



CLASS 7 (WAR RISKS)

2023/24 RULE CHANGES

RULE 1 - INTRODUCTORY

(...)

1.1 This Rule 1.11 shall only apply following ~~this~~ **applies in connection with** the withdrawal from the European Union by the United Kingdom, ~~including where a transition agreement has been effected~~ **(and in connection with any transitional arrangements relating to the performance after such withdrawal of contracts of insurance within any jurisdiction within the European Union or the European Economic Area (such withdrawal from the European Union and the withdrawal or termination of any such transitional arrangements relating to the performance of contracts of insurance being, in each case, a "Brexit Event"))**.

1.11.1 Subject to Rule 1.11.2 and to the extent that the Association as a consequence of a Brexit Event is:

1.11.1 not permitted by applicable law or regulation to perform any contract of insurance (including in respect of ~~this or any other prior~~ Policy Year) within this Class (or any part thereof); and/or

1.11.1.2 would become exposed to any legal or regulatory sanction as a consequence of performing such a contract (or any part thereof),

such contract or such part that cannot be performed (per Rules 1.11.1.1 or 1.11.1.2) may instead be performed by a Subsidiary.

[Explanation: The amendments update the application of Brexit to the Rules.]

1.12 **The business of this Class shall, subject to the Articles, be conducted according to these Rules and shall be managed by the Board which may, subject to the Articles, exercise all powers of the Association and do on behalf of the Association all acts as may be exercised and done by the Association. The Board may delegate any of its powers to sub-committees consisting of such member or members of the Board or such other persons in each case as it thinks fit.**

[Explanation: The amendment clarifies the powers of the Board of the Association.]

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4.D.8 Notice of Cancellation and Automatic Termination of Cover

(...)

4.D.8.2 Whether or not notice of cancellation has been given under Rule 4.D.8.1, cover provided by Rule 2 Parts B, C, D, E and F, by Rule 3 and by reason of an Entered Ship being accepted under Rule 4.A.2 shall terminate **automatically** ~~at the expiry of the periods set out in Rules 5.A.4.1 to 5.A.4.4~~ upon the outbreak of war (whether there be a declaration of war or not) between any of the following countries: the United Kingdom, the United States of America, France, the Russian Federation, the People's Republic of China;

[Explanation: The amendment incorporates in the Rules the similar amendment made by the Association's Circular of 6 March 2022 for the balance of the 2022/23 policy year.]

RULE 4 .E.15 - SANCTIONS LIMITATION AND EXCLUSION

4.E.15.1 There shall be no recovery by an Insured Owner for any losses, liabilities, costs and expenses where the provision of cover or any payment in respect thereof exposes or may expose the Association or the Managers to being or becoming or to the risk of being or becoming subject to any sanction, prohibition or adverse action in any form whatsoever by any state, international organisation or other authority which sanction, prohibition or adverse action the ~~Members'~~ Committee in its sole discretion determines may materially affect the Association in any way whatsoever.

4.E.15.2 Unless the ~~Members'~~ Committee in its sole discretion determines otherwise, an Insured Owner shall not be entitled to recovery in respect of that part of any losses, liabilities, costs and expenses which is not recovered by the Association either under any reinsurance(s) arranged by the Association or under any pooling agreement in respect of this Class entered into by the Association because of a shortfall in recovery from reinsurers or other pool members by reason of a sanction, prohibition or adverse action against such reinsurers, pool members or the insurers of such pool members by a state, international organisation or other authority or the risk thereof if payment were to be made by such reinsurers, pool members or the insurers of such pool members . **and, if for any reason whatsoever the Association discharges the liabilities of the Insured Owners or makes any payment to the Insured Owner in respect of which it suffers such a shortfall in recovery, the Insured Owner shall indemnify and hold the Association harmless to the extent thereof** For the purposes of this Rule 4.E.15.2, "shortfall" includes any failure or delay in recovery by the Association by reason of the reinsurers, pool members or

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insurers of pool members making payment into a designated account in compliance with the requirements of any state, international organisation or other authority. The provisions of this Rule 4.E.15.2 shall cease to apply in respect of any shortfall to the extent the same is subsequently recovered by the Association under any reinsurance(s) arranged by the Association or under any pooling agreement in respect of this Class entered into by the Association.

[Explanation: The amendment to 'Committee' is consistent with the definition of the term in the Class 7 Rules (which refer to the Class 7 Committee). The other amendment addresses a scenario in which there is a change in any applicable sanctions regime between the time of the Association's obligation to pay being triggered and its recovery from re-insurers or pooling partners and where such change limits or prevents such recovery . .]

RULE 10 - JOINT INSURED OWNERS

10.1.2 if, at the time of entry, the Joint Insured Owners shall have directed that all payments of any sums payable by the Association shall be paid to one of the Joint Insured Owners or to some other party, payment of such sums by the Association in the manner directed shall be a complete discharge of the Association's liabilities to all Joint Insured Owners. If no such directions shall have been given, payment by the Association, in its discretion, to any one of the Joint Insured Owners shall operate as a similar complete discharge of its liabilities to all Joint Insured Owners. **The liability of any Insured Owner to another Insured Owner shall not be excluded nor discharged by reason of the receipt of such payment or the provision of insurance pursuant to Rule 10. Any payment by the Association to an Insured Owner in respect of such liabilities, costs or expenses covered by the Association shall operate only as satisfaction but not exclusion or discharge of the liability of such person to another Insured Owner;**

[Explanation: The amendment clarifies that insurance of parties on the same entry does not constitute a waiver of subrogation. The amendment is similar to the amendment recently introduced in the Class 5 Rules.]