



The London P&I Club

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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 12:20 p.m. on WEDNESDAY, 29th JANUARY 2014, 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 2014.

[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:

“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~~, an Other Assured; **and persons with Fixed Premium Entries;**

[Explanation: clarification that persons with fixed premium entries may be assureds.]

“Electronic ~~Communication~~**Form**” has the meaning given in **section 1168(3) of the Companies Act 2006;**

“~~Electronic Communications Act 2000;~~**Means**” has the meaning given in **section 1168(4) of the Companies Act 2006;**

[Explanation: updating to refer to the electronic communications provisions in the Companies Act 2006 – various changes have been made throughout the Rules to reflect such parts of that legislation.]

“**Fixed Premium Entry**” has the meaning given to it in Rule 1.5;

[Explanation: new definition added for clarity.]

“**in writing**” means written, printed, lithographed, **Electronic Form**, or visibly expressed in all or any of those or any other modes of representing or reproducing words;

[Explanation: the new definition is consistent with the Articles and has been added for clarity.]

“Member” means an Assured who is a member of the Association in accordance with the Companies Act ~~1985~~**2006** and the Articles; “~~Memorandum~~” means the **Memorandum of Association of the Association in force from time to time;**

[Explanation: the removal of references to the memorandum is because under the Companies Act 2006 the memorandum is deemed to be incorporated in the articles of association. Changes have been made to other Rules to reflect this development.]

1.2 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 30.1.1) shall be subject to the ~~Memorandum~~ and Articles, and words as defined in 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.

1.5 An Assured may be insured on terms that he is liable to pay a fixed premium to the Association (a "Fixed Premium Entry").

[Explanation: new definition of fixed premium cover under the Rules.]

1.6 On acceptance by the Association of an application from any person for insurance within this Class of any interest in a Ship, that Ship shall thereupon be entered in this Class in respect of the interest of such person who (if not already) shall become a Member in this Class (and any such application shall constitute such person's agreement to become or continue as a Member in accordance with the provisions of the Companies Act ~~1985~~**2006**), and shall so continue until such time as all entries of Ships by that Assured for insurance within this Class of any interest in them shall have terminated under these Rules,

~~4.5-11.6.1~~ **1.6.1** PROVIDED that a person whose only interest in a 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 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 31 and 32; and

~~4.5-21.6.2~~ **1.6.2** 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; **and**

1.6.3 PROVIDED that, no person shall by virtue of being an Assured with a Fixed Premium Entry be entitled to be a Member in respect of such Fixed Premium Entry.

[Explanation: clarification that in addition to Other Assureds and the limit on the number of Co-assureds, a fixed premium assured shall not become a member in the Class.]

~~4.61.7~~ **1.7** All the Members for the time being 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.

~~4.71.8~~ **1.8** References to entered Ships, Assureds, Co-assureds, Other Assureds, **Fixed Premium Entries**, 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, Assureds, Co-assureds ~~and~~, Other Assureds **and Fixed Premium Entries** shall be understood to include formerly entered Ships, former Assureds, former Co-assureds ~~and~~, former Other Assureds ~~and~~ **Fixed Premium Entries**.

[Explanation: drafting improvement.]

~~4.81.9~~ **1.9** 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.

- ~~4.91.10~~ 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.
- ~~4.101.11~~ 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.
- ~~4.111.12~~ Without prejudice to the generality of Rule ~~4.10,1.11~~, 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.

RULE 2 ~~MUTUAL CONTRIBUTION~~CALLS AND PREMIUMS

- 2.1** The funds necessary for the purposes described in Rule 31 shall be determined by the Committee with reference to each successive period of 12 months commencing noon GMT 20th February each calendar year and such funds shall be contributed mutually by Assureds by way of Calls determined in accordance with these Rules or as may otherwise have been agreed in writing.

