

## CLASS 5, THE PROTECTING AND INDEMNITY CLASS

NOTICE IS HEREBY GIVEN that a SEPARATE MEETING of the MEMBERS OF CLASS 5, THE PROTECTING AND INDEMNITY CLASS, of The London Steam-Ship Owners' Mutual Insurance Association Ltd ("the Association") will be held at the REGISTERED OFFICE of the Association, 50 LEMAN STREET, LONDON, E1 8HQ at 12 noon on WEDNESDAY, 31 JANUARY 2024, or as soon thereafter as the meeting of the Members' Committee called for that day is finished, for the purpose of amending the Rules\*.

The following amendments together with such further amendments, if any, as may be proposed at the Meeting, will be submitted for adoption with or without modification and with effect from noon G.M.T. on the 20th day of February 2024.

*[New wording highlighted in bold & strikethrough. The explanatory notes in italics will not appear in the actual Rules.]*

### **RULE 5 – APPLICATION FOR INSURANCE, FAIR REPRESENTATION OF RISK, AND CHANGE OR ALTERATION OF RISK AND *THE ASSOCIATION'S CIRCULARS***

(...)

**5.6 Notwithstanding and without prejudice to any other provision of these Rules, the Association may from time to time (but shall not be obliged to) make recommendations in connection with the carriage of a particular cargo, or any trade or other operational matter.**

**5.6.1 Notice of such recommendations shall by be given by a Circular and can be viewed or downloaded from the Circulars section on the Association's website: [www.londonpandi.com](http://www.londonpandi.com)**

**5.6.2 Such recommendations shall take effect upon issuance of such Circular and the insurance of the Assured shall be subject to the recommendations in that and all other Circulars.**

**5.6.3 The Assured shall use best endeavours to comply or procure compliance with the recommendations in any Circular and the Members' Committee may, in its sole discretion, reject or reduce any claim by the Assured to the extent the liability, cost or expense would not have arisen if the recommendations had been complied with. The burden of proof that the liability, costs or expense could not have been avoided by such compliance shall be on the Assured.**

*[Explanation: The proposed amendment clarifies the standing and effect of such recommendations as the Association may make in loss prevention Circulars with regard to the carriage of a particular cargo, any trade or other operational matter.]*

## **RULE 9.19 CARGO**

**9.19.1** Liabilities, costs and expenses set out in Rule 9.19.1.1 – 9.19.1.4 in respect of cargo intended to be or being or having been carried in an entered Ship, extending from the time of receipt for shipment on quay or wharf until final delivery from quay or wharf, namely:

**9.19.1.1** liability (other than in respect of a contract of through carriage entered into by the Assured) for loss, shortage, damage or other responsibility.

**9.19.1.2** the additional costs (over and above those which would have been incurred in any event under the contract of carriage) incurred by the Assured in discharging or disposing of damaged or worthless cargo, originally loaded in sound condition, but only to the extent that the Assured both has to incur such costs to enable the entered Ship to complete discharge and continue trading and has no right to recover such costs from any other person;

**9.19.1.3** the costs of discharging, re-loading and re-stowing cargo necessarily incurred to continue the safe prosecution of the voyage but only to the extent that the Assured has no right to recover such costs from any other person by way of general average or otherwise.

**9.19.1.4** liability for loss, shortage, damage or other responsibility in respect of any contract of through carriage of cargo partly to be performed by the entered Ship and including transit by land, water or air to or from the entered Ship and intermediate storage necessary to perform such contract, but only to the extent that the terms of such contract shall have been approved by the Association in writing, for which the Association may require an increased Call;

**9.19.2** PROVIDED that:

**9.19.2.1** unless the Association shall have previously agreed or arranged cover on special terms (which may include the requirement of an increased Call or additional premium) or unless the Members' Committee in its sole discretion shall otherwise determine, there shall be no recovery in respect of liabilities, costs or expenses:

**9.19.2.1.1** which would not have been incurred by the Assured if the contract of carriage had been subject to the Hague Rules or the Hague Visby Rules, except and to the extent that such are overridden by other rules, conventions or provisions of national or international law which may mandatorily apply;

**9.19.2.1.2** **which would not have been incurred or borne by the Assured but for its waiver or limitation of rights of recourse that would otherwise have been available under the contract of carriage in accordance with**

**(a) the Hague or the Hague Visby Rules, and/or**

**(b) mandatorily applicable law.**

***[Explanation: The proposed amendment reflects a similar amendment to the Pooling Agreement, requiring an Assured not to waive or otherwise limit its rights of recourse in***

***contracts of carriage as presently exist under the Hague/Hague Visby Rules and/or mandatorily applicable law.]***

## **RULE 11 – LIMITATIONS ON COVER**

(...)

