



The London P&I Club

All correspondence should be addressed to the Managers

A. Bilbrough & Co. Ltd
50 Lemn Street London E1 8HQ
Telephone: +44 (0) 20 7772 8000
Facsimile: +44 (0) 20 7772 8200
E-mail: london@londonpandi.com
www.londonpandi.com

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 London Steam-Ship Owners' Mutual Insurance Association Ltd ("the Association") will be held at the REGISTERED OFFICE of the Association, 50 LEMAN STREET, LONDON, E1 8HQ at 12 noon on WEDNESDAY, 25th JANUARY 2017, 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 at the Meeting, will be submitted for adoption with or without modification and with effect from noon G.M.T. on the 20th day of February 2017.

[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:

...

"Board" means the board of Directors for the time being of the Association;
~~"Committee Directors"~~ means the ~~committee~~ **directors** for the time being of the Association;
"Members' Committee" means the **Members' Committee** for the time being of the Association;

...

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~~ **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.

...

1.3 All insurance afforded by the Association within this Class 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~~ **Board** as set out in the Articles or these Rules, and all insurance afforded by the Association is by way of indemnity save insofar as the liabilities, costs and expenses of or attributable to an Assured are discharged by the Association whether on behalf of the Assured or in consequence of the direct liability of the Association pursuant to a demand made or liability being established under any guarantee, certificate or undertaking given pursuant to the grant of authority by the ~~Committee~~ **Board** from time to time, or any convention, direct action law, statute or regulation.

...

1.5 ~~As~~ **Notwithstanding the Articles and these Rules, an** Assured may be insured ~~on~~ **within this Class on special** terms that he is liable to pay a fixed premium to the Association (a "Fixed Premium Entry"); **and/or upon such special terms as to the nature and extent of the risks covered, as to policy terms and conditions and otherwise howsoever as the Board may think fit, and may accept as such entries re-insurance from other insurers.**

[Explanation: the proposed amendment clarifies the scope of the cover that the Association may provide.]

...

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~~**Board** in accordance with Rules 31 and 32; and

...

1.7 All the Members for the time being in this Class shall form one separate Class of the Association. The ~~Committee~~**Board** and Managers of the Association shall be the ~~Committee~~**Board** and Managers of this Class.

...

1.11 The business of this Class shall, subject to the Articles, be conducted according to these Rules and shall be managed by the ~~Committee~~**Board** 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~~**Board** may delegate any of its powers to sub-committees consisting of such member or members of the ~~Committee~~**Board** or such other persons in each case as it thinks fit.

1.12 Without prejudice to the generality of Rule 1.11, the ~~Committee~~**Board** 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~~**Board** 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~~**Board** may determine. The ~~Committee~~**Board** 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 CALLS AND PREMIUM

2.1 The funds necessary for the purposes described in Rule 31 shall be determined by the ~~Committee~~**Board** with reference to each successive period of 12 months commencing at noon GMT on 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,

RULE 4 UNREASONABLE CONDUCT

4.1 The **Members'** 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 **Members'** Committee in its sole discretion would have expected an uninsured person acting reasonably in similar circumstances to have taken.

RULE 5 APPLICATION FOR INSURANCE AND CONDITIONS

...

5.2.1 The Assured must make a fair presentation of the risk to the Association by providing the Association with all material facts and must ensure that every material representation as to

a matter of fact is both complete and accurate **and that every material representation as to a matter of expectation is made in good faith**. This duty exists not only prior to the conclusion of the contract of insurance but also at the time of any variation thereof and on renewal.

[Explanation: the proposed amendment reflects the entry into force of the Insurance Act 2015 and clarifies that the Assured's duty to make a fair representation applies both to matters of fact and expectation.]

...

5.5 Notwithstanding and without prejudice to any other provision of these Rules or the Articles relating to the amendment of these Rules, these Rules may, on such notice as the ~~Committee~~**Board** 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~~**Board** 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 8 CLASSIFICATION, INSPECTIONS OF SHIPS AND STATUTORY REQUIREMENTS

...

8.8 Save to the extent that the **Members'** 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 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.

RULE 9 RISKS COVERED

9.1 Subject to any special terms which may be agreed in writing and to the provisions of Rules **1.5**, 22 and 23, an Assured is insured in respect of each Ship entered by him in this Class for legal costs, charges or disbursements incurred in relation to the claims or matters set out in Rules 9.2.1 - 9.2.16, PROVIDED that such legal costs, charges or disbursements arise:

[Explanation: the proposed amendment reflects the clarification of the scope of the cover that may be provided under Rule 1.5.]

...

9.2.4 detention from any cause by any department of state, or public or local body or authority or other person or persons in authority; and if in such cases an entered Ship be, by order of the **Members'** Committee, allowed to remain under detention for the purpose of testing the legality of such detention, the Assured shall be indemnified for his actual loss, by payment of such sum as the **Members'** Committee in its sole discretion shall consider fair and reasonable, to the extent that such loss shall not be otherwise recovered;

...

