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## CLASS 7, THE WAR RISKS CLASS

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NOTICE IS HEREBY GIVEN that a SEPARATE MEETING of the MEMBERS OF CLASS 7, THE WAR RISKS 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 3.30pm on TUESDAY, 29<sup>th</sup> JANUARY 2019, 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 2019.

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

<b>DEFINITIONS</b>	In these Rules the words and phrases hereinafter set out shall have the following meanings and effects if not inconsistent with the subject or context:
i Additional Premiums	means the sums which may be or become payable by an Insured Owner to the Association as referred to in Rule 29;
ii Additional Premium Areas	means the Additional Premium Areas as described in Rule 19;
iii The Articles	means the Articles of Association for the time being of the Association;
iv The Association	means The London Steam-Ship Owners' Mutual Insurance Association Limited;
v The Board	means the board of Directors for the time being of the Association;
vi <b>Brexit Event</b>	<b>has the meaning given in Rule 1.11</b>

***[Explanation: There are a number of proposed changes throughout these Rules to cover the eventuality of the UK leaving the European Union (Brexit), either with or without a transition agreement.]***

vii	British Ship	means a ship registered in the United Kingdom, the Isle of Man, any of the Channel Islands or any British colony;
viii	Certificate of Entry	means the document bearing the heading "Certificate of Entry" together with any endorsement slip which may be issued to Insured Owner;
ix	The Committee	means the Committee from time to time appointed pursuant to the Articles of the Association to conduct the affairs of this Class;
x	Contributions	means sums levied or to be levied by the Board and to be paid by Insured Owners in accordance with Rule 5.B and Rules 24 to 27;
xi	Cover afforded by this Class	means the cover afforded by this Class of the Association as described in Rules 1.1 to 1.10;
xii	Directors	means the directors for the time being of the Association;
xiii	Effects	means clothes, personal possessions, documents, navigation and other technical instruments and tools, but does not include cash or valuables;
xiv	Electronic Form	has the meaning given in section 1168(3) of the Companies Act 2006;
xv	Entered Ship	means a ship entered in this Class of the Association for insurance;
xvi	Electronic Means	has the meaning given in section 1168(4) of the Companies Act 2006;
xvii	General Premium Notice	means the notice which may be served by the Secretary of State as described in Rule 5.A.2;
xviii	Insured Owner	means an Owner (as defined below) by whom or on whose behalf a ship has been entered in this Class of the Association irrespective of whether, at any subsequent time, the insurance of the Owner or of the Entered Ship shall have been terminated and irrespective of whether, at any subsequent time, the Owner shall have ceased to be a Member;
xix	Insured Value	means the insured value as described in Rules 1.2 and 1.3;
xx	The Managers	means the Managers for the time being of the Association;
xxi	Member	means <del>a Member for the time being of this Class of the Association</del> <b>an Assured who is a member of The London Steam-Ship Owners' Mutual Insurance Association Limited (a company limited by guarantee registered in England under number 10341), in accordance with the Companies Act 2006 and the Articles of Association of such company;</b>

***[Explanation: The proposed change is to clarify that the term "Member" only refers to membership of the parent company Association, not of the new Cypriot, or any other subsidiary.]***

xxii The Members' Committee means the Members' committee for the time being of the Association's **group**;

***[Explanation: The proposed change clarifies that the Members' Committee has oversight of the group, which includes the Cyprus subsidiary.]***

xxiii Owner means in relation to an Entered Ship or a ship which is intended or desired to be entered in this Class of the Association, owner, owners in partnership, owners holding separate shares in severalty, part owner, mortgagee, trustee, charterer, operator, manager, builder of such ship, or insurer other than the Association as defined by Rule 12.1;

xxiv Policy Year means a year from noon GMT on any 20th February until noon GMT on the next following 20th February or until such other time as the Board, in the exercise of its powers under Appendix A, Paragraph A.5.1, shall determine;

xxv Premium Period means the Premium Period as described in Appendix A, Paragraph A.1;

