

Managers
A. Bilbrough & Co. Ltd.

50 Lemn Street
London E1 8HQ
T. +44 (0)20 7772 8000
F. +44 (0)20 7772 8200
E. london@londonpandi.com

www.londonpandi.com

CLASS 8, THE FREIGHT, DEMURRAGE AND DEFENCE CLASS

NOTICE IS HEREBY GIVEN that a SEPARATE MEETING of the MEMBERS OF CLASS 8, THE FREIGHT, DEMURRAGE & DEFENCE 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, 29th 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.]

RULE 1 – INTRODUCTORY

1.1 In these Rules, unless the context requires otherwise:

"Annual Call"	means an annual call levied pursuant to Rule 31.2;
"the Articles"	means the Articles of Association of the Association in force from time to time;
"the Association"	means The London Steam-Ship Owners' Mutual Insurance Association Limited, a company limited by guarantee registered in England under number 10341;
"Assured"	means a person whose application for insurance within this Class of any interest in a Ship has been accepted by the Association and includes, for the avoidance of doubt, a Co-assured, an Other Assured and persons with Fixed Premium Entries;
"Board"	means the board of Directors for the time being of the Association;
"Brexit Event"	has the meaning given in Rule 1.14

[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.]

“Call”	means a call levied pursuant to these Rules;
“Certificate of Entry”	means a certificate issued by the Association pursuant to Rule 6;
“Charterer”	means any Assured who has an interest in a Ship other than as an owner or disponent owner; and, subject to the terms and conditions as agreed by the Managers in writing and as provided for in the Certificate of Entry, may include inter alia an Assured engaged in time charters, voyage charters, space charters, slot charters, slot swaps, slot contracts, freight forwarding contracts, contracts of affreightment, shipping and/or trading and/or receiving cargo, and pool operations. For the purposes of Rule 9, the term ‘entered ship’ shall be deemed to mean any Ship on which cargo has been, is, or is yet to be carried;
“Class”	means a class of the Association and “this Class” means Class 8, the Freight, Demurrage and Defence Class of the Association;
“Co-assureds”	means Assureds whose application for insurance of their respective interests in the same Ship has been accepted by the Association pursuant to Rule 22.1 and “Co-assured” shall be construed accordingly;
“Directors”	means the directors for the time being of the Association;
“Electronic Form”	has the meaning given in section 1168(3) of the Companies Act 2006;
“Electronic Means”	has the meaning given in section 1168(4) of the Companies Act 2006;
“Endorsement Slip”	means an endorsement slip issued by the Association pursuant to Rule 6.2;
“Fixed Premium Entry”	has the meaning given in Rule 4.5 1.6 ;
“in writing”	means written, printed, lithographed, Electronic Form, or visibly expressed in all or any of those or any other modes of representing or reproducing words;
“Managers”	means the managers from time to time of the Association;
“Member”	means an Assured who is a member of the Association 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 ;
<i>[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]</i>	
“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.]

"Other Assured"	means a person to whom the benefit of an Assured's insurance is agreed to be extended by the Association pursuant to Rule 22.3;
"Policy Year"	has the meaning given in Rule 2.2;
"Release Call"	means a release call charged pursuant to Rule 35.1;
"Rules"	means the rules of this Class in force from time to time and "Rule" shall be construed accordingly;
"Ship"	means any ship, boat, hydrofoil, hovercraft or other description of vessel or structure (including a lighter, barge or similar vessel or structure under construction howsoever propelled, but excluding (a) a unit or vessel constructed or adapted for the purpose of carrying out drilling operations in connection with oil and gas exploration or production and (b) a fixed platform or fixed rig) 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; and
"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 Freight, Demurrage and Defence Class to Members; and

[Explanation: The proposed change introduces the concept of the Association having the new Cyprus subsidiary underwriting in the FD&D class.]

"Supplementary Call"	means a supplementary call levied pursuant to Rule 31.3.
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.

...