- 2.3** **Assureds whose application for a Fixed Premium Entry has been accepted by the Association in accordance with Rule 1(5) shall be liable to pay a fixed premium to the Association of such amount and at such times as is determined by the Association.**

[Explanation: clarification of premium payment obligations of fixed premium assureds.]

RULE 4 ~~UNREASONABLE~~ CONDUCT

- 4.1** The Committee may reject or reduce any recovery by an Assured where in its sole discretion it determines that the Assured has not at any time (whether before, at the time of, during or after any casualty, event or matter liable to give rise to a claim upon the Association) taken such steps to protect his interests as the Committee in its sole discretion would have expected an uninsured person acting reasonably in similar circumstances to have taken.
- ~~4.2~~ Without prejudice to the generality of Rule 4.1, an Assured must at all times (whether before, at the time of, during or after any casualty, event or matter liable to give rise to a claim upon the Association) take such steps to protect his interests in relation to Date Compliance as the Committee in its sole discretion would expect an uninsured person acting reasonably in similar circumstances to take. For the purpose of this Rule "Date Compliance" shall mean that, in relation to computers and other equipment or systems for processing, storing or retrieving data, hardware, software, firmware and microprocessors and any equipment which contains or relies upon microprocessors, neither performance nor functioning is adversely affected by dates prior to, during and after the year 2000 and in particular that:
- (a) no value for current date will cause any interruption in operation;
 - (b) date-based functioning and performance shall behave consistently for dates prior to, during and after the year 2000;
 - (c) in all interfaces and data storage, the century in any date shall be specified either explicitly or by unambiguous algorithms or inferring rules;

~~(d) the year 2000 shall be recognised as a leap year.~~

~~In the event that an Assured commits any breach of this obligation, the Committee may in its sole discretion reject any claim by the Assured against the Association arising directly or indirectly out of such breach, or reduce the sum payable by the Association in respect thereof by such amount as it may determine.~~

[Explanation: removal of references to the millennium bug.]

RULE 5 APPLICATION FOR INSURANCE AND CONDITIONS

5.1 It is a condition of entry of a Ship for insurance in this Class that the person making application or on whose behalf such application is made, for such entry and who in accordance with Rule ~~4.51.6~~ becomes or continues as a Member as a result of such entry shall agree to become and shall become a member (or, if already a member, shall continue as such) of The London Steam-Ship Owners' Mutual Insurance Association (Bermuda) Limited (herein referred to as "LSSO (Bermuda)", a company incorporated in Bermuda without share capital with which the Association reinsures risks of this Class) PROVIDED that **(i)** no person shall by virtue of being an Other Assured be entitled to be a member of LSSO (Bermuda); **(ii) in the event that an application has been accepted by the Association in relation to persons who are Co-assureds in respect of a Ship, and** no more than one Co-assured in respect of such entry shall be entitled to be a member of LSSO (Bermuda) and the Association shall have the right to designate one Co-assured in respect of an entry as a member of LSSO (Bermuda);; **and (iii) no person shall by virtue of being an Assured with a Fixed Premium Entry be entitled to be a member of LSSO (Bermuda) in respect of such Fixed Premium Entry.**

[Explanation: clarification that in addition to Other Assureds and the limit on the number of Co-assureds, a fixed premium assured shall not be a member of LSSO Bermuda.]

5.2 An application for entry or renewal of entry of a Ship in this Class by or on behalf of any person who in accordance with Rule ~~4.51.6~~ becomes or continues as a Member as a result of such entry shall incorporate or be deemed to incorporate and be treated as comprising an application to become or continue as a member of LSSO (Bermuda) on the terms of and subject to the Bermuda Companies Act 1981 (as amended), Incorporating Act (as amended) and Bye-laws of LSSO (Bermuda), and subject to the Rules of Reinsurance Class I of LSSO (Bermuda), being the Rules applicable to members of LSSO (Bermuda) who have entries in this Class of the Association which are reinsured by the Association with LSSO (Bermuda).

