

CLASS 5, THE PROTECTING AND INDEMNITY CLASS

NOTICE IS HEREBY GIVEN that a SEPARATE MEETING of the MEMBERS OF CLASS 5, THE PROTECTING AND INDEMNITY CLASS, of the Association will be held at the REGISTERED OFFICE of the Association, 50 LEMAN STREET, LONDON, E1 8HQ at 12 noon on WEDNESDAY, 26th JANUARY 2000, or as soon thereafter as the meeting of the Committee called for that day is finished, for the purpose of altering and adding to the Rules.

The following alterations and additions together with such further alterations and additions, if any, as may be proposed will be submitted for adoption with or without modification and with effect from noon G.M.T. on the 20th day of February 2000.

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

RULE 8 CLASSIFICATION, INSPECTIONS OF SHIPS AND STATUTORY REQUIREMENTS

- 8.6** Any ~~defects~~ **deficiencies** noted and/or any recommendations made as to repair or remedy as a result of any inspection undertaken in accordance with Rule 8.5 shall be corrected and/or carried out forthwith or within such period of time as may be specified by the Association. Notwithstanding anything herein, no action, lack of action or omission by the Association with regard to any inspection, noting of ~~defect~~ **deficiency**, recommendation, or lack thereof by the Association or its nominated inspector under this Rule 8 shall constitute an approval, disapproval, warranty, undertaking, certification, or assumption of responsibility of any kind by the Association regarding the Member, his ship(s) or management, nor shall any such action, lack of action or omission by the Association relieve the Member of any of his responsibilities or obligations under the Rules.
- 8.9** Without prejudice to Rule 8.8, the Association may:
- 8.9.1** immediately terminate any contract of insurance in respect of any Member's interest in an entered ship or ships (together with the entry of that ship or ships in respect of that interest) after ~~defects~~ **deficiencies** or failures have been noted under Rule 8.6, in which case a pro rata return of premium (other than of Overspill Calls) shall be allowed;
- 8.9.2** exclude cover for any liability, costs or expenses arising out of any accident or occurrence which is caused in whole or in part by any ~~defect~~ **deficiency** in or

condition of the entered ship and/or her safety management (including the ship's managers and/or operators) in respect of which an inspector has made any recommendations under Rule 8.6;

- 8.9.3** from a specified date exclude cover for any liability, costs or expenses arising out of any accident or occurrence, caused in whole or in part by any ~~defect~~ **deficiency** in or condition of the entered ship and/or her safety management (including the ship's managers and/or operators) in respect of which an inspector has made any recommendations, unless by that date the Member has submitted the entered ship for a further inspection and the recommended repairs have been effected to the satisfaction of the Association.

[The term "defect" is replaced by the word "deficiency", which has the same dictionary definition, in order to comply with common usage within the industry.]

RULE 9 RISKS COVERED

9.28 Omnibus Rule:

- 9.28.1** Liabilities, **losses**, costs and expenses incidental to the business of owning, operating or managing ships which the Committee in its sole discretion shall consider fall within the scope of this Class,

[The word "losses" is added to this Rule to achieve consistency with Rule 9.26 which covers "loss, costs and expenses incurred in compliance with the Committee's special direction".]

RULE 10 SPECIAL COVER FOR CHARTERERS

- 10.1** If a ship is entered in the Association for Charterers' risks by or on behalf of a Time, Voyage, Space or Slot Charterer, the following liabilities, **losses**, costs and expenses may be covered on such terms and conditions as may be agreed by the Managers in writing;

- 10.3** Notwithstanding the provisions of Rules ~~44~~ **12** and ~~42~~ **13** the Charterers' liability, together with costs and expenses incidental thereto, for loss of or damage to the entered ship;

- 10.4** Notwithstanding the provisions of Rules ~~44~~ **12** and ~~42~~ **13** ~~the loss incurred by the Charterer as a result of~~ loss of or damage to bunkers, fuel or other property of the Charterer onboard the entered ship.

[Minor amendments are made to correct/improve the wording of Rule 10 which was introduced for the 1999/2000 policy year. The word "losses" should have been included in Rule 10.1. The references in Rules 10.3 and 10.4 to the potentially conflicting Rules dealing with Other Insurances and Exclusion of Damage to Entered Ship, Loss of Hire, etc should have been to Rules 12 and 13 which were numbered 11 and 12 prior to the introduction of the new Rule 10. Words are deleted from Rule 10.4 to remove from its ambit consequential losses.]

