

## CLASS 5, THE PROTECTING AND INDEMNITY CLASS

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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, 5 FEBRUARY 2025, 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 2025.

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

### RULE 1 – INTRODUCTORY

1.1 In these Rules, unless the context requires otherwise:

(...)

**"Seafarer": means any person who, as part of the entered Ship's complement, is contractually obliged to serve on board an entered Ship.**

(...)

In addition, in these Rules: words importing the singular number only shall include the plural number and vice versa.

~~words importing the masculine gender only shall include the feminine gender;~~

*[Explanation: The proposed amendment reflects the introduction of gender-neutral terminology in the Rules. This includes replacing current references to "Seaman" with "Seafarer" and references to the Assured as "he", "him" or "his" with expressions like "the Assured", "the Assured's" or "their".]*

### RULE 9 – RISKS COVERED

(...)

#### 9.19 Cargo

**9.19.1** Liabilities, costs and expenses set out in Rule 9.19.1.1 – 9.19.1.3 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:

(i) 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** (ii) ~~the costs~~ in 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;~~

**(iii) in disposing of cargo which has been not collected by the cargo interests from the port of discharge (but excluding storage charges incurred prior to written notice to the Association of the failure to collect the cargo);**

**PROVIDED that there shall only be a recovery under Rule 9.19.1.2 to the extent that the Assured has no right to recover such costs from any other person by way of general average or otherwise and to the extent that such costs exceed the proceeds of sale of the cargo.**

**9.19.1.3** 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

*[Explanation: The proposed amendment clarifies the cover available for disposal costs of abandoned cargo.]*

## **RULE 9 – RISKS COVERED**

(...)

### **9.19 Cargo(...)**

**9.19.2.4** unless the Members' Committee in its sole discretion shall otherwise determine, there shall be no recovery in respect of:

(...)

**9.19.2.4.11** any liabilities, losses, costs and expenses arising from the use of any electronic trading system, other than an electronic trading system approved by the Association, to the extent that such liabilities, losses, costs and expenses would not (save insofar as the Association in its sole discretion otherwise determines) have arisen under a paper trading system.

For the purposes of this Rule 9.19.2.4.11,

(a) an electronic trading system is any system which replaces or is intended to replace paper documents used for the sale of goods and/or their carriage by sea or partly by sea and other means of transport and which:

(i) are documents of title, or

(ii) entitle the holder to delivery or possession of the goods referred to in such documents, or

(iii) evidence a contract of carriage under which the rights and obligations of either of the contracting parties may be transferred to a third party.

(b) a "document" shall mean anything in which information of any description is recorded including, but not limited to, computer or other electronically generated information.

- (c) **An electronic trading system shall be deemed approved, provided:**
- (i) **it is a reliable system in accordance with the Electronic Trade Documents Act 2023 of the United Kingdom or UNCITRAL's Model Law on Electronic Transferable Records and the reliability of that system is evidenced by:**
    - (ia) **an audit by an independent body; or**
    - (ib) **a declaration by a supervisory, regulatory or accreditation body or applicable voluntary scheme; or**
    - (ic) **applicable industry standards; and**
  - (ii) **any electronic document generated thereunder, which performs the functions specified in paragraph (a) (i)-(iii), has the same effect under its applicable law as a paper document performing those functions.**

*[Explanation: The proposed amendment in Rule 9.19 adopts the definition in the Pooling Agreement of which electronic trading systems shall be deemed approved by the Association.]*

## **9.23 FINES**

**9.23.1** Fines imposed by any court, tribunal or authority upon the Assured (or upon a third party whom the Assured is legally obliged to reimburse) in respect of an entered Ship for or in respect of the following:

(...)

**9.23.1.3** the accidental discharge or escape of oil or any polluting substance or threat thereof, but as regards oil only where the entered Ship is covered for pollution risks under Rule 9.15. **An escape or discharge is accidental for the purpose of this Rule, if it is not the proximate result of an act or omission done with intent to discharge any substance from the Ship or a reckless act or omission done (irrespective of intent) with knowledge that an escape or discharge from the Ship would probably result.**

*[Explanation: The proposed amendment clarifies where an escape or discharge of a pollutant is accidental for the purpose of the Rule.]*

## **9.27 SUE AND LABOUR AND LEGAL COSTS**

**9.27.1** Extraordinary costs and expenses (other than under Rule 9.26) reasonably incurred after any casualty, event or matter for the **sole** purpose of avoiding or minimising any liabilities, costs or expenses against which the Assured is insured within this Class, but only to the extent either that such extraordinary costs and expenses have been incurred with the approval of the Association or that the Members' Committee in its sole discretion shall determine that the same should be recovered.

*[Explanation: The proposed amendment clarifies the requirements for cover of Sue and Labour.]*

## **RULE 11 – LIMITATIONS ON COVER**

(...)

### **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 Assured had an entered Ship employed at the time of attachment of cover for Consortium Claims.** ~~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\$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\$500,000,000 as its proportion of the Consortium Claims bears to their total.