1.4 All insurance afforded by a Subsidiary within its Freight, Demurrage and Defence 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:

1.4.1 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;

- 1.4.2 unless the context requires otherwise, all references in these Rules to “the Association” shall be to that Subsidiary;
- 1.4.3 unless the context requires otherwise, all references in these Rules to “the Rules” shall be to these Rules as varied by this Rule 1.4;
- 1.4.4 in Rule 1.2, the final sentence shall be replaced with the following: “Without prejudice to the generality of the foregoing, the provisions of the Articles relating to Assureds and/or to Co-assureds shall be binding on all Assureds and Co-assureds notwithstanding that they are not members of that Subsidiary.

[Explanation: The proposed change effectively creates a single common set of FD&D class Rules for the Association and the Cyprus subsidiary underwriting in the FD&D class. This will ensure that all an Assured'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.]

...

1.51.6 Notwithstanding the Articles and these Rules, an Assured may be insured within this Class on special terms that he is liable to pay a fixed premium to the Association (a “Fixed Premium Entry”) and/or upon such special terms as to the nature and extent of the risks covered, as to policy terms and conditions and otherwise howsoever as the Board may think fit, and may accept as such entries reinsurance from other insurers.

1.61.7 On acceptance by the Association of an application from any person for insurance within this Class of any interest in a Ship, that Ship shall thereupon be entered in this Class in respect of the interest of such person who (if not already) shall become a Member in this Class (and any such application shall constitute such person's agreement to become or continue as a Member in accordance with the provisions of the Companies Act 2006), and shall so continue until such time as all entries of Ships by that Assured for insurance within this Class (**or the corresponding class of a subsidiary**) of any interest in them shall have terminated under these Rules (**or the rules of the corresponding class of a subsidiary**),

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

1.6.11.7.1 PROVIDED that a person whose only interest in a Ship is insurance or reinsurance which he has afforded in respect of the same and which the Association has agreed wholly or partly to reinsure within this Class, shall not thereby become a Member in this Class nor shall such Ship be entered unless the premium payable to the Association for such reinsurance shall be by way of Calls determined by the Board in accordance with Rules 31 and 32; and

1.6.21.7.2 PROVIDED that no person shall by virtue of being an Other Assured be entitled to be a Member and no more than one Co-assured in respect of such entry shall be entitled to be a Member and the Association shall have the right to designate one Co-assured in respect of an entry as a Member in this Class; and

1.6.31.7.3 PROVIDED that, no person shall by virtue of being an Assured with a Fixed Premium Entry be entitled to be a Member in respect of such Fixed Premium Entry; and

1.7.4 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.]

...

1.111.12 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.

1.121.13 Without prejudice to the generality of Rule ~~1.111.12~~**1.12**, the Board may from time to time appoint any person, firm or corporation to be the Manager or Managers of the Association for such period and upon such terms as it thinks fit, and may vest in such Manager or Managers such of the powers vested in the Board as it may think fit, and such powers may be exercisable for such period and upon such conditions and subject to such restrictions and generally upon such terms as the Board may determine. The Board may make such arrangements as it thinks fit for the management of the Association's affairs in the United Kingdom or abroad, and may for this purpose appoint local boards, attorneys and agents, and delegate to them such powers as it may deem requisite or expedient.

1.14 This Rule 1.14 shall only apply following the withdrawal from the European Union by the United Kingdom, including where a transition agreement has been effected ("Brexit Event").

1.14.1 Subject to Rule 1.14.2 and to the extent that the Association as a consequence of a Brexit Event is:

1.14.1.1 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

1.14.1.2 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 1.14.1.1 or 1.14.1.2) may instead be performed by a Subsidiary.

1.14.2 If and from such time as Rule 1.14.1 applies:

1.14.2.1 The Association shall no longer be obliged to perform the contract or such part that cannot be performed (per Rules 1.14.1.1 or 1.14.1.2) and which is instead performed by a Subsidiary and shall have no liability whatsoever for such non-performance.

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

1.14.2.3 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:

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

1.14.2.3.2 The Assured's obligations in respect of Calls 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.]

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

21 January 2019