



**The  
London  
P&I Club**

## **CLASS 5**

**THE PROTECTING AND INDEMNITY RULES  
CLAUSES TO WHICH REFERENCE MAY BE MADE IN  
CERTIFICATES OF ENTRY**

**PROMPT NOTICE OF ANY CLAIM OR CIRCUMSTANCES THAT MIGHT GIVE RISE TO A CLAIM SHOULD BE GIVEN TO  
THE MANAGERS, A. BILBROUGH & CO. LTD**

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## **CLASS 5 THE PROTECTING AND INDEMNITY RULES CLAUSES TO WHICH REFERENCE MAY BE MADE IN CERTIFICATES OF ENTRY**

### **SUMMARY**

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- 6 Far East Deserters’ Clause
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### 1 MARITIME LABOUR CONVENTION CLAUSE 2016 (“MLC EXTENSION”)

- 1 Subject only to the other provisions of this MLC Extension (“the Extension”), the Association shall discharge and pay on the Assured’s behalf under the 2006 Maritime Labour Convention, as amended (MLC 2006) or domestic legislation by a State Party implementing MLC 2006:
  - (a) liabilities in respect of outstanding wages and repatriation of a seafarer together with costs and expenses incidental thereto in accordance with Regulation 2.5, Standard A2.5 and Guideline B2.5; and
  - (b) liabilities in respect of compensating a seafarer for death or long-term disability in accordance with Regulation 4.2, Standard A4.2 and Guideline B4.2.
- 2 The Assured shall reimburse the Association in full:
  - (a) any claim paid under paragraph 1(a) save to the extent that such claim is in respect of liabilities, costs or expenses recoverable under Rule 9.6 (*Repatriation*); and
  - (b) any claim paid under paragraph 1(b) save to the extent that such claim is in respect of liabilities, costs or expenses recoverable under Rule 9.3 (*Injury and death – Seamen*) or 9.4 (*Illness – Seamen*).
- 3 There shall be no payment under paragraph 1(a) or paragraph 1(b) if and to the extent that the liability, cost or expense is recoverable under any social security scheme or fund, separate insurance or any other similar arrangement.
- 4 The Association shall not discharge or pay any liabilities, costs or expenses under paragraph 1(a) or paragraph 1(b), irrespective of whether a contributory cause of the same being incurred was any neglect on the part of the Assured or the Assured’s servants or agents, where such liabilities, costs or expenses were directly or indirectly caused by or contributed to by or arise from:
  - (a) any chemical, biological, bio-chemical or electromagnetic weapon;
  - (b) the use or operation, as a means for inflicting harm, of any computer, computer system, computer software programme, computer virus or process or any other electronic system.
- 5
  - (a) The Extension may be cancelled in respect of War Risks by the Association on 30 days’ notice to the Assured (such cancellation becoming effective on the expiry of 30 days from midnight of the day on which notice of cancellation is issued).
  - (b) Whether or not such notice of cancellation has been given the Extension hereunder shall terminate automatically in respect of the War Risks:
    - (i) upon the outbreak of war (whether there be a declaration of war or not) between any of the following:

United Kingdom, United States of America, France, the Russian Federation, the People’s Republic of China;
    - (ii) in respect of any ship, in connection with which cover is granted hereunder, in the event of such ship being requisitioned either for title or use.
  - (c) The Extension excludes loss, damage, liability or expense arising from:

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- (i) the outbreak of war (whether there be a declaration of war or not) between any of the following:  
United Kingdom, United States of America, France, the Russian Federation, the People's Republic of China;
  - (ii) requisition for title or use.
- 6 The Extension shall be subject to Rules 13.3 (*Sanctions*) and 15.2 (*Nuclear Risks Exclusion*).
  - 7 Without prejudice to paragraph 5, cover under the Extension shall cease 30 days after notice of termination in accordance with either Regulation 2.5, Standard A2.5.2.11 or Regulation 4.2, Standard A4.2.12.
  - 8 Any dispute arising out of or in connection with the Extension shall be resolved in accordance with Rule 43 (*Jurisdiction and Law*).
  - 9 For the purpose of the Extension:  
"Assured" means any insured person who is liable for the payment of Calls, Premiums or other sums due under the terms of entry;  
"Seafarer" shall have the same meaning as in MLC 2006;  
"War Risks" means the risks set out in Rule 15 (*Liability excluded for War Risks*).

## 2 EXCESS WAR RISKS COVER (20 FEBRUARY 2018)

In accordance with the provisions of Rule 15.3 of the Association's Rules of Class 5, it is hereby agreed that special cover shall be provided to Assureds against war risks, including acts of terrorism as defined within the US Terrorism Risk Insurance Act of 2002, which are otherwise excluded from cover by virtue of the provisions of Rule 15.1, and which cover shall, unless otherwise agreed in writing, be subject to the Rules and to all other terms and conditions of Assureds' terms of entry in the Association and to the following terms and conditions.