**11.7.5 The liability of the Association in respect of Consortium Claims arising from the carriage of cargo on a Consortium Ship shall exclude claims in respect of physical damage to the ship and any equipment or containers on board owned by or leased to the Assured.**

*[Explanation: The proposed amendment is to achieve consistency with the Pooling Agreement regarding (i) the definition of Consortium Claims and (ii) an express exclusion of cover in respect of Consortium Claims for physical damage to the ship and any equipment or containers owned or leased by the Assured].*

## **RULE 12 – OTHER INSURANCES**

**12.1** Subject to Rule 12.2 every entered Ship shall be deemed to be insured throughout her period of entry by the usual form of Lloyd’s Policy with the Institute Time Clauses Hulls 1/10/83 **attached and** including the Three-Fourths Collision Liability **attached (unless the Association has agreed to cover four-fourths of such liability)**, or by other equally wide insurances (which may include excess liability policies), for such value as the Members’ Committee in its sole discretion may determine as representing at the relevant time her full market value, free of commitment.

*[Explanation: The proposed amendment clarifies that the 3/4 collision liability cover included as part of the entered Ship's deemed Hull cover does not apply if the Association has agreed to cover collision liabilities on a 4/4 basis.]*

#### **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:

**17.1.1** arising from the operation of a semi-submersible heavy lift Ship or other Ship designed exclusively for the carriage of heavy lift cargo where the claim **is in respect of the loss of or damage to the cargo**, arises ~~in connection with the cargo~~ or, notwithstanding Rule 9.18.1, the wreck removal of that cargo, save to the extent such cargo is being carried under the terms of a contract on HEAVYCON terms **or any other terms approved by the Association;**

(...)

**17.1.3** incurred by an Assured during the course of performing dredging, blasting, pile-driving, well intervention, cable or pipelaying, construction, installation or maintenance work, core sampling, mining, depositing of spoil, power generation, decommissioning and such other operations as the Association may from time to time determine in writing to the extent that such liabilities, costs and expenses arise as a consequence of:

**17.1.3.1** claims brought 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;

**17.1.3.2** the failure to perform such specialist operations by the Assured or the fitness for purpose and quality of the Assured's work, products or services, including any deficiency in the Assured's work, products or services;

**17.1.3.3** any loss of or damage to the contract work;

~~**17.1.3.4**~~ **PROVIDED** that this exclusion **in Rule 17.1.3** shall not apply to liabilities, costs and expenses incurred by an Assured in respect of loss of life, injury or illness of crew and other personnel on board the entered Ship, and the removal of the wreck of the entered Ship, the discharge or escape of oil from the entered Ship or the threat thereof; but only to the extent that such liabilities, costs and expenses are covered elsewhere in accordance with these Rules;

*[Explanation: the proposed amendment in Rule 17.1.1 clarifies the cover available for damage to heavy lift cargo. The proposed amendment in Rule 17.1.3 clarifies that the cover afforded for crew, wreck removal and pollution liabilities applies to all specialist operations listed in Rule 17.1.3]*

#### **RULE 36 – RELEASE CALLS**

**36.5** Whether or not any request shall have been made in accordance with Rule 36.4, and notwithstanding the acceptance or otherwise by the Assured pursuant to that Rule, upon or at any time after the termination of entry of any Ship, a Release Call in respect of any Supplementary Call in the relevant amounts chargeable in accordance with Rule 36.2 for all open Policy Years during which such Ship shall have been entered may be imposed by the Association upon any Assured who would otherwise be liable to pay any such Call. Debit notes for such Release Calls may be rendered without previous notice and shall be due and payable immediately.

**36.5.1** **PROVIDED** that such debit notes (and the imposition of a Release Call thereby effected) shall, **for Assureds that are otherwise in good standing with the Association**, be cancelled if within 30 days from the date of the debited Release Call (unless otherwise agreed by the Association in writing) the Association shall have received a cash deposit or a bank guarantee which will pay on the written demand of the Association any future Supplementary Call in

respect of the Ship concerned, for which the Assured shall remain liable in full. Such bank guarantee shall be:

**36.5.1.1** enforceable in London;

**36.5.1.2** acceptable to the Association; and

**36.5.1.3** for an amount equal to the debited Release Call.

*[Explanation: The proposed amendment clarifies that the provision of security for a Release Call is subject to an Assured otherwise being in good standing with the Association.]*

#### **RULE 43 – JURISDICTION AND LAW**

(...)

**43.4 To the extent that the Assured may be entitled in any jurisdiction to benefit from any immunity to jurisdiction or execution (whether characterised as sovereign immunity, act of state or otherwise) for itself or any of its assets in respect of its obligations under this insurance, including any Sums Due, the Assured by entering into this insurance has agreed to waive such immunity to the fullest extent permitted by the laws of such jurisdiction.**

*[Explanation: The proposed amendment serves to protect the Association, insofar as possible, against state immunity type defences.]*

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

22 January 2025

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