**11.5** Unless otherwise provided for in the Certificate of Entry recovery by:

**11.5.1** an Assured, whose interest in an entered Ship is that of a charterer other than a charterer Co-assured with an Assured who is the registered owner or demise charterer of the Ship, and any Co-assured(s) of such charterer shall be limited for all liabilities in the aggregate to a maximum of US\$~~350,000,000~~ **500,000,000** (U.S. Dollars ~~Three Hundred and Fifty~~ **Five Hundred and Fifty** Million),

**11.5.2** PROVIDED that where a Ship entered by a charterer gives or attempts to give salvage or other assistance to another Ship following a casualty, any oil pollution liability incurred by that entered Ship in consequence thereof shall be aggregated with any oil pollution liability incurred by any other ships entered by charterers similarly assisting in connection with the same casualty which are insured in respect of oil pollution liability either by the Association or by any other association which participates in the Pooling Agreement and/or the Group General Excess Loss Contract, and recovery in respect of the oil pollution liability of any entered Ship assisting as aforesaid shall be limited to such proportion of a maximum of US\$~~350,000,000~~ **500,000,000** (U.S. Dollars ~~Three Hundred and Fifty~~ **Five Hundred and Fifty** Million) as that Ship's oil pollution liability bears to the aggregate of the oil pollution liabilities of all the similarly assisting Ships.

**11.5.3** an Assured whose interest in an entered Ship is that of a charterer Co-assured with an Assured who is the registered owner or demise charterer of the Ship shall be limited for all liabilities in the aggregate to a maximum of US\$~~350,000,000~~ **500,000,000** (U.S. Dollars ~~Three Hundred and Fifty~~ **Five Hundred and Fifty** Million)

## **11.7 Consortium Claims**

### **11.7.1 Definitions**

In this Rule 11.7 the following words and expressions shall have the following meanings, unless the context requires otherwise:

“Consortium Agreement” means any arrangement which shall have been approved in writing by the Managers under which an Assured agrees with other parties to the reciprocal exchange or sharing of cargo space on an entered Ship and Consortium Ships.

“Consortium Claim” means liabilities, costs and expenses covered under and subject to the Rules of this Class, arising out of the carriage of cargo on a Consortium Ship operating under a Consortium Agreement, pursuant to which the entered Ship is also employed. For the purpose of a Consortium Claim under this Rule 11.7, the Consortium Ship shall be treated as an entered Ship on behalf of the Assured as a charterer.

“Consortium Ship” means a ship or space thereon, not being the entered Ship, employed to carry cargo under a Consortium Agreement.

- 11.7.2** Where an Assured has entered a Ship in the Association as an owner and also has an entry in the Association of a Ship as a charterer, both of which are employed by the Assured pursuant to the Consortium Agreement at the time the event giving rise to a Consortium Claim occurs, the Consortium Claim shall for the purpose of these Rules be treated as a claim arising in respect of the entry of the Assured as an owner;
- 11.7.3** Where an Assured employs more than one Ship pursuant to the Consortium Agreement at the time the event giving rise to a Consortium Claim occurs:
- 11.7.3.1** where all such Ships are entered in the Association, they shall be deemed to be an entry of one entered Ship;
  - 11.7.3.2** where an Assured has an entry in respect of such Ships in the Association and in any other association which is party to the Pooling Agreement, each such Ship shall be deemed to be a part entry of one Ship in the Association and such other association and in the absence of agreement to the contrary between the Association and such other association, the Consortium Claim shall, subject to Rule 11.7.4, be prorated equally between them.
- 11.7.4** The liability of the Association in respect of Consortium Claims arising from the carriage of cargo on one Consortium Ship in respect of all Ships entered by an Assured in the Association and in any other association which is party to the Pooling Agreement shall be limited to US\$ ~~350,000,000~~ **500,000,000** in the aggregate for any one occurrence;
- 11.7.4.1** PROVIDED that where such Consortium Claims are recoverable from the Association and one or more associations which are parties to the Pooling Agreement, the liability of the Association shall be limited to that proportion of US\$ ~~350,000,000~~ **500,000,000** as its proportion of the Consortium Claims bears to their total.

***[Explanation: The proposed amendments reflect a similar increase in the limit of poolable cover in respect of consortium claims covered under Rule 11.7, claims covered under Rule 10 on a charterer's entry and claims covered under Rule 9 in respect of a charterer co-assured on an owners' entry .]***

#### **RULE 13 – EXCLUSION OF DAMAGE TO ENTERED SHIP, LOSS OF HIRE, SANCTIONS, ETC.**

(...)