5.3 A person by whom or on whose behalf an application has been made and accepted by the Association for insurance in this Class and who in accordance with Rule ~~4.51.6~~ becomes or continues as a Member as a result of such entry shall be deemed to have agreed to become a member of LSSO (Bermuda) and to be bound by the terms of the said Incorporating Act, Bye-laws and Rules of Reinsurance Class I of LSSO (Bermuda) and the Managers shall be empowered to sign on behalf of such person any documents required to be signed by such person in order to become or continue as a member of LSSO (Bermuda).

5.6 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 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. The Association shall be entitled to receive and process applications for insurance which are submitted by Electronic ~~Communication~~**Means** or by any other means agreed by the Association.

5.10 Notwithstanding and without prejudice to any other provision of these Rules or the ~~Memorandum and~~ Articles relating to the amendment of these Rules, these Rules may, on

such notice as the Committee may in its sole discretion decide, be amended at any time (including with effect from any time during the course of any current or future Policy Year) to such extent as the Committee may in its sole discretion determine is necessary as a result of the implementation of or any change in, or potential or proposed implementation of or any change in, any sanction, prohibition, restriction, legislation, regulation or requirement to obtain any licence, consent, permission or approval, by any government, state, international organisation, regulatory or competent authority, official body or the like.

RULE 14 MONEYS RECOVERED FOR ASSURED

- 14.1 All moneys recovered for any Assured shall be paid to him without deduction of any commission or other sum except unpaid Calls or other sums due by him to the Association,
- 14.1.1 PROVIDED that **insofar as costs or charges or disbursements are covered by this Class, the Association shall be entitled to any sum which the Assured recovers in respect of such costs or charges or disbursements pursuant to any award, judgment or settlement agreement. If any claims, disputes or where pending proceedings have been settled or compromised for a lump sum which includes costs recoverable from any other party, or without any provision as to the payment of such costs, then in either of such events the Assured shall suffer such deduction or make such payment in respect of such costs as the Committee may in its sole discretion determine.**

[Explanation: clarification of the Association's entitlement to any sum recovered by an Assured in respect of legal costs in cases supported by the Class.]

RULE 22 CO-ASSURED AND OTHER ASSURED

- 22.4.7 any communication from the Association to one Co-assured, ~~Other Assured~~ or shall be deemed to have been communicated to all its other Co-assureds and any communication from the Association to a Member shall be deemed to have been communicated to all; **of its Other Assureds;**

[Explanation: drafting improvement.]

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, **unless such contract is for a fixed period (in which case such contract shall, subject as otherwise provided in these Rules, cease at the end of such fixed period)**, 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 **(other than a contract for a fixed premium) 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** by the Assured only at noon GMT on 20th February of any year with not less than 30 days' written notice to the Association;
- 26.2.2 **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** by the Association at any time with not less than 7 days' written notice to the Assured or, in the event that the Assured declares or manifests an intention not to pay Calls **or any other amount due** to the Association, whether such Calls **or any other amount due to the Association** be then currently due and payable or payable in the future, with immediate effect upon written notice to the Assured.

26.3.1 novated, in whole or in part, to the Transferee on such terms as the Committee may in its ~~absolute~~ sole discretion deem necessary for the purpose of implementing or giving effect to any such sale, disposal or transfer; and/or

[Explanation: in recognition of the short term nature of some charterparties, to clarify that by agreement, the period of insurance in respect of a fixed premium entry may end before 20th February, or on a set date afterwards; also to clarify the respective rights of Assureds and the Association in respect of the termination of entries.]

RULE 30 REINSURANCES

30.1 The Association may:

30.1.1 accept reinsurance of risks insured by any other insurer or reinsurer to the extent that such risks might have been directly insured by the Association for the same persons and in respect of the same interests in the Ships concerned as by the original insurer; **The terms of such reinsurance shall be as agreed between the Association and such insurer or reinsurer and such insurer or reinsurer shall, unless otherwise agreed by the Association, be bound by and be subject to these Rules as if he was an Assured and had entered a Ship in the Association for insurance;**

[Explanation: unless otherwise agreed, where the Association reinsures the risks of another insurer or a reinsurer, that insurer or reinsurer will be subject to the Rules as if it was an Assured.]