- 1 The risks covered shall be those set out in Rule 9 of the Association's Rules in accordance with each individual Assured's terms of entry as set out in the relevant Certificate of Entry and any Endorsement thereto, save that this cover shall not provide insurance for any losses, liabilities, costs or expenses if the provision of such insurance would create a liability for the Assured under the Tanker Oil Pollution Indemnification Agreement 2006 (TOPIA 2006), as amended, to contribute to the IOPC Supplementary Fund.
- 2 This special cover shall be subject to an excess of either:
  - (a) the "proper value" of the entered Ship as defined in Rule 12, but which shall be deemed not to exceed US\$100 million, or
  - (b) the amount recoverable in respect of the claim under any other policy or policies of insurance, whether of war risks or otherwise,whichever shall be the greater, save that such excess shall not apply where the entry of the Ship is solely in the name of or on behalf of a charterer, other than a charterer by demise or bareboat charterer, provided that the Members' Committee may authorise the payment, in whole or in

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part, of any claim or part of a claim which falls within such excess if, in its sole discretion and without having to give any reasons for its decision, the Members' Committee decides that the Assured should recover from the Association.

- 3 Subject to 8, the limit applying to this special cover shall be US\$500 million each entered Ship, any one accident, or such limit as may be applicable to the claim under the Assured's individual terms and conditions of entry, whichever shall be the lesser.
- 4 All perils included in the special cover shall be subject to the following:
  - Chemical, Biological, Bio-chemical, Electromagnetic Weapons and Computer Virus Exclusion Clause (MM Clause No.3039) (A);
  - Memorandum of Understanding of March 2003 between the International Group and reinsuring underwriters concerning the interpretation thereof (B); and
  - Nuclear Exclusions Clause (C):
    - (A) In no case shall this insurance cover loss, damage, liability or expenses directly or indirectly caused by or contributed to by or arising from:
      - (i) any chemical, biological, bio-chemical or electromagnetic weapon;
      - (ii) the use or operation, as a means for inflicting harm, of any computer virus.
      - (iii) Clause (A) shall not operate to exclude losses (which would otherwise be covered under the terms of this policy) arising from the use of any computer, computer system or computer software programme or any other electronic system in the launch and/or guidance system and/or firing mechanism of any weapon or missile.
    - (B) 'any chemical, biological, bio-chemical or electromagnetic weapon' shall include neurological or viral agents, such as sarin, mustard gas, anthrax and smallpox, but exclude explosives and/or the methods of their detonation or attachment and/or the use of a Ship or her cargo as a means of inflicting harm, unless such cargo is itself a chemical, biological or bio-chemical weapon within the scope of the clause, and 'the use or operation, as a means for inflicting harm, of any computer virus' shall only be relevant in the context of this insurance if it is used as an act of war or terrorism.
    - (C) *Nuclear Exclusions Clause*

In no case shall this insurance cover liabilities, losses, costs or expenses (irrespective of whether a contributory cause of the same being incurred was any neglect on the part of the Assured or his servants or agents) when the loss or damage, injury, illness or death or other accident in respect of which such liabilities arise or loss, costs or expenses are incurred was directly or indirectly caused by or contributed to by or arise from:

      - (a) ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel;
      - (b) the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof;

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- (c) any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter;
  - (d) the radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter,  
other than liabilities, costs and expenses arising out of carriage of “excepted matter” (as defined in the Nuclear Installations Act 1965 of the United Kingdom or any regulations made thereunder) as cargo in an entered Ship.
- 5 At any time or times before, or at the commencement of, or during the currency of any Policy Year, the Association may in its sole discretion determine that any ports, places, countries, zones or areas (whether of land or sea) be excluded from the insurance provided by this P&I war risks cover. Save as otherwise determined by the Members’ Committee, this P&I war risks cover shall cease in respect of such ports, places, countries, zones or areas at midnight on the seventh day following the issue to the Assured(s) of notice of such determination. Unless and to the extent that the Members’ Committee in its sole discretion otherwise decides, there shall be no recovery from the Association under this P&I war risks cover in respect of any claim howsoever arising out of any event, accident or occurrence within such ports, places, countries, zones or areas after such date.
- 6 Whether or not notice has been given under clause 5 above, this P&I war risks cover shall terminate automatically:
- (i) upon the outbreak of war (whether there be a declaration of war or not) between any of the following countries:  
United Kingdom, United States of America, France, the Russian Federation, the People’s Republic of China  
and this insurance excludes loss, damage, liability or expense arising from such outbreak of war.
  - (ii) in respect of any Ship, in connection with which cover is granted hereunder, in the event of such Ship being requisitioned either for title or use and this insurance excludes loss, damage, liability or expense arising from such requisition.
- 7 Notwithstanding any other term or condition of this insurance, the Association may in its sole discretion cancel this special cover giving 7 days’ notice to the Assured(s) (such cancellation becoming effective on the expiry of 7 days from midnight of the day on which notice of cancellation is issued by the Association) and the Association may at any time after the issue of notice of such cancellation resolve to reinstate special cover on such terms and conditions and subject to such limit as the Association in its sole discretion may determine.
- 8 When either a demise, time, voyage, space or slot charterer and/or the owner of an entered Ship are separately insured for losses, liabilities, or the costs and expenses incidental thereto covered under Rule 9 of the Association and/or the equivalent Rule of any other association which participates in the Pooling Agreement and General Excess Loss Reinsurance Contract pursuant to the provision of this special cover, the aggregate of claims in respect of such losses, liabilities, or the costs and expenses incidental thereto covered under Rule 9 of the Association