- 13.3** There shall be no recovery by an Assured in respect of any Ship entered by him for any liability, loss, damage, cost or expense where the provision of cover or any payment in respect thereof exposes or may expose the Association, **any Subsidiary** or the Managers to the risk of violating applicable law, including but not limited to, the prohibitions and requirements of any economic, financial, or trade sanctions administered by any state, international or supranational organisation or other authority; or to the risk of being or becoming subject to any sanction, prohibition or adverse action in any form whatsoever by any state, international or supranational organisation or other authority which sanction, prohibition or adverse action the Members' Committee in its sole discretion determines may materially affect the Association, **any Subsidiary or the Managers** in any way whatsoever.

***[Explanation: The proposed amendment clarifies that cover can also be excluded in the event that a Subsidiary or the Managers of the Association may be exposed to sanctions.]***

#### **RULE 17 – EXCLUSION OF CERTAIN SPECIALIST RISKS**

**17.1** Unless previously agreed in writing by a special agreement between the Assured and the Association there shall be no recovery in respect of liabilities, costs and expenses:

(...)

**17.1.6** in respect of any of the following persons:

**17.1.6.1** personnel (other than marine crew) ~~on board the entered Ship~~ employed otherwise than by the Assured where the entered Ship is providing accommodation to such personnel in relation to their engagement on ~~or~~ ~~about~~ an oil or gas exploration or production facility, unless a contractual allocation of such risk has been approved by the Association. A contractual allocation of risk may be approved by the Association where it is on terms no less favourable to the Assured than Knock for Knock;

***[Explanation: The proposed amendment reflects a similar change in the Pooling Agreement which clarifies that claims in respect of non-marine personnel which are not employed by the Assured are excluded, irrespective of where the accident or injury arises.]***

#### **RULE 29 – TERMINATION UPON INSOLVENCY OR LIQUIDATION**

**29.1** Any contract of insurance in respect of any Assured's interest in an entered Ship shall terminate (together with the entry of that Ship in respect of that interest) upon the happening of any of the following events:

**29.1.1** where the Assured is an individual upon his death, or upon a receiving order being made against him, or upon his becoming bankrupt, or upon his making any composition or arrangement with his creditors generally, or upon his becoming incapable by reason of mental disorder of managing and administering his property and affairs;

**29.1.2** where the Assured is a corporation, upon the occurrence of any of the following:

**29.1.2.1** dissolution;

**29.1.2.2** a resolution for voluntary winding-up being passed (other than for purposes of company or group reorganisation);

**29.1.2.3** an order for compulsory winding-up being made;

**29.1.2.4** possession being taken by or on behalf of the holder(s) of any debenture(s) secured by a floating charge of any property comprised in or subject to the charge;

**29.1.2.5** any event analogous to or having an effect analogous to those set out in Rules 29.1.2.1 to 29.1.2.4 above under the applicable laws and proceedings of any jurisdiction;

**29.1.2.6** any action being taken by the Assured intended to procure the occurrence of any or more of the events set out in Rules 29.1.2.1 to 29.1.2.5 above.

**29.2** Where the Assured is a corporation, the Association may terminate any contract of insurance in respect of that Assured's interest in an entered Ship (together with the entry of that Ship in respect of that interest) upon the happening of any of the following events:

- 29.2.1** the appointment of an administrator, receiver, trustee, custodian or other similar official for it or for all or substantially all of its assets;
  - 29.2.2** the making of any general assignment, arrangement or composition with or for the benefit of creditors;
  - 29.2.3** an order granting protection from creditors being made;
  - 29.2.4** any event analogous to or having an effect analogous to those set out in Rules 29.2.1 to 29.2.3 above under the applicable laws and procedures of any jurisdiction;
  - 29.2.5** any action being taken by the Assured intended to procure the occurrence of any or more of the events set out in Rules 29.2.1 to 29.2.4 above.
- 29.3 For the purposes of Rule 29.1.2 and Rule 29.2, the Assured shall include any parent company of the Assured.**

***[Explanation: The proposed amendment clarifies that the rule governing termination of an entry upon insolvency or liquidation applies where the parent company of the Assured, as well as the Assured, is subject to such occurrence.]***

By Order of the Board,  
A. BILBROUGH & CO. LTD.  
(Managers)

11 January 2024

\*If you have any questions about arrangements for the meeting please contact Genine Hubbarde ([genine.hubbarde@londonpandi.com](mailto:genine.hubbarde@londonpandi.com)).