



THE LONDON
STEAM-SHIP OWNERS'
MUTUAL INSURANCE ASSOCIATION LIMITED

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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, 28th JANUARY 2004, or as soon thereafter as the meeting of the 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 will be submitted for adoption with or without modification and with effect from noon G.M.T. on the 20th day of February 2004.

[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:**
- "Additional Call"** means an additional call levied pursuant to Rule 32.4;
 - "Advance Call"** means an advance call levied pursuant to Rule 32.2;
 - "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 and Other Assured;
 - "Call"** means a call levied pursuant to these Rules;
 - "Certificate of Entry"** means a certificate issued by the Association pursuant to Rule 6;
 - "Class"** means a class of the Association and **"this Class"** means Class 5, the Protecting and Indemnity 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 23.1 and **"Co-assured"** shall be construed accordingly;
 - "Committee"** means the committee for the time being of the Association;
 - "Convention Limit"** has the meaning given in Rule 33.1.1;
 - "Deferred Call"** means a deferred call levied pursuant to Rule 32.3;
 - "Electronic Communication"** has the meaning given in the Electronic Communications Act 2000;
 - "Endorsement Slip"** means an endorsement slip issued by the Association pursuant to Rule 6.2;
 - "Estimated Total Cost"** has the meaning given in Rule 32.4;
 - "Group General Excess Loss Contract"** has the meaning given in Rule 33.1.1;
 - "Group Reinsurance Limit"** has the meaning given in Rule 33.1.1;
 - "LSSO (Bermuda)"** has the meaning given in Rule 5.1;

"Managers" means the managers from time to time of the Association;
"Member" means an Assured who is a member of the Association in accordance with the Companies Act 1985 and the Articles;
"Memorandum" means the Memorandum of Association of the Association in force from time to time;
"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 23.3;
"Overspill Call" has the meaning given in Rule 33.1.1;
"Overspill Claim" has the meaning given in Rule 33.1.1;
"Overspill Claim Date" has the meaning given in Rule 33.1.1;
"Overspill Reserve" has the meaning given in Rule 33.1.1;
"Policy Year" has the meaning given in Rule 2.2;
"Pooling Agreement" has the meaning given in Rule 33.1.1;
"Release Call" means a release call charged pursuant to Rule 36.1;
"Rules" means the rules of this Class in force from time to time and **"Rule"** shall be construed accordingly; and
"Ship" means any ship, boat, hovercraft or 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.

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.

- 1.2 ~~1.1~~ These Rules and all contracts entered into by the Association relating to any insurance afforded by the Association within this Class (which shall hereinafter be understood to include also any reinsurance which may be afforded by the Association within this Class in accordance with Rule 31.1.1) shall be subject to the Memorandum and Articles of Association of the London Steam Ship Owners' Mutual Insurance Association Limited, and words as defined in those the Articles shall have the same meaning in these Rules: **unless the context requires otherwise or unless they are defined differently in these Rules. Without prejudice to the generality of the foregoing, the provisions of the Articles relating to Co-assureds shall be binding on all Co-assureds notwithstanding that not all Co-assureds are Members.**
- 1.3 ~~1.2~~ All insurance afforded by the Association within this Class is by way of indemnity and all contracts relating thereto shall be deemed to incorporate the provisions of these Rules, save insofar as those provisions are varied by any special terms which have been agreed pursuant to these Rules or amended pursuant to the powers of the Committee as set out in the Articles or these Rules; all such contracts and these Rules shall, **save as otherwise provided in Rules 30.2 and 43**, be governed by English law and shall be subject to the provisions of the Marine Insurance Act 1906 and any statutory modifications thereof.
- 1.4 ~~1.3~~ The standard insurance afforded by the Association within this Class is set out in Rule ~~99~~, but additional risks may be covered subject to Rule 2.1.1 and whatever insurance is afforded by the Association within this Class 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 ~~1.4~~ On acceptance by the Association of an application from any person for insurance within this Class of any interest in a ~~ship~~**Ship**, that ~~ship~~**Ship** shall thereupon be entered in this Class in respect of the interest of such person who (if not already) shall become a Member of this Class **in this Class (and any such application shall constitute such person's agreement to so become or continue as a Member in accordance with the provisions of the Companies Act 1985)**, and shall so continue until such time as

- all entries of ~~ships~~**Ships** by that ~~Member~~**Assured** for insurance **within this Class** of any interest in them shall have terminated under ~~these~~ Rules 27 to 30,
- 1.5.1 ~~1.4.1~~ **PROVIDED** that a person whose only interest in a ~~ship~~**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~~**Ship** be entered unless the premium payable to the Association for such reinsurance shall be by way of Calls determined by the Committee in accordance with Rules 32 and ~~33~~**33**; and
- 1.5.2 **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.**
- 1.6 ~~1.5~~ All the Members for the time being ~~of~~**in** this Class shall form one separate Class of the Association. The Committee and Managers of the Association shall be the Committee and Managers of this Class.
- 1.7 ~~1.6~~ References to entered ~~ships~~**Ships, Assureds, Co-assureds, Other Assureds**, insurance, and reinsurance afforded by the Association (howsoever the same may be expressed) shall hereinafter be understood as relating exclusively to this Class unless otherwise expressly stated and where appropriate to the context references to entered ~~ships and Members~~**Ships, Assureds, Co-assureds and Other Assureds** shall be understood to include formerly entered ~~ships~~**Ships, former Assureds, former Co-assureds** and former ~~Members~~**Other Assureds**.
- 1.8 ~~1.7~~ A person by whom or on whose behalf an application has been made and accepted by the Association for insurance shall be deemed to have agreed not only on his own behalf but also on behalf of his successors and **assigns and** each of them that both he and they will in every respect be subject to and bound by any such resulting contract of insurance with the Association, including the provisions of these Rules incorporated as aforesaid.
- 1.9 ~~1.8~~ In the event of any conflict between the English text of these Rules and any text thereof written in any other language the English text shall prevail.
- 1.10 **The business of this Class shall, subject to the Articles, be conducted according to these Rules and shall be managed by the Committee 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 Committee may delegate any of its powers to sub-committees consisting of such member or members of the Committee or such other persons in each case as it thinks fit.**
- 1.11 **Without prejudice to the generality of Rule 1.10, the Committee 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 Committee 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 Committee may determine. The Committee 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.**

[Explanation: The proposed Rule changes include definitions of, inter alia, recommended revisions of terminology. Additionally, clarification of the rights of an Assured to be a Member in this Class is provided. Further, the proposed changes make express the powers vested in the Committee to act on behalf of the Association.]