xxvi Premium means a Premium which is fixed in amount, and is not an Additional Premium or a QER Premium;

xxvii Queen's Enemy Risk or Risks means the risks specified in Rule 2 Part A as defined therein;

xxviii QER Premiums means the Queen's Enemy Risks Premiums as described in Appendix A, Paragraph A.2;

xxix The Reinsurance Agreement means the Agreement in writing in force at noon GMT on the 20th February 1988 between the Secretary of State and the Association and any amendment or modification, or any replacement thereof;

xxx These Rules means these Rules as originally framed or as from time to time altered or added to and for the time being in force;

xxxi Secretary of State means the Secretary of State for Transport or such other Minister of the Government of the United Kingdom as shall from time to time exercise the powers conferred upon the Minister of Transport by the Marine and Aviation Insurance (War Risks) Act 1952 or powers connected therewith;

xxxii Ship means in the context of an Entered Ship or a ship which is intended or desired to be entered in this Class of the Association (but in no other context), a ship, boat, hovercraft or any 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;

xxxiii Special Premium Notice means the Notice which may be served by the Secretary of State as described in Rule 19.1;

**xxxiv Subsidiary** means any subsidiary (within the meaning of section 1159 of the Companies Act 2006) of The London Steam-Ship Owners' Mutual Insurance Association Limited (a company limited by guarantee registered in England under number 10341) providing insurance in its War Risks Class to Members;

***[Explanation: The proposed change introduces the concept of the Association having the new Cyprus subsidiary underwriting in the War Risks class.]***

xxxv Successors means, in relation to all the persons hereinbefore specified in connection with "Owner" and "Insured Owner" and in relation to any other person whatsoever by whom or on whose behalf a ship shall have been entered in this Class of the Association, their heirs, executors, administrators, personal representatives, assigns (when permitted under these Rules), receiver, administrative receiver, curator or other person authorised to act on behalf of one who becomes incapable by reason of mental disorder of managing his property or affairs, trustee in bankruptcy, liquidator, administrator and other successors whatsoever;

xxxvi Sum Insured means the sum as described in Rule 1.4;

xxxvii In Writing means written, printed or lithographed, or visibly expressed, or in Electronic Form in all or any of those or any other modes of representing or reproducing words.

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;  
words importing persons shall include individuals, corporations, partnerships and firms (whether or not having a separate legal personality); and  
the headings in these Rules are for convenience only and shall not affect their interpretation....

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## **RULE 1 – INTRODUCTORY**

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**1.5** Subject to Rule 1.5.1, the risks insured by this Class of the Association are only such risks as are set out in Rules 2 and 3.

**1.5.1** The Managers may in any particular case agree in writing with an Insured Owner that the risks insured and/or the cover for his ship shall be modified so that the risks are and/or the cover is less **or so that additional risks are covered.** ~~but never more extensive than is provided for in these Rules.~~

**1.5.2 In the case of additional risks that may be covered by the Association:**

- 1.5.2.1 the insurance afforded by the Association shall always be subject to the provisos, warranties, conditions, exceptions, limitations and other terms set out in the Articles and the remainder of these Rules;
- 1.5.2.2 the Association may reinsure in whole or in part such risks and where such reinsurance is arranged:
- 1.5.2.3 the Insured Owner shall be entitled to recover only the net amount actually recovered under such reinsurance arrangements, together with that portion (if any) of the risk or risks retained by the Association; and
- 1.5.2.4 the Managers shall be at liberty in their sole discretion to delay making payment to the Insured Owner until after recovery under such reinsurance.