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and/or the equivalent Rule of such other association shall be limited to US\$500 million any one Ship any one incident or occurrence. If such claims exceed this limit, the liability of the Association in respect of each Certificate of Entry shall be limited to that proportion of the limit that claims recoverable from the Association under that Certificate bear to the aggregate of the said claims recoverable from the Association and from such other association(s), if any.

### 3 WAR RISKS – BIO-CHEM INCLUSION CLAUSE (20 FEBRUARY 2005)

#### 1 *The Cover*

*Subject to the terms and conditions and exclusions set out herein, cover is extended to include:*

- (a) the liability of the Member to pay damages, compensation or expenses in consequence of the personal injury to or illness or death of any seaman (including diversion expenses, repatriation and substitute expenses and shipwreck unemployment indemnity);
- (b) the legal costs and expenses incurred by the Member solely for the purpose of avoiding or minimising any liability or risk insured by the Association (other than under the Omnibus Rule);

*where such liability or legal costs and expenses would have been recoverable under either*

- (c) cover provided by the Association under the Rules but for the exclusion of war risks in Rule 15.1; or
- (d) any other policy of insurance providing equivalent cover;

*but for the operation of an exclusion of liabilities, costs, losses and expenses directly or indirectly caused by or contributed to by or arising from*

- (e) any chemical, biological, bio-chemical or electromagnetic weapon;
- (f) the use or operation, as a means for inflicting harm, of any computer, computer system, computer software programme, malicious code, computer virus or process or any other electronic system;

*but in any event cover shall extend to liabilities, costs, losses and expenses arising from*

- (i) explosives or the methods of the detonation or attachment thereof;
- (ii) the use of the entered ship or its cargo as a means for inflicting harm, unless such cargo is a chemical, biological or bio-chemical weapon;
- (iii) the use of any computer, computer system or computer software programme or any other electronic system in the launch and/or guidance system and/or firing mechanism of any weapon or missile.

#### 2 *Excluded Areas*

At any time or times before, or at the commencement of, or during the Policy Year, the Association may by notice to the Member change, vary, extend, add to or otherwise alter the ports, places, countries, zones and periods which may have been previously specified as excluded areas from a date and time specified by the Association not being less than 24 hours from midnight on the day the notice is given to the Member.



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#### 3 *Cancellation*

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

#### 4 *Limit of Liability*

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

4.2 In the event that there is more than one entry by any person for Bio-Chem cover as provided herein in respect of the same ship with the Association and/or any other insurer which participates in the Pooling Agreement or General Excess Loss Reinsurance Contract, the aggregate recovery in respect of all liabilities, costs, losses and expenses arising under such entries shall not exceed the amount stipulated in Clause 4.1 and the liability of the Association under each such entry shall be limited to such proportion of that amount as the claims arising under that entry bear to the aggregate of all such claims recoverable from the Association and any such other insurer.

#### 5 *Deductible*

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

#### 6 *Law and Practice*

This clause is subject to English law and practice.

### **4 FOUR-FOURTHS COLLISION LIABILITY CLAUSE (20 FEBRUARY 1987)**

Notwithstanding the provision of Rules 9.13.1, 9.13.1.1, 9.13.1.2.3 and 9.13.1.3 the Assured is insured hereunder for four-fourths of the liability to pay damage to any other person for:

- loss of, damage to, pollution or contamination of, any other vessel or property on any other vessel;
- delay to or loss of use of any such other vessel or property thereon;
- general average of, salvage of, or salvage under contract of, any such other vessel or property thereon;

where such payment is in consequence of a collision between the entered Ship and any other Ship or vessel.