RULE 3 RIGHT TO RECOVER AND SUBROGATION

- 3.2 **The Association shall be subrogated to all rights and claims which an Assured may have against any person in relation to any matter giving rise to a right of recovery by that Assured against the Association. Each Assured shall notify the Association of any such rights or claims immediately upon becoming aware of the same and shall do all such things and execute all such documents as the**

Association may require in relation to such rights and claims, including the execution of any assignment of such rights or claims in favour of the Association. Until any such assignment, an Assured shall hold all such rights and claims on trust for the benefit of the Association to the extent of any right of recovery by that Assured from the Association from the time of the relevant incident. All of the foregoing provisions of this Rule shall be without limitation of and without prejudice to any right of subrogation which the Association may have by operation of law.

[Explanation: The proposed Rule change makes express the Association's right to subrogation.]

RULE 5 APPLICATION FOR INSURANCE AND CONDITIONS

5.5 Any application for insurance shall be on such form **and in such medium** as may from time to time be prescribed by the Association and the applicant shall ~~provide~~ **at the time of the application and at all times thereafter provide all material particulars and information** and any further particulars and information requested by the Association ~~or otherwise relevant to the risks to be insured~~. **The Association shall be entitled to receive and process applications for insurance which are submitted by Electronic Communication or by any other means agreed by the Association.**

5.6 If the application is accepted by the Association, all particulars and information given by the applicant shall form the basis of the contract of insurance and it shall be a condition precedent to any right of recovery in respect thereof that the same were all true **and, save to the extent otherwise notified in writing to the Association, continued to be true, throughout the period of insurance, in each case** so far as the applicant knew or could with reasonable diligence have ascertained. **Without prejudice to the generality of the foregoing, it shall further be a condition precedent to any right of recovery in respect of any such contract of insurance that an Assured shall provide details of any change to any particulars and information previously furnished to the Association.**

[Explanation: The proposed Rule changes reflect today's methods of communication and make express the continuous nature of an Assured's disclosure obligations to the Association.]

RULE 8 CLASSIFICATION, INSPECTIONS OF SHIPS AND STATUTORY REQUIREMENTS

8.7 The Member concerned shall ensure compliance with all the statutory requirements of the State of the ship's flag relating to the construction, adaptation, condition, fitment, equipment, manning, safety management **and ship security** of the entered ship and ensure at all times the maintenance of the validity of such statutory certificates as are required to be issued by or on behalf of the State of the ship's flag.

[Explanation: The proposed Rule change reflects the introduction of the International Ship and Port Facility Code (ISPS Code), which comes into force on 1 July 2004, and the International Group's position that compliance with the ISPS Code certification requirements should be a condition of cover for the 2004 policy year.]

RULE 9 RISKS COVERED

9.5 Wages and Shipwreck Unemployment Indemnity:

9.5.1 Liability to pay wages to a seaman of an entered ~~ship~~ **Ship**:

9.5.1.1 during medical or hospital treatment abroad or during repatriation consequent upon injury or illness;

9.5.1.2 in the case of a seaman engaged abroad as a substitute, while awaiting and during repatriation.

9.5.2 Liability to compensate a seaman who is on board or proceeding to or from an entered ~~ship~~ **Ship** for the loss of his employment caused by the actual or constructive total loss of that ~~ship~~ **Ship or to pay his wages in consequence of the actual or constructive total loss of that Ship.**

9.5.3 The PROVISO in Rule 9.3.1.1 shall apply to recovery under Rule 9.5.

[Explanation: The proposed Rule change addresses any liability to pay wages as distinct from compensation arising from loss of employment caused by the actual or constructive total loss of the entered ship and which brings the Rule in line with those of other Associations.]

9.6 Repatriation and Substitutes:

- 9.6.1 The expense of repatriating a seaman of an entered ~~ship~~**Ship** in unforeseen circumstances and, where applicable, the expense of sending abroad and/or awaiting a substitute to replace him other than under Rule 9.3 or 9.4 where:
- 9.6.1.1 the ~~Member~~**Assured** is under statutory obligation to repatriate him;
- 9.6.1.2 the ~~Member~~**Assured** is obliged to repatriate him under the terms of a crewing agreement, collective agreement or other contract of service or employment previously approved by the Association in writing;
- 9.6.1.3 the seaman's presence is necessarily required to attend his ~~wife~~**wife**, spouse, child or parent who has died or become dangerously ill during the course of the voyage;
- 9.6.1.4 the repatriation and/or substitution is necessary for the safety of the crew, entered ~~ship~~**Ship** or her cargo;
- 9.6.2 PROVIDED that expenses are not covered under Rule 9.6 which arise out of or are the consequence of:
- 9.6.2.1 the termination of any agreement, whether the termination is in accordance with the terms of that agreement or by mutual consent of the parties to it; or
- 9.6.2.2 breach by the ~~Member~~**Assured** of any agreement or other contract of service or employment; or
- 9.6.2.3 sale of the entered ~~ship~~**Ship**; or
- 9.6.2.4 any other voluntary disposition by the ~~Member~~**Assured** of the entered ~~ship~~**Ship**.

9.8 ~~Wives~~**Spouses** and Children:

- 9.8.1 Hospital, medical, funeral, repatriation and other expenses necessarily incurred in relation to the injury, illness or death of any seaman's ~~wife~~**wife**, spouse or child travelling on board an entered ~~ship~~**Ship**.
- 9.8.2 Repatriation expenses of a ~~wife~~**wife**, spouse or child travelling on board an entered ~~ship~~**Ship** in the event of the seaman's repatriation or if the ~~wife~~**wife**, spouse's presence is necessarily required to attend a child who has become dangerously ill during the course of the voyage.