RULE 11 LIMITATIONS ON COVER

- 11.1** **Unless and to the extent that the Association agrees in writing as a term of entry**, when a Member is entitled to limit any liability for which he is insured, there shall be no recovery in respect of such liability for more than that limited amount.

- 11.3** Recovery shall be limited to a maximum of ~~US\$500,000,000 (U.S. Dollars Five Hundred Million)~~ **US\$1,000,000,000 (U.S. Dollars One Billion)** any one occurrence in respect of any one entered ship in respect of oil pollution liability including fines, costs and expenses and clean-up, and damages payable to any

other person as may arise in respect of oil pollution liability, whether under Rule 9.15 (Pollution) or Rule 9.13 (Collision) or any other sections of Rule 9 or any other Rule or combination thereof.

11.3.1 PROVIDED that where an entered ship gives or attempts to give salvage or other assistance to another ship following a casualty, any oil pollution liability incurred by that entered ship in consequence thereof shall be aggregated with any oil pollution liability incurred by any other ships similarly assisting in connection with the same casualty which are insured in respect of oil pollution liability either by the Association or by any other Association which participates in the Pooling Agreement and/or the Group Excess Reinsurance Policies, and recovery in respect of the oil pollution liability of any entered ship assisting as aforesaid shall not exceed such proportion of the above ~~US\$500,000,000 (U.S. Dollars Five Hundred Million)~~ **US\$1,000,000,000 (U.S. Dollars One Billion)** limit as that ship's oil pollution liability bears to the aggregate of the oil pollution liabilities of all the similarly assisting ships.

11.3.2 PROVIDED that where a ship is separately entered by a Member who is the Owner, Demise Charterer, Manager or Operator with the Association or any other Association which participates in the Pooling Agreement and/or the Group Excess Reinsurance Policies, the maximum recovery in respect of all claims for oil pollution liability following any one occurrence brought against the Owner, Demise Charterer, Manager or Operator of an entered ship or against the Association or any other Association shall be limited to ~~US\$500,000,000 (U.S. Dollars Five Hundred Million)~~ **US\$1,000,000,000 (U.S. Dollars One Billion)**. The liability of the Association in respect of such claims shall be limited to that proportion of ~~US\$500,000,000 (U.S. Dollars Five Hundred Million)~~ **US\$1,000,000,000 (U.S. Dollars One Billion)** that each claim recoverable from the Association bears to the aggregate of the claims recoverable against the Association and such other Associations if any.

11.3.3 PROVIDED that if the total amount of claims against a Member for oil pollution liability following any one occurrence exceeds ~~US\$500,000,000 (U.S. Dollars Five Hundred Million)~~ **US\$1,000,000,000 (U.S. Dollars One Billion)** the Association will not be liable to make any payment in respect of the amount by which any such claims exceed the aforesaid limit of cover.

[The preamble to Rule 11.1 is proposed in order to remove potential conflict with Rule 10. The increase in cover for oil pollution liability from US\$500,000,000 to US\$1,000,000,000 follows the International Group's recent decision in this respect.]

RULE 17 LIABILITIES EXCLUDED IN RESPECT OF SHIPS USED FOR SALVAGE, DRILLING, DREDGING, PILE DRIVING AND PIPE LAYING

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

[The term "defect" is replaced by the word "deficiency", which has the same dictionary definition, in order to comply with common usage within the industry.]

RULE 43 JURISDICTION AND LAW

43.1 The Association may but shall not be obliged to commence and maintain proceedings to obtain security for and/or payment of any amount outstanding in

respect of Calls **or otherwise** in the High Court of Justice of England and, if it does so, the Member hereby submits to the jurisdiction of this Court in respect of any such action. Without prejudice to the foregoing the Association shall be entitled to commence and maintain proceedings in any other jurisdiction to obtain security for and/or payment of any amount outstanding in respect of Calls **or otherwise**.

[The additional words are added to enable the Club to take all legal steps to recover any amounts outstanding from a Member in respect of items other than Calls, such as deductibles.]

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

10 January 2000