



The London P&I Club

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CLASS 7, THE WAR RISKS CLASS

NOTICE IS HEREBY GIVEN that a SEPARATE MEETING of the MEMBERS OF CLASS 7, THE WAR RISKS 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, 29th JANUARY 2014, 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 2014.

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

DEFINITIONS

In these Rules the words and phrases hereinafter set out shall have the following meanings and effects if not inconsistent with the subject or context:

- vii ~~Communication~~ has the meaning given in the ~~Electronic Communications Act 2000~~.
- xii ~~Electronic Communication~~ has the meaning given in the ~~Electronic Communications Act 2000~~. **Electronic Form** has the meaning given in section 1168(3) of the Companies Act 2000.
- Xiii **Electronic Means** has the meaning given in section 1168(4) of the Companies Act 2000.
- xxxii **In Writing** means written, printed or lithographed, or visibly expressed, **or in Electronic Form** in all or any of those or any other modes of representing or reproducing words.

[Explanation: The proposed amendments update a number of legislative definitions by removing references to the Electronic Communications Act 2000, replacing them with the relevant provisions of the Companies Act 2006. Under section 1168(3), a document or information is sent in electronic form if it is sent by: (i) electronic means (for example, by e-mail or fax); or (ii) any other means while in electronic form (for example, sending a disk by post). Under section 1168(4), a document or information is sent by electronic means if it is: (i) sent initially and received at its destination by means of electronic equipment for the processing (which includes digital compression) or storage of data; and (ii) entirely transmitted and received by wire, by radio, by optical means or by other electromagnetic means.]

RULE 1 INTRODUCTORY

- 1.4 For all the purposes of Rule 3, Appendix C, and the other provisions of the Rules which

relate thereto, the Sum Insured shall be the sum insured for the corresponding risk or risks under the Entered Ship's marine policies, which is agreed between the Insured Owner and the Managers and which is set out in the Certificate of Entry.

PROVIDED ALWAYS that:

- 1.4.1 the sum to be insured under each category of Rule 3 risk shall be specified in any application for insurance;
- 1.4.2 ~~in no case shall~~ **unless otherwise agreed by the Managers in writing** the total Sum Insured for Rule 3 risks **shall not** exceed 50 per cent of the Insured Value as provided for in Rule 1.3.

[Explanation: The current Rule limits the maximum sum insured for Rule 3 risks (Freight, Disbursements and/or Increased Value, premiums and/or Other Interests) to 50% of the Insured Value. However, Rule 1.4 requires the split in the sums insured to follow the H&M market placement. The proposed amendment provides flexibility to accommodate situations where the Sum Insured for Rule 3 risks exceeds 50% of the said Insured Value.]

RULE 31 CLOSING OF POLICY YEARS

- 31.1 The Committee shall with effect from such date after the end of each Policy Year as it thinks fit declare that such Policy Year shall be closed.
- 31.2 If upon the closing of any Policy Year or at any time thereafter the aggregate of the Contributions, Premiums and other receipts paid and payable for that Policy Year shall be found to exceed the aggregate of claims, expenses, outgoings, transfers to reserves and provisions referred to in Rule 24, the **Committee may decide that such excess or any part thereof shall be disposed of by being transferred in accordance with Rule 32; or by being applied to meet any deficiency which has occurred or may be thought likely to occur in any closed Policy Year or Years; or by being** brought forward to the next open Policy Year and made available for the payment of claims, expenses, outgoings, transfers to reserves and provisions arising in respect of that Policy Year.

PROVIDED ALWAYS that:

the Committee may order that the excess or any part thereof may be returned to the Insured Owners insured for the relevant Policy Year and, if the Committee shall so decide, the excess or part thereof shall be returned to such Insured Owners in such proportions and having regard to such considerations as the Committee shall determine and the decision of the Committee with regard thereto shall be conclusive and binding upon all Insured Owners.

- 31.3 **If upon the closing of any Policy Year or at any time thereafter the aggregate of the claims, expenses, outgoings, transfers to reserves and provisions referred to in Rule 24 for that Policy Year shall be found to exceed the aggregate of the Contributions, Premiums and other receipts in respect of such Policy Year, the Committee may decide that such deficiency or any part thereof shall be provided for by transferring funds in accordance with Rule 32; or by transferring funds standing to the credit of any different closed Policy Year or Years; or by levying Supplementary Contributions as permitted by Rule 26.**

[Explanation: The proposed amendments clarify the Committee's approach to the closing of Policy Years].

RULE 32 RESERVES

~~32.1 The funds of this Class of the Association shall be constituted as follows:~~

~~32.1.1 the balance of the funds available as certified in the accounts of this Class of the Association last approved by the Members in General Meeting shall constitute the General Reserves of this Class of the Association;~~

~~32.1.2 any funds of this Class of the Association not comprised in the General Reserves shall constitute the Operating Funds of this Class of the Association.~~

~~32.2 The Committee may apply the sums standing to the credit of the General Reserves and of the Operating Funds for any of the purposes for which the General Reserves are~~

~~maintained or Operating Funds contributed or received or, whenever the Committee consider this to be in the interests of this Class of the Association, for any different purposes and the Committee may so apply those sums, even though payments are made in respect of any different Policy Year from that from which such sums originated.~~

- 32.1** The Committee may in its sole discretion establish, maintain and apply such reserve funds or accounts, for such contingencies or purposes as it thinks fit.
- 32.2** The Committee may in its sole discretion apply the whole or any part of any reserve fund or account for any of the contingencies or purposes for which it is established or for any other contingencies or purposes, and in respect of any Policy Year irrespective of the Policy Year or Years from which the funds or account originated. The Committee may also in its sole discretion transfer sums from one reserve fund or account to another within the same Class, but shall not be entitled to use any reserve fund or account established from funds of one Class for the benefit of any other Class, nor to transfer such reserve fund or account between different Classes.

[Explanation: The proposed amendments clarify the Association's treatment of Class 7 Reserves, including the Committee's discretion in this area].

RULE 47 NOTICES

- 47.1** A notice or other document required under these Rules to be served on the Association shall be served by sending it through the post in a prepaid letter or by sending it by courier, telex, facsimile or **by Electronic Means Communication** in each case to the Association at the address of its registered office for the time being.
In these Rules 'address' in relation to '**Electronic Means**' has the meaning set out in **paragraph 7(l) of Part 3 of Schedule 4 and paragraph 7(l) of Part 3 of Schedule 5 of the Companies Act 2006**. ~~Electronic Communication includes any number or address used for the purposes of such Communications.~~
- 47.2** A notice or other document required under these Rules to be served on an insured Owner (including any Joint Insured Owner) may be served by sending it through the post in a prepaid letter or by sending it by courier, telex, facsimile or **by Electronic Means Communication** in each case addressed to such Insured Owner (including any Joint Insured Owner) at his address as appearing in the Register of Members of this Class of the Association....
- 47.3** 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 or ~~by contained in an Electronic Means 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.

[Explanation: The proposed amendments reflect the provisions of the Companies Act 2006 (which, as stated above, have replaced those of the Electronic Communications Act 2000).]

COMMITTEE DISCRETION RULES

To achieve consistency in the nature of the Committee discretion to which a number of Class 7 Rules are subject, changes have been made, where necessary, in order to refer to the Committee's **sole** discretion throughout. The Rules where such changes have been made include: 2A.3.3; 2.C.1.3; 2.C.5.1; 2.C.6.3; 2.E.2; 4.D.5.2; 4.E.3.1; 4.E.4; 4.E.10; 4.E.12.5; and 5.B.2.

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

7 January 2014