[Explanation: The proposed Rule changes address an anomaly in the current day.]

9.19 Cargo:

- 9.19.2.4 unless the Committee in its sole discretion shall otherwise determine, there shall be no recovery in respect of:
- 9.19.2.4.1 any ~~Bill~~**bill** of Lading, ~~Waybill~~**lading**, ~~waybill~~ or other document containing or evidencing the ~~Contract~~**contract** of Carriage ~~carriage~~ issued with ~~an incorrect date or, with~~ the knowledge of the ~~Member~~**Assured** or the ~~Master~~**master** of the entered ~~ship~~**Ship**, with ~~an incorrect date or~~ an incorrect description of the cargo or its quantity or its condition or a misstatement of the port of loading or the port of discharge;
- 9.19.2.4.2 delivery of cargo without production of the relevant ~~Bill of Lading~~**bill of lading and/or discharge of cargo at a port or place other than that stated in the contract of carriage**;
- 9.19.2.4.3 carriage of cargo to the port ~~or place~~ of destination ~~stipulated~~**discharge stated** in the contract of carriage from another port, or storage or other charges;
- 9.19.2.4.4 late arrival or non-arrival of the entered ~~ship~~**Ship** at a port or place of loading, or failure to load ~~or delay in loading~~ any particular cargo ~~other than such liabilities, costs and expenses arising under a bill of lading already issued~~;

[Explanation: The proposed Rule change to 9.19.2.4.1 achieves consistency with the Pooling Agreement, that to 9.19.2.4.2 corrects a long-standing omission, that to 9.19.2.4.3 achieves consistency of terminology, and that to 9.19.2.4.4 achieves consistency with an amendment to the Pooling Agreement, which, logically, extends the exclusion to delay in loading as well as failure to load, but preserves cover where a bill of lading is in existence.]

9.23 Fines:

- 9.23.1 Fines imposed by any court, tribunal or authority for:
- 9.23.1.1 ~~Breach~~**breach** of any immigration law or regulations relating to crew members or their ~~wives~~**wives**, spouses and children or stowaways, —, PROVIDED that there shall be no recovery from the Association unless the ~~Member~~**Assured** can satisfy the Association

- that proper steps were taken to guard against desertion and landing without permission of the proper ~~Authority~~**authority**;
- 9.23.1.2 ~~Smuggling by the Master or crew members~~**smuggling or any infringement of any customs law or regulation other than in relation to cargo carried on the entered Ship**, provided that the ~~Member~~**Assured** upon becoming aware of the alleged offence immediately notifies the Association;
- 9.23.1.3 ~~Short~~**short**-delivery or over-delivery of cargo or failure to comply with any law or ~~regulations~~**regulation** relating to declaration or documentation of cargo, but only when the entered ~~ship~~**Ship** is covered for cargo risks under Rule 9.19 in which case such fines shall be aggregated with cargo claims for the purposes of applying the cargo deductible to the same, and fines under Rule 9.23.1.3 shall not be subject to any other deductible-;
- 9.23.1.4 ~~The~~**the** accidental discharge or escape of oil or any polluting substance from ~~at the~~**the entered ship or threat thereof**, but as regards oil only where the entered ~~ship~~**Ship** is covered for pollution risks under Rule ~~9.15~~**9.15**;

[Explanation: The proposed Rule change achieves consistency with the Pooling Agreement.]

RULE 15 LIABILITY EXCLUDED FOR WAR RISKS

- 15.1 Unless the Association shall have previously agreed or arranged cover in writing on special terms (which may include the requirement of ~~an additional~~ **a further** Call or premium) **and subject to the provisions of Rule 15.2**, there shall be no recovery in respect of any liabilities, costs or expenses (whether or not a contributory cause of the same being incurred was any neglect on the part of the ~~Member~~ **Assured** or the ~~Member's~~ **Assured's** servants or agents) when the loss or damage, injury, illness or death or other accident in respect of which such liability arises or costs or expenses are incurred, shall have been caused by:
- 15.1.1 war, civil war, revolution, rebellion, insurrection or civil strife arising therefrom, or any hostile act by or against a belligerent power, or any act of terrorism;
- 15.1.1.1 PROVIDED that in the event of any dispute as to whether or not any act constitutes an act of terrorism the decision of the Committee shall be final;
- 15.1.2 capture, seizure, arrest, restraint or detainment (barratry and piracy excepted), and the consequences thereof or any attempt thereat;
- 15.1.3 mines, torpedoes, bombs, rockets, shells, explosives or other similar weapons of war, PROVIDED that the exclusion in Rule 15.1.3 shall not apply to:
- 15.1.3.1 liabilities, costs or expenses which arise solely by reason of the transport of any such weapons whether on board the entered ~~ship~~ **Ship** or not;
- 15.1.3.2 the use of any such weapons, either as a result of government order or with the agreement of the Association in writing, where the reason for such use is the avoidance or mitigation of liabilities, costs or expenses which would otherwise be recoverable under Rule 9.
- 15.2 PROVIDED ALWAYS that:**
- 15.2.1 **the exclusions in Rule 15.1 shall not apply to liabilities, costs and expenses of an Assured insofar only as they are discharged by the Association on behalf of the Assured pursuant to a demand made under:**
- 15.2.1.1 **a guarantee or other undertaking given by the Association to the Federal Maritime Commission under Section 2 of US Public Law 89-777; or**
- 15.2.1.2 **a certificate issued by the Association in compliance with Article VII of the International Conventions on Civil Liability for Oil Pollution Damage 1969 and 1992 or any amendments thereof,**
to the extent that such liabilities, costs and expenses are not recovered by the Assured under any other policy of insurance or any extension to the cover, provided by the Association; and
- 15.2.2 **where any such guarantee, undertaking or certificate is provided by the Association on behalf of the Assured as guarantor or otherwise, the Assured agrees that any payment by the Association thereunder in discharge of the said liabilities, costs and expenses shall, to the extent of any amount recovered under any other policy of insurance or extension to the cover, provided by the Association, be by way of loan and that there shall be assigned to the Association all the rights of the Assured under any other insurance and against any third party.**

15.23 ~~PROVIDED ALWAYS that~~ The Association may provide special cover to the ~~Members~~ **Assureds** against any or all of the risks set out in Rule 9 notwithstanding that those liabilities, costs or expenses would otherwise be excluded by this Rule 15, subject to such limits and to such terms and conditions as the Association may from time to time determine.

