

## **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 AND DEFENCE CLASS, of the Association will be held at the REGISTERED OFFICE of the Association, 50 LEMAN STREET, LONDON, E1 8HQ at 12:10 p.m. on WEDNESDAY, 27th JANUARY 2010, or as soon thereafter as the meeting of Class 5 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 2010.

*[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**

- 8.1** 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 inspections which the Association may have required. The Association shall be given 30 days' notice preceding any proposed change of classification society.
- 8.2.1** 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.
- 8.2.2** **In the event that an entered Ship, whether or not pursuant to the approval of the relevant classification society, performs any voyage, whether under her own power or under tow, when in damaged condition, the Assured shall give the Association sufficient prior notice in writing of the intention to perform such voyage and give the Association reasonable access to the Ship, as well as all relevant information or documentation, and the Association may at its sole discretion agree cover or arrange cover on special terms (which may include the requirement of an additional premium).**
- 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.
- 8.4** 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 Assured ~~concerned~~ shall authorise the classification society to make available all such records and information to the Association.
- 8.5** Without derogation from and in addition to Rules 8.1 - 8.4, the Association may but shall not be obliged to require any Ship to be submitted to inspection of her condition and structure or any part thereof and her safety management (including the Ship's managers and/or operators) by an

inspector nominated by the Association at any time or within any period of time as may be specified by the Association.

- 8.6** Any 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 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 Assured, his Ship(s) or management, nor shall any such action, lack of action or omission by the Association relieve the Assured of any of his responsibilities or obligations under the Rules.
- 8.7** The Assured ~~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.
- 8.8** Save to the extent that the Committee in its sole discretion may otherwise determine, there shall be no recovery in respect of any liability, costs or expenses 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 an Assured who is a charterer (other than a demise charterer), the rights of recovery of such charterer shall not be dependent upon fulfilment of the requirements of Rules 8.2, 8.3 and 8.4.
- 8.9** Without prejudice to Rule 8.8, the Association may:
- 8.9.1** immediately terminate any contract of insurance in respect of any Assured's interest in an entered Ship or Ships (together with the entry of that Ship or Ships in respect of that interest) after deficiencies or failures have been noted under Rule 8.6, in which case a pro rata return of ~~Calls premium~~ **Calls** (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 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 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 Assured has submitted the entered Ship for a further inspection and the recommended repairs have been effected to the satisfaction of the Association.

*[Explanation: The purpose of the proposed introduction of the new Rule 8.2.2 and the proposed changes to Rule 8.9.1 is to maintain the traditional consistency of this Rule 8 with its counterpart in Class 5, but also to address the at least theoretical appropriateness of an additional premium in the stated circumstances.]*

## **RULE 26 PERIOD OF INSURANCE, TERMINATION BY CONTRACTUAL NOTICE AND NOVATION**

- 26.1** 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 Assured's interest in an entered Ship (together with the entry of that Ship in respect of that interest) 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.
- 26.2** 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:
- 26.2.1** by the Assured ~~concerned~~ only at noon GMT on 20th February of any year with not less than 30 days' written notice to the Association;
- 26.2.2** by the Association at any time with not less than 7 days' written notice to the Assured ~~concerned~~ **or, in the event that the Assured declares or manifests an intention not to pay Calls to the Association, whether such Calls be then currently due and payable or payable in the future, with immediate effect upon written notice to the Assured.**
- 26.3** In the event of any sale, disposal or transfer by the Association of the whole or any part of the undertaking, property, assets or liabilities of the Association to any third party carrying on the

whole or any part of the business of the Association in succession to the Association (the "Transferee"), 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, subject to the approval of the Committee (provided such approval was decided upon at a meeting of the Committee at which not less than two thirds of the Committee members present and entitled to vote voted in favour of the resolution to give such approval, or is the subject of a written resolution signed by all members of the Committee), be:

- 26.3.1** novated, in whole or in part, to the Transferee on such terms as the Committee may in its absolute discretion deem necessary for the purpose of implementing or giving effect to any such sale, disposal or transfer; and/or
- 26.3.2** terminated by the Association in accordance with Rule 26.2.2 and replaced with a new contract of insurance between each Assured and the Transferee on the same terms mutatis mutandis as that Assured's original contract of insurance with the Association.

For the purpose of giving effect to this Rule 26.3, the Assured hereby consents to any novation, termination and entry into a replacement contract of insurance as referred to in Rules 26.3.1 and 26.3.2 and appoints the Association (acting through one or more members of the Committee or the Managers) as agent for and on its behalf and in its name to enter into and execute any such novation, termination and replacement contract of insurance.

[Explanation: The purpose of the proposed change to Rule 26.2.2 is to empower the Association with the option of taking early action to terminate an entry and thereby immediately crystallise the amount of the debt due to the Association, inclusive of Release Calls, so that, in turn, more immediate action can be taken to recover such debt. In this regard, reference is made to Rules 34.1 and 35.5.]

#### **RULE 36 LAID-UP RETURNS**

- 36.1** Subject to any special terms or conditions which may have been agreed, an entered Ship **safely laid up and so maintained** in any safe port or place without cargo on board and free of time or voyage charterparty commitment for 90 or more consecutive days computed from **the day of finally mooring being laid up** there to the day of departure, one only being included, shall be allowed a pro rata return of Calls for such period at 50% after deduction of such allowance for reinsurance, **costs** and ~~administrative~~ expenses as the Association may from time to time determine.
- 36.2** The Association shall be entitled to reject any claim for a return of Calls made under this Rule **in the event that the Assured does not give the Association prior notice of the intention to lay up an entered Ship, together with details of the port or place at which the entered Ship is to be laid up, and in the event that unless the Assured shall have has not given the Association notice in writing of such any claim within 12 3 months of the entered Ship ceasing to be laid up.** ~~commencement of such period.~~

[Explanation: The proposed changes to Rule 36 are intended to generally up-date the same and improve the terminology.]

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

18 January 2010