

## CLASS 8, THE FREIGHT, DEMURRAGE AND DEFENCE CLASS

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NOTICE IS HEREBY GIVEN that a SEPARATE MEETING of the MEMBERS OF CLASS 8, THE FREIGHT, DEMURRAGE AND DEFENCE CLASS, of the Association will be held at the REGISTERED OFFICE of the Association, 50 LEMAN STREET, LONDON, E1 8HQ at 12.15 p.m. on WEDNESDAY, 28th JANUARY 1998, or as soon thereafter as the meeting of Class 5 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 1998.

*[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**

*[The proposed changes reflect exactly the proposed changes to Rule 8 of Class 5.]*

**8.1** Unless otherwise previously agreed by the Association in writing, every entered ship shall be fully classed throughout her period of entry with a Classification Society approved by the Association, regardless of any separate ~~condition surveys~~ **inspections** which the Association may have required, ~~and evidence of such classification shall be provided by the Member to the Association upon the entry of any vessel. A Member shall give~~ The Association **shall be given** 30 days notice preceding any proposed change of Classification Society.

*(The words "condition surveys", "surveys" and "surveyors" have been replaced by the words "inspections" and "inspectors" throughout the Rule to reflect the fact that the Association arranges inspections of entered ships and not full surveys.*

*The requirement to provide evidence of Classification at the time of entry is unnecessary, because the Managers are obviously entitled to demand such evidence, as a condition prior to accepting the entry.*

*The final amendment reflects the fact that there may be more than one Member or assured in relation to any single ship.)*

**8.2** Any occurrence known or likely to have caused damage to the entered ship in respect of which the Classification Society might reasonably be expected to make recommendations as to repairs or other action to be taken, must be promptly called to the attention of the Classification Society.

*(This Rule remains unchanged.)*

**8.3** All the Rules, recommendations and requirements of the Classification Society relating to the entered ship must, within the time or times specified by the Classification Society, be complied with.

*(This Rule remains unchanged.)*

**8. Error!4** The Association shall have the right to inspect any records or information relating to the classification of an entered ship during any period of entry and if required, the Member **concerned** shall authorise the Classification Society ~~concerned~~ to make available all such records and information to the Association.

*(There may be more than one assured in relation to a particular vessel and each of them would have Member status. However one or more of the assureds may not have the authority to comply with this requirement. The proposed amendment recognises that practicality, whilst enabling the Association to refuse a claim brought by any of the named assureds if the one authorised to deal with the Classification Society fails to procure the release of records to the Association.)*

**8.,65** Without derogation from and in addition to Rules 8.1 - ~~8.5~~ **8.4**, the Association may **but shall not be obliged to** require a Member to submit any ship **to be submitted to survey inspection of her condition and structure or any part thereof and her safety management (including the ship's managers and/or operators)** by a ~~surveyor~~ **an inspector** nominated by the Association at any time or within any period of time as may be specified by the Association. ~~Unless the Committee shall in its sole discretion otherwise determine, there shall be no recovery in respect of any Legal Costs, Charges or Disbursements where the above requirements have not been complied with.~~

*(The additional reference to safety management reflects the fact that the existing ship inspection system already encompasses certain areas of "safety software" and that is likely to be enhanced in future to reflect the introduction of the ISM Code. Application of the Committee's discretion to disallow claims is repeated at various places in the existing Classification Rules. It has therefore been deleted from this Rule and replaced in an all-embracing position later).*

**8.,76** **Any defects noted and/or** any recommendations **made** as to repair **or remedy** ~~made by any surveyor nominated under~~ **as a result of any inspection undertaken in accordance with** Rule ~~8.6~~ **8.5** shall be **corrected and/or** carried out forthwith or within such period of time as may be specified by the Association. ~~and unless the Committee in its sole discretion shall otherwise determine there shall be no recovery in respect of any Legal Costs, Charges or Disbursements where such recommendations have not been complied with.~~ **Notwithstanding anything herein, no action, lack of action or omission by the Association with regard to any inspection, noting of defect, 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.**

*(The additional reference to the noting of defects reflects the reality of the existing ship inspection system which results in defects being notified to the Member. Recommendations for repair are not usually made. However, such recommendations are occasionally necessary which is why provision for that eventuality is maintained.)*