[Explanation: The proposed Rule change reflects the International Group's decision to cover liabilities assumed by the Associations under FMC guarantees or undertakings and CLC certificates to the extent such are not covered by other insurances, in particular War Risks insurances.]

RULE 17 EXCLUSION OF RISKS ARISING FROM SALVAGE AND SPECIALIST OPERATIONS, DRILLING VESSELS AND WASTE DISPOSAL AND SUB-SEA ACTIVITIES

17.1 Unless previously agreed in writing by a special agreement between the ~~Member~~ **Assured** and the Association there shall be no recovery in respect of liabilities, costs and expenses:

17.1.1 ~~17.1~~ **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 arises in connection with the cargo or, notwithstanding Rule 9.18.1, the wreck removal of that cargo;**

[Explanation: The proposed Rule change achieves consistency with the Pooling Agreement.]

RULE 18 OBLIGATION OF THE MEMBER ~~ASSURED~~ IN RESPECT OF CLAIMS

18.1 ~~A Member~~ **An Assured** must promptly:

18.1.1 notify the Association of every casualty, event and claim against him which threatens to give rise to any liability, costs or expenses for which he is insured, of all material developments in respect thereof, and of every survey or opportunity for survey (including survey of the condition of the entered ~~ship~~ **Ship**) in connection therewith;

18.1.2 disclose and produce all information, documents ~~or~~, reports **or legal advices** in or coming into his or his agents' (including lawyers') possession, power or knowledge relevant to any such casualty, event or claim either available at the time of notification or at any time.

[Explanation: The proposed Rule change makes a logical extension to the information which Members are required to produce to the Association.]

RULE 23 ~~CO-ASSURED JOINT ENTRIES~~ CO-ASSUREDS AND OTHER ASSUREDS

23.1 ~~If any~~ **The Association may accept an** application for insurance of interests in the same ~~ship is made~~ **Ship** in the names or on behalf of more than one person as ~~co-assured, whether jointly or separately interested, then subject to the Proviso in Rule 9.1 such persons shall be treated as joint Members and the entry of such ship as a joint entry in respect of which, unless otherwise agreed by the Association in writing:~~ **Co-assureds who shall each have an independent right of recovery from the Association subject always to the proviso in Rule 9.1 and to the provisions of Rule 23.2.**

23.1.1 the Association shall not be bound to issue any Certificate of Entry or any Endorsement Slip to more than one *joint Member*, delivery of which to whom shall be sufficient delivery to all;

23.1.2 the joint Members shall be jointly and severally liable to pay all amounts due to the Association;

23.1.3 payment to any one joint Member of any sums payable by the Association shall be a sufficient discharge of the Association for the same;

23.1.4 failure by one joint Member to disclose material information within his knowledge shall be deemed to have been the failure of all;

23.1.5 conduct of one joint Member which would entitle the Association to reject or reduce recovery shall be deemed to have been the conduct of all;

23.1.6 any communication from the Association to one joint Member shall be deemed to have been communicated to all;

23.1.7 any communication from one *joint Member* to the Association shall be deemed to have been made with the full approval and authority of all.

RULE 24 EXTENSION OF COVER TO OTHER PARTIES

23.2 The Association may in its sole discretion reject or reduce any multiple recovery by Co-assureds in respect of the same loss.

- 23.3** ~~24.1~~ The Association may, subject to the ~~Proviso~~**proviso** in Rule 9.1, agree that the benefit of a ~~Member~~**Member Assured**'s insurance shall be extended to persons or companies **as Other Assureds** which shall be signified in the relevant Certificate of Entry or by endorsement thereto, PROVIDED that:
- 23.3.1** ~~24.1.1~~ any such extension of the benefit of a ~~Member~~**Member Assured**'s insurance shall be subject to the same limitation on recovery as stipulated in Rule 11.2 and shall be confined to those liabilities incurred by the beneficiary for which the ~~Member~~**Member Assured** would have been similarly held liable if the third-party claim had been pursued against him and in respect of which he would have been entitled to recover in accordance with the terms of entry of the ~~ship~~**Ship** concerned;
- 23.3.2** ~~24.1.2~~ for each separate ~~ship~~**Ship** and each separate accident or occurrence, recovery under the ~~Member~~**Member Assured**'s insurance and any such extension of the benefit thereof shall not in aggregate exceed whatever would have been recoverable by the ~~Member~~**Member Assured** alone if he only could have and had been held liable as postulated in Rule ~~24.1.1~~**23.3.1** and payment by the Association to the ~~Member~~**Member Assured** or any such beneficiaries in that amount shall preclude any further recovery whatsoever; **and**
- 23.3.3** ~~24.1.3~~ the benefit of a ~~Member~~**Member Assured**'s insurance shall not be extended to third party persons or companies which are not referred to in the relevant Certificate of Entry or by endorsement thereto, whether by name, class, description or otherwise, notwithstanding the provisions of the Contracts (Rights of Third Parties) Act 1999.
- 23.4** **In relation to Co-assureds and Other Assureds, unless otherwise agreed by the Association in writing:**
- 23.4.1** **the Association shall not be bound to issue any Certificate of Entry or any Endorsement Slip to more than one Assured delivery of which to whom shall be sufficient delivery to all;**
- 23.4.2** **Co-assureds shall be jointly and severally liable to pay all amounts due to the Association whether pursuant to these Rules, the Articles or otherwise;**
- 23.4.3** **payment to any one Assured of any sums payable by the Association shall be a sufficient discharge of the Association for the same;**
- 23.4.4** **failure by one Assured to provide particulars and information within his knowledge (or which could with reasonable diligence be ascertained by him) shall be deemed to have been the failure of all;**
- 23.4.5** **conduct of one Assured which would entitle the Association to reject or reduce recovery shall be deemed to have been the conduct of all and the knowledge (including deemed knowledge) of one Assured shall be deemed to be the knowledge (including deemed knowledge) of all;**
- 23.4.6** **any provision of these Rules which would entitle the Association to reject or reduce recovery in respect of one Assured shall be deemed to apply to all;**
- 23.4.7** **any communication from the Association to one Assured shall be deemed to have been communicated to all;**
- 23.4.8** **any communication from one Assured to the Association shall be deemed to have been made with the full approval and authority of all**
- 23.4.9** **the Association shall be entitled to pay all sums to one Assured on behalf of all Co-assureds and Other Assureds; and**
- 23.4.10** **no Assured shall be entitled to recover from the Association in respect of any dispute or claim arising between themselves in respect of an entry.**

