificate of Entry commences.
Cargo	Goods which are the subject of a contract of carriage and are to be, are, or were carried on the Entered Vessel, other than containers leased and/or owned by the Member.
Certificate of Entry	A contract of Protection of Indemnity between the Association and the Member as issued by the Association and any endorsements attached thereto.
Charter Party	A time charter party, a voyage charter party, including contracts of affreightment and booking notes or a space charter party.
Charterer	For the purpose of these Rules, any reference to a charterer shall be deemed to be a reference to a bareboat or demise charterer.
Class of Entry	Any Class of Entry which is referred to in the Certificate of Entry.
Co-Assured	Any person or company named in the Certificate of Entry, who is covered on the basis of 'misdirected arrow' only.
Directors	A quorum of the board of Directors for the time being of the Association.
Crew	Any person (including the Master) employed or engaged to serve on board the Entered Vessel under Articles of Agreement or other crew agreement or contract of service of or employment, including a substitute for such person.
Deductible	The proportion, percentage or the limited sum of money to be borne by the Member in respect of any claim.
Entered Vessel	A ship, boat, hovercraft or other description of vessel or structure (whether under construction or otherwise), the name of which appears in the Certificate of Entry.
Event	Any event, including any occurrence or occurrences arising out of any such event unless the Association decides to treat each occurrence as a separate event. An event shall be deemed to have taken place at the time of the first occurrence which results in a claim or claims.
Fleet Entry	Coverage of two or more vessels by one or more Members on the basis that the Entered Vessels will be treated as a fleet of vessels, which will be subject to a combined loss record.

Hague Visby Rules	The International Convention for the Unification of Certain Rules Relating to Bills of Lading signed in Brussels on 25th August 1924, as amended by the Protocol to that Convention signed in Brussels on 23 rd February 1968.
Hamburg Rules	The United Nations Convention on the Carriage of Goods by Sea, 1978.
Hull Policies	The insurance policy or policies effected on the hull and machinery of the Entered Vessel, including any interest, increased value, excess liability, war & strikes risks and other total loss policies.
Joint Members	Where the Certificate of Entry names more than one person as the Member, any of those so named.
Marine Insurance Act	The Marine Insurance Act of 1906 of England and Wales.
The Managers	British Steamship Management Ltd
Member	An owner or part owner or any person or entity who effects an entry for cover in the Association.
Operation	All functions performed by the Entered Vessel whilst trading or in ballast including repairs at sea, at an anchorage or on a berth but always excluding time spent and any functions performed when the vessel is in dry dock including its manoeuvring into and exit from such dry dock.
Passenger	A person carried on board the Entered Vessel pursuant to a contract of carriage.
Person	A natural person, an incorporated or unincorporated body or a combination of both.
Personal effects	Personal property including clothes, documents, navigation and other technical instruments and tools but excluding valuables and any other articles which, in the opinion of the Association, are not reasonably required by a crew member.
Policy Year	The period from noon Greenwich Mean Time on any 20 February to noon Greenwich Mean Time on 20 February next ensuing.
Premium Rating	The agreed rating for the provision of cover payable by the Member to the Association according to the terms set out in a debit note.
Ship manager	A person who has assumed the responsibility for operation of the Entered Vessel and who carries out management services in respect the Entered Vessels as agents for and on behalf of the owner of such Vessel.
Specialist Operations	Specialist operations are considered to be salvage, fire fighting, exploration, surveying, drilling, production, and associated services in respect of oil, gas or minerals, oil storage, underwater operations by a submarine or other submersible, commercial diving and underwater surveying, construction, including pile driving, blasting, and the transport and construction of offshore installations, dredging and the removal and discharge of dredging or other spoil, cable or pipeline laying or recovery, including preparatory surveying, laying or recovery operations, maintenance, waste incineration or disposal, pollution control, professional oil spill response and tank cleaning (otherwise than on the Entered Vessel), search and rescue at sea, research at sea, leisure, accommodation and catering services on board a permanently moored vessel.

Vessel	Any ship, boat, hovercraft or other description of vessel or structure (including any ship, boat, hovercraft or other vessel or structure under construction) used or intended to be used for any purpose whatsoever in navigation or otherwise on, under, over or in water or any part thereof or any proportion of the tonnage thereof or any share therein.
Wreck	Any vessel or craft which is disabled, and is aground or has sunk, and which is not the subject of a contract for the provision of salvage services.