**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 and safety management 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.**

*(This new Rule brings the Association into line with almost all other clubs who already require compliance with statutory requirements. Reference to "safety management" encompasses the requirements of the ISM Code. Use of the term "Member concerned" recognises that there may be several assureds, one of whom is best able to ensure compliance.)*

**8.Error!8** Save to the extent that the Committee in its sole discretion may otherwise determine, there shall be no recovery in respect of any Legal Costs, Charges or Disbursements arising during a period when any of the foregoing requirements have not been fulfilled. **However, where the entry of a ship is in the name of a Member who is a Charterer (other than a demise Charterer), the rights of recovery of such Charterer shall not be dependant upon fulfilment of the requirements of Rules 8.2, 8.3 and 8.4.**

*(This Rule has been renumbered so as to operate in the event of a failure to comply with the Association's requirements, whether in relation to Classification, inspections or management appraisals. The new section of this Rule recognises the reality that a Charterer Member is generally unable to comply with the Rules referred to.)*

**8.Error!9 Without prejudice to Rule 8.8,** the Association may:

**8.Error!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 or failures have been noted** ~~a surveyor shall have made recommendations as to repair~~ under Rule ~~8.7~~ **8.6**, in which case a pro rata return of premium shall be allowed;

*(This existing Rule which allows immediate termination of entry of a vessel perceived to be in particularly bad condition is extended so that similar action can be taken in respect of a fleet which is identified to be subject to unacceptably bad management.)*

**8.Error!9.2** exclude cover for any Legal Costs, Charges or Disbursements arising out of any accident or occurrence which is caused in whole or in part by any defect in or condition of the entered ship **and/or her safety management (including the ship's managers and/or operators)** in respect of which ~~a surveyor~~ **an inspector** has made any recommendations under Rule ~~8.7~~ **8.6**;

**8.Error!9.3** from a specified date exclude cover for any Legal Costs, Charges or Disbursements arising out of any accident or occurrence, caused in whole or in part by any defect in or condition of the entered ship **and/or her safety management (including the ship's managers and/or operators)** in respect of which ~~a surveyor~~ **an inspector** has made any recommendations, unless by that date the Member has submitted the entered ship for ~~re-survey~~ **a further inspection** and the recommended repairs have been effected to the satisfaction of the Association.

## **RULE 9 RISKS COVERED**

**9.2.14** Claims for damages or loss sustained by a Member which are not covered by the Policies on Hull and Machinery provided that if such claims (apart from detention) are not so covered by reason of any deductible, ~~or~~ franchise **and/or other**

**uninsured proportion of the damages or loss** borne by the Member ~~under~~  
**as a result of** the terms of those Policies the Committee may in its sole  
discretion refuse to cover the Member in respect thereof either wholly or in part.

*(This amendment is required in order to deal with the situation where a Member takes a vertical self-insured layer of his hull and machinery insurance in addition to a horizontal deductible layer.)*

## **RULE 19 BAIL**

**19.1** The Association may, but shall in no case be obliged to, provide on behalf of a Member security to prevent arrest or obtain release from arrest or otherwise in respect of an entered ship ~~and if it does such~~ **provided that the Member shall upon first demand made at any time by the Association in writing arrange** **have first arranged** such counter-security (which expression may in the Association's discretion include a deposit of cash with the Association) as the Association may require and ~~(with or without such counter-security having been required or arranged)~~ shall indemnify the Association against all liabilities and expenses incurred by the Association in consequence of the security originally provided by the Association. In the event that the Member does not ~~arrange such counter-security as may have been required or does not~~ indemnify the Association as aforesaid, the Association, without prejudice to its other rights, shall be entitled to retain any amounts which would otherwise be recoverable by such Member, notwithstanding that the same may have no connection with the liability in respect of which the original security was provided and may relate to other periods of cover before or after that liability was incurred by the Member or to another entered ship. The provision of security by the Association shall be without prejudice to **Rule 9.1.4.** ~~the Association's liability to the Member for the claim in question.~~

*(It is proposed that this Rule should be amended so that the Club only puts up security in Class 8 matters if the Member has first arranged counter-security.)*

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

9th January 1998