[Explanation: The proposed Rule changes reflect the recommended revisions of terminology and the logical re-ordering of the Rule in general.]

RULE 24 AFFILIATES AND ASSOCIATES

- 24.1** **Should a claim in respect whereof an Assured is insured by the Association be made or enforced through a person or company (other than a Co-assured or Other Assured in relation to that Assured) affiliated or associated with such Assured, the Association may if so requested by the Assured indemnify such person or company against any loss which as a consequence thereof such person or company shall have incurred in that capacity provided always that nothing herein contained shall be construed as extending any amount which would not have been recoverable from the Association by the Assured had such claim been made or enforced against him. Once the Association has**

made such indemnification it shall not be under any further liability and shall not make any further payment to any person or company whatsoever, including the Assured, in respect of that claim.

[Explanation: The proposed Rule change incorporates the hitherto optional Affiliated Company Clause to achieve consistency with the Pooling Agreement.]

RULE 27 PERIOD OF INSURANCE AND TERMINATION BY CONTRACTUAL NOTICE

27.1 ~~Any~~ **Unless otherwise agreed by the Association in writing or unless terminated earlier in accordance with these Rules, any** contract of insurance in respect of any Member ~~Assured's~~ interest in an entered ship **Ship** (together with the entry of that ship ~~Ship~~ in respect of that interest) ~~may be terminated:~~ **shall commence at the time stated in the Certificate of Entry relating to such contract and shall continue until the expiry of the then current Policy Year and thereafter from Policy Year to Policy Year.**

27.2 **Any contract of insurance in respect of any Assured's interest in an entered Ship (together with the entry of that Ship in respect of that interest) may be terminated:**

27.2.1 ~~27.1.1~~ by the Member concerned only at noon GMT on 20th February of any year with not less than 30 days' written notice to the Association;

27.2.2 ~~27.1.2~~ by the Association at any time with not less than seven days' written notice to the Member concerned.

[Explanation: The proposed change clarifies that the contract of insurance continues on an annual basis, unless otherwise agreed or terminated under the Rules.]

RULE 32 ADVANCE, DEFERRED AND SUPPLEMENTARY/ADDITIONAL CALLS

32.1 The Members ~~Assureds~~ who have entered ships **Ships** for insurance in the Association in respect of any Policy Year (not being a year closed in accordance with Rule 34) shall (unless such entry is for a fixed premium or as may be otherwise specifically agreed) provide in accordance with the provisions of Rule 32 by way of Advance, **Deferred** or ~~Supplementary~~ **Additional** Calls ~~to be levied from such Members~~, all funds which in the sole discretion of the Committee are required to meet:

32.1.1 the claims, expenses and outgoings (whether incurred, accrued or anticipated) of the insurance business of the Association in respect of such Policy Year including, without prejudice to the generality of the foregoing, such excess (if any) of the claims and other outgoings in respect of any category of such business over the ~~premiums~~ **Calls** payable to the Association in respect thereof as the Committee may charge in whole or in part to such Policy Year, and any proportion of any claims, expenses or outgoings of any insurer other than the Association which has fallen or which may be thought likely to fall upon the Association by virtue of any reinsurance or pooling agreement concluded between the Association and such other insurer, but excluding Overspill Claims ~~(as defined in Rule 33.1.1);~~

32.1.2 such of the general expenses of the Association as the Committee may from time to time charge against the insurance business of the Association in respect of such Policy Year;

32.1.3 such transfers to the reserves or other accounts of the Association (as referred to in Rules 33.8 and 38) and for subsequent application for the purposes of such reserves or other accounts or otherwise as the Committee may determine;

32.1.4 any deficiency (but also taking account of any surplus) which has occurred or may be thought likely to occur in any closed Policy Years;

32.1.5 any sums which the Association may by any ~~Governmental Legislation or Regulation~~ **governmental legislation or regulation** be required to set aside in order to establish and/or maintain an adequate ~~Solvency Margin~~ **solvency margin** and/or ~~Guarantee Fund~~ **guarantee fund** in respect of such Policy Year.

32.2 Towards such funds for each Policy Year ~~Members~~ **Assureds** shall pay an Advance ~~Calls~~ **Call** at the rate **assessed in respect of each Assured by the Managers and** shown in each ship **Ship's** Certificate of Entry for that Policy Year on the entered tonnage therein stated and pro rata for ships **Ships** entered for less than the whole Policy Year.

32.3 Further towards such funds, if determined as aforesaid by the Committee to be required in accordance with Rule 32.1 for any Policy Year, the Committee may direct that

~~Supplementary Calls~~ **Deferred Call** shall be paid, the amount of which shall be stated as a uniform percentage of the Advance ~~Calls~~ **Call** payable by ~~Members~~ **Assureds** for that Policy Year.