RULE 31 ANNUAL AND SUPPLEMENTARY CALLS

31.1 The Assureds who have entered Ships for insurance in the Association in respect of any Policy Year (not being a year closed in accordance with Rule 33) shall (unless such entry is for ~~a fixed premium~~ **Fixed Premium Entry** or as may be otherwise specifically agreed) provide in accordance with the provisions of Rules 31 and 32 by way of Annual **Calls or Annual** and Supplementary Calls, all funds which in the sole discretion of the Committee are required to meet:

[Explanation: improvement in drafting in respect of the Association's calls structure.]

RULE 33 CLOSING OF POLICY YEARS

33.3.3 by returning the excess or any part thereof to those Assureds entered in respect of such Policy Year (unless such entry is for ~~a fixed premium~~ **Fixed Premium Entry**) in proportion to the Annual Call 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 Assured whose entry ceased in the course of such Policy Year by reason of Rule 28 or Rule 29 or whose liability for Calls in respect of such Policy Year has been assessed under the provisions of Rule 35.

RULE 34 PAYMENT OF CALLS AND PREMIUMS

34.1 Save as provided below in this Rule 34.1, Calls **and (in relation to Fixed Premium Entries) fixed premiums** 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 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 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 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) **or (in relation to Fixed Premium Entries) fixed premiums** 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) **or fixed premiums** falls after the time of such termination.

- 34.2 The Association may decline a request by any Assured or former Assured to pay all or any part of any Call(s) **or fixed premiums** payable by him in a currency other than U.S. dollars.
- 34.3 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 an Assured in respect of such Call(s) shall be sufficient evidence of the Call(s) and the amount due by that Assured in respect thereof.
- 34.4 The amount or amounts specified in Rule 34.3 as being payable by an Assured or former Assured shall for all purposes (including the purposes of Rule 29) be and be deemed to be properly due as a debt from the Assured or former Assured to the Association at the time or times so specified and he shall have no right to question an assessment made pursuant to Rule 34.3 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 42.
- 34.5 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 Call(s) or other amounts due to the Association (including amounts due under Rule 35) as from the due date of payment or such later date as the Committee may in its sole discretion consider fit.
- 34.6 If any Annual and/or Supplementary Call(s) or **other** payment due from an Assured or former 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, Call(s) may be levied in accordance with Rules 31 and 32, as the case may be, or reserves may be applied in accordance with Rules 33 and 37.
- 34.7 An Assured shall pay on demand to the Association the amount of any premium tax or other excise tax for which the Association determines it or the Assured has or may become liable and shall indemnify and hold harmless the Association in respect of any loss, damage, liability, cost or expense which the Association may incur in respect of such premium tax or other excise tax.

[Explanation: clarification of the Assured's obligations and the Committee's rights in respect of the payment of fixed premiums due to the Association.]

RULE 40 NOTICES

- 40.1 Service of any notice or other document required under these Rules by the Association on an Assured may be sent through the post in a prepaid letter or by courier, telex, facsimile or **by Electronic Communication Means** all of which shall be addressed to the Assured at any address identified by him to the Association expressly or impliedly as his place of business,
 - 40.1.1 PROVIDED that if the entry of a Ship in the Association on behalf of an Assured is through a broker or other agent 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.~~ **'Electronic Means' has the meaning set out in paragraph 7(1) of Part 3 of Schedule 4 and paragraph 7(1) of Part 3 of Schedule 5 of the Companies Act 2006.**

- 40.3 If posted, any such notice or other document as referred to in Rules 40.1, 40.1.1 and 40.2 shall be deemed to have been served 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 or ~~contained in an~~ **by Electronic Communication Means** 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: updating the Rules in line with the communications provisions contained in the Companies Act 2006.]

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

7 January 2014