*[Explanation: The proposed amendment serves to bring the Class 7 Rules into line with the Rules of the Association's Class 5 and Class 8.]*

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**1.11 This Rule 1.11 shall only apply following the withdrawal from the European Union by the United Kingdom, including where a transition agreement has been effected ("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:**

**1.11.1.1 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.**

**1.11.2 If and from such time as Rule 1.11.1 applies:**

**1.11.2.1 The Association shall no longer be obliged to perform the contract or such part that cannot be performed (per Rules 1.11.1.1 or 1.11.1.2) and which is instead performed by a Subsidiary and shall have no liability whatsoever for such non-performance.**

**1.11.2.2 The Subsidiary will only perform the contract to the extent to which the Association would have been obliged to do so.**

**1.11.2.3 Accordingly, the contract will be performed as if only one of the Association and such Subsidiary were a party to it, including (but not limited to) the following respects:**

**1.11.2.3.1 All limits of cover and insurance, aggregate limits of cover and insurance (including the overall aggregate limit) and excesses; and**

**1.11.2.3.2 The Insured Owner's obligations in respect of Contributions and premiums and otherwise will be discharged by making payment to the Association or such Subsidiary, as the Association directs.**

*[Explanation: In the event of the UK leaving the EU, either with or without a transition agreement, this proposed Rule provides that any current or prior year policy in respect of an*

***EU flagged risk, may instead be performed by the new Cyprus subsidiary, to the extent that the Association is prevented from doing so.]***

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#### **RULE 6 – INSURED OWNERS AND SUCCESSORS BOUND BY RULES**

**6.1** All policies or contracts of insurance effected by this Class of the Association shall, save and insofar as they contain any special terms inconsistent herewith, be deemed to incorporate and shall incorporate all the provisions of these Rules.

**6.2 All insurance afforded by a Subsidiary within its War Risks Class and all contracts relating thereto shall be deemed to incorporate the provisions of these Rules, save in so far as those provisions are varied as follows:**

**6.2.1** unless the context requires otherwise, all references in these Rules to “the Articles” shall be to the Articles of Association (or foreign equivalent) of the relevant Subsidiary;

**6.2.2** unless the context requires otherwise, all references in these Rules to “the Association” shall be to that Subsidiary;

**6.2.3** unless the context requires otherwise, all references in these Rules to “the Rules” shall be to these Rules as varied by this Rule 6.2.

***[Explanation: The proposed change effectively creates a single common set of War Risks class Rules for the Association and the Cyprus subsidiary underwriting in the War Risks class. This will ensure that all an Insured Owner’s entries in the Club are insured on the same basis, irrespective of their choice of flag and the group entity which consequently underwrites the entry.]***

**6.3** An Owner or other person (including an insurer to be reinsured under Rule 12) by whom or on whose behalf an application is made for insurance or reinsurance by this Class of the Association shall be deemed to have agreed not only on his own behalf but also on behalf of his Successors and each of them that both he and they will in every respect be subject to and bound by the provisions of these Rules and by any policy or contract of insurance with the Association.

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#### **RULE 13 – MEMBERSHIP**

**13.1** If the Managers accept an application from an Owner who is not already a Member for a ship to be entered in this Class of the Association, such Owner shall, as from the date of acceptance of such entry, be and become a Member and his name shall be entered in the Register of Members **PROVIDED that no person shall become a member of a Subsidiary following the acceptance by the Association or a Subsidiary of an application made by or on behalf of such person for insurance of that person’s insurable interest in any Ship.**

***[Explanation: The proposed change clarifies that the entry of a Ship in the Association or the Cyprus subsidiary does not give an entitlement to membership of the Cyprus subsidiary, which will be wholly owned by the parent Association.]***

**13.2** Whenever the Board accept an application for reinsurance in accordance with the provisions of Rule 12.1 it may, in its sole discretion, accept the insurer reinsured by this Class of the Association, or the Owner of any ship insured by such insurer or both such insurer or such Owner, as a Member or Members.

**13.3** An Insured Owner, or an insurer or the Owner of any ship insured by him who shall have been accepted as a Member under the provisions of Rule 13.2, shall cease to be a Member if for any reason whatever he shall cease to have any ships entered in this Class of the Association **(or the corresponding class of a Subsidiary)** for insurance, or reinsurance, as the case may be, or after any of the provisions of Rule 33.1 shall apply.

***[Explanation: The proposed change clarifies that membership continues until such time as all entries are terminated, whether through the Association or the Cyprus subsidiary.]***

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

21 January 2019