32.4 ~~The Members shall also be liable to provide funds in accordance with Rule 33 by means of Overspill Calls to meet any Overspill Claim.~~ **Further towards such funds, if determined as aforesaid by the Committee to be required in accordance with Rule 32.1 for any Policy Year, the Committee may direct that an Additional Call(s) shall be paid, the amount(s) of which shall be stated as a uniform percentage of the Estimated Total Cost (the Advance Call plus the Deferred Call) payable by each Assured for that Policy Year.**

32.5 **The Assureds shall also be liable to provide funds in accordance with Rule 33 by means of an Overspill Call(s) to meet any Overspill Claim.**

32.6 ~~32.5~~ **The Committee may determine a general increase or reduction in Advance Call advance call rates or Estimated Total Cost (the Advance Call plus the current Supplementary Call estimate) for the immediately following Policy Year which shall be notified to Members Assureds not later than the previous 31st December so as to apply with effect from the start of the immediately following Policy Year to all ships Ships whose entries are then continuing and for which no other variation has been mutually agreed, and appropriately adjusted Advance Call rates shall accordingly appear in such ships on the basis of which Advance Calls shall be assessed in respect of each Assured by the Managers and shown in each Ships' Certificates of Entry for that Policy Year.**

[Explanation: The proposed Rule changes reflect the recommended revisions of terminology.]

RULE 34 CLOSING OF POLICY YEARS

34.1 With effect from such date as the Committee shall in its sole discretion determine after the end of each Policy Year, but no sooner than 36 months from its commencement, the Committee shall declare the same closed for ~~Supplementary~~ **Deferred and/or Additional** Calls, after which no further ~~Supplementary~~ **Deferred and/or Additional** Calls shall be levied in respect thereof.

34.2 The Committee may declare any Policy Year closed for ~~Supplementary~~ **Deferred and/or Additional** Calls notwithstanding that it is known or anticipated that there are in existence or may in the future arise liabilities, costs or expenses recoverable in respect of such Policy Year (apart from Overspill Claims) which have not yet accrued or the validity, extent or amount of which have yet to be established.

34.3 If upon the closing of any Policy Year it shall appear to the Committee that the whole of the Calls (other than Overspill Calls) and other receipts in respect of such Policy Year (and of all transfers from reserves and provisions made for the credit of or in respect of that Policy Year), is unlikely to be required to meet the claims (other than Overspill Claims), expenses and outgoings arising in respect of that Policy Year (as referred to in Rule 32), then the Committee may decide to dispose of any excess which in their opinion is not so required in one or any of the following ways:

34.3.1 by transferring the excess or any part thereof to the reserves of the Association in accordance with Rules 33.8 or 38;

34.3.2 by applying the excess or any part thereof to meet any deficiency which has occurred or may be thought likely to occur in any closed Policy Year or Years;

34.3.3 by returning the excess or any part thereof to those ~~Members~~ **Assureds** entered in respect of such Policy Year in proportion to the ~~Advance Calls paid by them~~ **Estimated Total Cost payable by Assureds** in respect of such Policy Year (after taking into account any returns or rebates applicable thereto under their terms of entry or under any other provision of these Rules) save that no return shall be made to any ~~Member~~ **Assured** whose entry ceased in the course of such Policy Year by reason of Rule 29 or Rule 30 or whose liability for Calls in respect of such Policy Year has been assessed under the provisions of Rule 36.

34.4 If upon the closing of any Policy Year it shall appear to the Committee that the claims (other than Overspill Claims), expenses and outgoings arising in respect of that Policy Year (as referred to in Rule 32) exceed or are likely to exceed the totality of the Calls (other than Overspill Calls) and other receipts in respect of such Policy Year (and of all transfers from reserves and provisions made for the credit of or in respect of such Policy Year), then the Committee may decide to provide for such deficiency in any one or more of the following ways:

- 34.4.1 by transferring funds from the reserves or other accounts of the Association;
- 34.4.2 by transferring funds standing to the credit of any different closed Policy Year;
- 34.4.3 by levying ~~Advance or Supplementary Calls~~ **Additional Call(s)** in respect of any open Policy Year with the intention (as permitted by Rule 32) of applying a part thereof to meet any such deficiency.
- 34.5 At any time after any Policy Year shall have been closed the Committee may resolve to amalgamate the accounts of two or more closed Policy Years and to pool the amounts standing to the credit of the same. If the Committee shall so resolve then the two or more closed Policy Years concerned shall be treated as though they constituted a single closed Policy Year, provided that no such amalgamation shall apply for the purposes of Overspill Claims, Overspill Calls or Overspill Reserves.

[Explanation: The proposed Rule changes reflect the recommended revisions of terminology.]

RULE 35 PAYMENT OF CALLS

- 35.1 **Save as provided below in this Rule 35.1**, Calls shall be payable in such instalments and on such dates as the Committee shall specify, and without set-off of any amount due or alleged to be due by the Association to ~~the Member~~ **any Assured** on any ground or of any kind whatsoever including set-off which might otherwise have arisen by reason of the bankruptcy or winding up of ~~the Member~~ **an Assured** (whether or not any set-off has been allowed by the Association at any time in the past) except to the extent that in requiring payment of the subject amount the Association itself shall have already allowed a set-off or credit in favour of the ~~Member~~ **Assured**. **Upon the termination of an Assured's contract of insurance all Calls (including all instalments thereof falling due for payment after the time of such termination) in respect of such contract and remaining unpaid at the time of such termination shall become immediately due and payable notwithstanding that the due date for payment in respect of any such Calls (including any instalment thereof) falls after the time of such termination.**
- 35.2 The Association may decline a request by any ~~Member~~ **Assured** or former ~~Member~~ **Assured** to pay all or any part of any Call(s) payable by him in a currency other than U.S. Dollars.
- 35.3 A copy of the resolution of the Committee authorising any Call(s) certified by the Managers to be a true copy and a certificate signed by the Managers with the amount due by ~~a Member~~ **an Assured** in respect of such Call(s) shall be sufficient evidence of the Call(s) and the amount due by that ~~Member~~ **Assured** in respect thereof.
- 35.4 The amount or amounts specified in Rule 35.3 as being payable by ~~a Member~~ **an Assured** or former ~~Member~~ **Assured** shall for all purposes (including the purposes of Rule 30) be and be deemed to be properly due as a debt from the ~~Member~~ **Assured** or former ~~Member~~ **Assured** concerned to the Association at the time or times so specified and he shall have no right to question an assessment made pursuant to Rule 35.3 save that after payment thereof in full to the Association, he shall be entitled to claim repayment thereof in whole or in part by referring such matter to arbitration in accordance with Rule 43.
- 35.5 Without prejudice to any other provisions contained in these Rules the Committee may in its sole discretion at any and all times determine the rate of interest which shall be payable to the Association on any ~~Calls~~ **Call(s)** or other amounts due to the Association (including amounts due under Rule 36) as from the due date of payment or such later date as the Committee may in its sole discretion consider fit.
- 35.6 If any ~~Advance Call or Supplementary~~ **Deferred and/or Additional Call(s)** or payment due from ~~a Member~~ **an Assured** or former ~~Member~~ **Assured** to the Association is not paid and if the Association decides that payment cannot be obtained, the sums required to make good any resulting shortfall or deficiency in the funds of the Association shall be deemed to be expenses of the Association for which, as the Committee may in its sole discretion determine, ~~Calls~~ **Call(s)** may be levied in accordance with Rule 32, as the case may be, or reserves may be applied in accordance with Rules 34 and 38.