### **5 FAR EAST CREW CLAUSE (20 FEBRUARY 2013)**

Warranted that, save for liability under that part of a statutory enactment or provision which gives effect to or is equivalent to Guideline B2.5 of Regulation 2.5 of the 2006 Maritime Labour Convention or any equivalent enactment, the Assured's liability in respect of officers and crew shall be in accordance with and, save for claims by the Assured in accordance with Rule 9.6.2.2, recovery from the Association be limited to the following terms and conditions:



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1 *Injury during service*

Full basic wages allowed for the period after discharge from the Ship until rejoining the Ship or until the date of return to the Home Port.

Medical expenses shall be payable until declared fit or until the degree of permanent disability is established.

If still disabled after return to the Home Port compensation for temporary or permanent disability or death shall be payable in accordance with the Hong Kong Workmen's Compensation Ordinance where applicable, or any other similar Statute of the country of the Officer's or Seaman's domicile, or similar agreement approved by the Association.

Where the Officer or Seaman is excluded from the provisions of any Compensation Act by reason of his level of earnings, compensation shall nevertheless be paid according to the Act as if no such exclusion existed.

2 *Illness during employment on the Ship*

Full basic wages allowed for the period after discharge from the Ship until rejoining the Ship or until the date of return to the Home Port. Thereafter if still disabled half basic wages are payable for a further period of not exceeding six months.

Medical expenses are allowed for the same period as wages in the previous paragraph.

Compensation for death or permanent disability resulting from illness shall be paid according to the record of service with the same Owners, the minimum payment being three months' basic wages and the maximum six months' basic wages.

Irrespective of the above limits for wages, medical expenses and compensation, as regards officers and crewmembers other than those engaged on Hong Kong Articles the liabilities according to the Statutes of the Officer's or Seaman's country of domicile, or similar agreement approved by the Association, shall so far as they are applicable be covered in full.

3 *Loss of effects*

Loss of or damage to personal effects as a result of wreck, loss, stranding or abandonment of the vessel or as a result of fire, flooding or collision (but excluding any loss from War Risk, cash and seaman's own fault, by larceny, theft or misappropriation) - the compensation paid shall be as provided under statutory obligation or similar agreements approved by the Association.

4 *Loss or wreck of Ship*

Basic wages shall be paid as Shipwreck Unemployment Indemnity during unemployment after discharge consequent upon the loss or wreck of a Ship but for not exceeding a period of two months or if it is the Owner's legal liability such other longer periods as provided in the Laws or Collective Agreements of the country of the Officer's or Seaman's domicile, or similar agreement approved by the Association.

## **6 FAR EAST DESERTERS' CLAUSE (20 FEBRUARY 1978)**

The first US\$1,200 in U.S., Canadian and Australian ports and US\$600 all other ports of the total amount of

- (a) watching expenses in respect of seamen who are refused permission to land by any Authority;

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and

- (b) fines and repatriation and other expenses in respect of deserters or seamen who land without permission; and
- (c) the cost of sending out substitutes for deserters;

shall be borne by the Assured. This deduction shall apply to each call at each port.

There shall be no recovery from the Association in respect of any of the above or of costs or charges relating thereto unless the Assured can satisfy the Association that proper steps were taken to guard against desertion and landing without permission of the proper Authority, and in the case of men who are refused permission to land by the United States Authorities unless sufficient watchmen approved by the Association's local representatives have been employed, or the men have been taken ashore by Police Authorities for safe custody.

**7 DESERTERS' CLAUSE (01 OCTOBER 1958)**

The first ..... of the total amount of

- (a) watching expenses in respect of seamen who are refused permission to land by any Authority; and
- (b) fines and repatriation and other expenses in respect of deserters or seamen who land without permission; and
- (c) the cost of sending out substitutes for deserters;

shall be borne by the Assured. This deduction shall apply to each call at each port.

There shall be no recovery from the Association in respect of any of the above or of costs or charges relating thereto unless the Assured can satisfy the Association that proper steps were taken to guard against desertion and landing without permission of the proper Authority, and in the case of men who are refused permission to land by the United States Authorities unless sufficient watchmen approved by the Association's local representatives have been employed, or the men have been taken ashore by Police Authorities for safe custody.

**8 SMUGGLING CLAUSE (20 FEBRUARY 1985)**

Notwithstanding the provision of Rule 9.23, the Assured shall bear the first 33⅓% of all claims for fines and expenses in respect of smuggling subject to a minimum deductible of US\$720 and a maximum of US\$7,200 each claim, and also in respect of fines for any infringement of any law or Regulation, relating to the construction, adaptation, alteration or fitment of the entered Ship.