[Explanation: The proposed Rule changes reflect the recommended revisions of terminology.]

RULE 36 RELEASE CALLS

- 36.1 Subject to the provisions of this Rule 36, upon or at any time after the termination of entry of any ~~ship~~ **Ship** for any reason, a Release ~~Calls~~ **Call** may be charged by the Association in lieu of ~~Supplementary Calls~~ **any Deferred and/or Additional Call** for

open Policy Years during which such ~~ship~~**Ship** shall have been entered. ~~A Member~~**An Assured's** liability for Overspill Calls shall not be affected by the charging or the payment of ~~any~~ Release Call.

- 36.2 The amount of any Release Call which shall be so charged for any open Policy Year shall be such percentage of the Advance Call as the Committee in its sole discretion shall from time to time determine.
- 36.3 Once paid, ~~a~~ Release ~~Calls~~**Call** shall not in any circumstances be returnable, notwithstanding any subsequent reduction in the amounts chargeable for the Policy Years concerned; nor shall the ~~Member~~**Assured** have any right to share in any return of surplus for any such Policy Year in respect of a ~~ship~~**Ship** for which ~~any~~ Release Call has been paid or is payable, but payment of ~~a~~ Release ~~Calls~~**Call** shall discharge ~~a Member~~**an Assured** from any future liability for ~~those Supplementary Calls~~**any Deferred and/or Additional Call** in lieu of which such Release ~~Calls~~**Call** has been charged.
- 36.4 At any time after the termination of entry of any ~~ship~~**Ship**, at the request in writing of any ~~Member~~**Assured** who would otherwise be liable to pay ~~Supplementary Calls~~**any Deferred and/or Additional Call** in respect thereof, the Association may **(but shall not be required to)** assess and give notice to the ~~Member~~**Assured** of the amount chargeable in accordance with Rule ~~36.2~~**36.2** by way of Release ~~Calls~~**Call** in respect of that ~~ship~~**Ship** for all open Policy Years or such of them as may be specified in the request. If the ~~Member~~**Assured** does not accept the amount so chargeable by way of Release ~~Calls~~**Call** within 30 days of the Association's notice, liability to pay ~~Supplementary Calls~~**any Deferred and/or Additional Call** (whether levied before, on or after the date of the Association's notice) will continue subject to the right of the ~~Member~~**Assured** to make a further request which shall operate afresh as described above and to the right of the Association to impose ~~any~~ Release ~~Calls~~**Call** in accordance with Rule 36.5. If the ~~Member~~**Assured** accepts the amount so chargeable by way of Release ~~Calls~~**Call**, debit notes will be issued and shall be due and payable by the ~~Member~~**Assured** immediately.
- 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 ~~Member~~**Assured** pursuant to that Rule, upon or at any time after the termination of entry of any ~~ship~~**Ship**, ~~a~~ Release ~~Calls~~**Call(s)** in respect of ~~Supplementary Calls~~**any Deferred and/or Additional Call** in the relevant amounts chargeable in accordance with Rule 36.2 for all open Policy Years during which such ~~ship~~**Ship** shall have been entered may be imposed by the Association upon any ~~Member~~**Assured** who would otherwise be liable to pay ~~any~~ such ~~Calls~~**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 Release Calls thereby effected) shall be cancelled if the Association shall have received a ~~Bank Guarantee~~**bank guarantee** which will pay on the written demand of the Association ~~any~~ future ~~Supplementary Calls~~**Deferred and/or Additional Call** in respect of the ~~ship~~**Ship** concerned, for which the ~~Member~~**Assured** shall remain liable in full. Such ~~Bank Guarantee~~**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 ~~Calls~~**Call(s)**.
- 36.6 If while a Release Call which has become due and payable is unpaid (and, if payment of future ~~Supplementary~~**Deferred and/or Additional** Calls is not guaranteed in accordance with Rule 36.5.1) the Committee determines in accordance with Rule 36.2 that ~~a~~ Release ~~Calls~~**Call** for any relevant Policy Year shall be charged at a higher percentage of the Advance Call or (as the case may be) a higher amount per gross ton, or where not determined gross registered ton, than the percentage or amount that was applicable at the time when the Release Call was notified pursuant to Rule 36.4 or imposed pursuant to Rule 36.5 (as the case may be), the Association may apply the increase to the outstanding Release Call and render a debit note for the appropriate additional higher amount, which shall be due and payable immediately, but the proviso in Rule 36.5.1 shall apply mutatis mutandis to any debit note issued pursuant to this Rule.
- 36.7 The Association may at any time while a Release Call which has become due and payable is unpaid (and, if payment of ~~any~~ future ~~Supplementary Calls~~**Deferred and/or Additional Call** is not guaranteed in accordance with Rule 36.5.1) cancel the Release Call by notice in writing to the ~~Member~~**Assured** whereupon the ~~Member~~**Assured** shall be liable to pay all

~~Supplementary~~ **Deferred and/or Additional** Calls in respect of which the Release Call had been charged, whether levied before, on or after the date of cancellation.

[Explanation: The proposed Rule changes reflect the recommended revisions of terminology.]

RULE 38 RESERVES

- 38.1 The Committee may in its sole discretion establish maintain and apply such reserve funds or accounts, including without limitation a Calls Equalisation Account, for any or all of the following contingencies or purposes:
- 38.1.1 to stabilise the level of ~~Supplementary~~ **Deferred and/or Additional** Calls from one Policy Year to another;
- 38.1.2 to eliminate the need to levy a ~~Supplementary Call~~ **Deferred and/or Additional Calls** in respect of any Policy Year, past present or future or to reduce the need for or level of any such ~~Call~~ **Calls**;
- 38.1.3 to eliminate or reduce any deficiency which may have occurred or is considered likely to occur in respect of any closed Policy Year;
- 38.1.4 to protect the Association against any actual or prospective losses on foreign exchange transactions or on realised or unrealised investments; or
- 38.1.5 such other contingency or purpose beneficial to the Association as the Committee may in its sole discretion determine.
- 38.2 Without prejudice to the generality of Rule 38.1, the Committee may, in its discretion, establish an Overspill Reserve for the purpose described in, and in accordance with the provisions of, Rule 33.8.
- 38.3 The Committee may in its sole discretion apply the whole or any part of any reserve fund or account (other than an Overspill Reserve established for the purpose described in Rule 33.8) for any of the contingencies or purposes set out in Rule 38.1 above and in respect of any Policy Year irrespective of the purpose or purposes for which that reserve fund or account was established and irrespective of the Policy Year or Years from which the funds or account originated, provided that such application shall be considered by the Committee to be beneficial to the Association. The Committee may also in its sole discretion transfer sums from one reserve (other than an Overspill Reserve established for the purpose described in Rule 33.8) to another (other than any such Overspill Reserve) within the same Class, but shall not be entitled to use any reserve fund or account established from Calls or funds of one Class for the benefit of any other Class, nor to transfer such reserve fund or account between different Classes.
- 38.4 Without prejudice to Rule 33.8 reserve funds or accounts may be raised by the Committee resolving that there shall be transferred to and applied for the purposes of any such reserve funds or accounts a specified amount or proportion of:
- 38.4.1 any Advance, **Deferred** or ~~Supplementary Call~~ **Additional Calls**, upon the rate of such ~~Call~~ **Calls** being decided; or
- 38.4.2 any funds standing to the credit of a Policy Year upon such Policy Year being closed.

[Explanation: The proposed Rule changes reflect the recommended revisions of terminology.]

RULE 41 NOTICES

- 41.1 Service of any notice or other document **required under these Rules** by the Association on a ~~Member~~ **Assured** may be ~~by direct delivery, or sent through the post in a prepaid letter (by airmail where available), or by telegram or cable, or by telex or~~ **by courier, telex, facsimile or Electronic Communication** all of which shall be addressed to the ~~Member~~ **Assured at his address appearing in the register of Members of this Class or** at any address ~~notified~~ **identified** by him to the Association expressly or impliedly as his place of business,
- 41.1.1 ~~PROVIDED that if the last application for insurance on behalf of a Member was made to~~ **entry of a Ship in the Association on behalf of an Assured is** through a broker or other agent, ~~the appropriate address for such Member (unless otherwise expressly notified as aforesaid) shall be deemed to be~~ **on behalf of an Assured, or if the Association has been notified that a broker or other agent is to be involved in any manner whatsoever with the entry of the Ship, any such notice or other document may be addressed to that broker or agent and served at the address of any place of business of that broker or agent- and such service shall be deemed to be service on the Assured.**

In these Rules "address" in relation to an Electronic Communication includes any number or address used for the purpose of such Communications.

- 41.2 Service of any notice or other document ~~by a Member~~ **required under these Rules by an Assured** on the Association ~~may~~ **shall** be by any of the methods described in Rule 41.1, ~~addressed~~ **sent to the address of** the registered office of the Association.
- 41.3 If posted, any ~~such~~ **such** notice or other document as referred to in Rule ~~41.1~~ **41.1, 41.1.1 and 41.2** shall be deemed to have been served ~~on the seventh day following the day of postage; if sent by telegram or cable, on the day following that of handing in to the relevant telegraph or cable office; if~~ **24 hours after the letter containing the same was put into the post, and in proving such service it shall be sufficient to prove that the letter containing the notice or document was properly addressed and put into the post as a prepaid letter. Any such notice or other document sent by courier shall be deemed to have been served at the time of delivery and any such notice or other document** sent by telex or facsimile, ~~on the day of despatch. In each case proof of posting, handing in or despatch shall be sufficient proof of service. or~~ **contained in an Electronic Communication shall be deemed to have been served at the time it was sent and in proving such service it shall be sufficient to prove that the notice or other document was duly despatched.**
- 41.4 Every successor, legal personal representative, receiver, curator bonis or other legal curator, trustee in bankruptcy or liquidator of an Assured shall be bound by a notice or other document given as aforesaid if sent as aforesaid, notwithstanding that the Association may have notice of the Assured's death, mental disorder, bankruptcy, liquidation, incapacity or administration.

[Explanation: The proposed Rule change reflects today's methods of communication and addresses the need to be able to make effective service of Notices on Members through their brokers.]

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~~ **Assured** hereby submits to the jurisdiction of ~~this~~ **that** 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 and ~~subject to and/or~~ **subject to and/or** under the law of any ~~such~~ **other jurisdiction to establish, exercise or enforce any right of lien and/or** to obtain security for and/or payment of any amount outstanding in respect of Calls or otherwise.

[Explanation: The proposed Rule change strengthens the Association's position with respect to the recovery of amounts due to the Association.]

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

5 January 2004