9.2.14 claims for damages or loss sustained by an Assured 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, franchise and/or other uninsured proportion of the damages or loss borne by the Assured as a result of the terms of those policies the **Members'** Committee may in its sole discretion refuse to cover the Assured in respect thereof either wholly or in part;

...

9.2.16 any matter which, in the sole discretion of the **Members'** Committee, is within the scope of this Class and is not excluded by these Rules.

RULE 10 LIMITATIONS OF COVER

...

10.2.4 the discontinuance or settlement of claims or the ~~discontinuance~~**discontinuance** of support in connection with claims which it has previously agreed to support; and the **Members'** Committee shall be entitled when exercising its sole discretion to take into account, inter alia, the merits of the claim or matter, the interests of the other Assureds of this Class, the amount of the costs and expenses incurred or expected to be incurred in respect of the claim and its effect on the financial position of this Class.

10.3 The **Members'** Committee may in its sole discretion determine for each Policy Year the figures above and/or below which claims will be reimbursed in full; but otherwise, unless the Association agrees in writing to provide full cover without deductibles as a term of entry, deductibles shall apply to each claim and there shall be no recovery in respect of 25% of all legal costs, charges and disbursements.

...

10.5 Notwithstanding Rules 10.1, 10.2, 10.3 and 10.4, the cover afforded by this Class under Rule 9 to the Assured for legal costs, charges or disbursements shall be limited in the aggregate to USD7,500,000 for any single claim, dispute, proceeding or series thereof. The **Members'** Committee may in its sole discretion decide whether or not any claims, disputes or proceedings shall be considered to be a series thereof.

RULE 11 OTHER INSURANCES

11.1 Every entered Ship shall be insured by entry of her entered tonnage in Class 5 of the Association for protecting and indemnity risks and, subject to Rule 11.2, shall be deemed to be insured throughout her period of entry by the usual form of Lloyds Policy with the Institute Time Clauses Hulls 1/10/83 including the Three-Fourths Collision Liability Clause attached, or by other equally wide insurances (which may include excess liability policies), for such value as the **Members'** Committee may in its sole discretion determine as representing at the relevant time her full market value, free of commitment.

11.2 Unless and to the extent that the **Members'** Committee in its sole discretion otherwise decides, or the Association agrees in writing as a term of entry, there shall be no recovery for any legal costs, charges or disbursements for which the entered Ship is deemed to be insured under Rule 11.1 or which the Assured is entitled (or but for the entry of the Ship concerned, would be entitled) to recover under any other insurance or otherwise howsoever.

RULE 12 EXCLUSION OF DAMAGE TO ENTERED SHIP, LOSS OF HIRE, SANCTIONS, ETC.

...

12.2 There shall be no recovery by an Assured in respect of any Ship entered by him for any legal costs, charges or disbursements where the provision of cover or any payment in respect thereof exposes or may expose the Association or the Managers to being or becoming or to the risk of being or becoming subject to any sanction, prohibition or adverse action in any form whatsoever by any state, international organisation or other authority which sanction, prohibition or adverse action the **Members'** Committee in its sole discretion determines may materially affect the Association in any way whatsoever.

RULE 13 ILLEGAL, HAZARDOUS OR IMPROPER ADVENTURES

...

13.1.2 any carriage, trade or voyage of, or any other activity on board or in connection with the entered Ship which the **Members'** Committee shall in its sole discretion determine to be imprudent, unsafe, unduly hazardous or improper.

RULE 14 MONEYS RECOVERED FOR ASSUREDS

...

14.1.1 PROVIDED that insofar as costs or charges or disbursements ('costs') are covered by this Class, the Association shall be entitled to any sum which the Assured recovers in respect of such costs pursuant to any award, judgment or settlement agreement. Where for any

reason no sum is recovered in respect of costs or the sum so recovered is less than the total costs covered by this Class, the Assured shall suffer such deduction or make such payment of such other or such additional amount as the **Members'** Committee may in its sole discretion determine to represent a fair recovery of costs for the Association from the principal amount recovered by the Assured. If any claims, disputes or 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 **Members'** Committee may in its sole discretion determine.

RULE 15 COLLISION CASES

15.1 When an Assured seeks to recover damages for detention sustained in consequence of a collision, stranding or any other cause whatsoever, he must give the Association a written undertaking or guarantee, the wording of which is to be approved by the Association, for such proportion of the costs of any legal or other proceedings as the actual claim for damage to the Ship bears to the claim for detention, the amount of such claims respectively to be agreed and inserted in such undertaking or guarantee. In cases where other interests than those of this Class are concerned, this Class shall only be liable for such proportion of the costs recoverable from any other party as the claim with which this Class is concerned would, in the sole discretion of the **Members'** Committee, bear to the total claim.

...

RULE 17 FAILURE TO GIVE ADVICE

17.1 If an Assured fails to comply with his obligations under Rule 16 or acts unreasonably or incurs any legal costs, charges or disbursements through his neglect or default in each case in connection with any casualty, dispute, event or claim the **Members'** Committee may in its sole discretion reject or reduce any recovery or require the Assured to repay to the Association any legal costs, charges or disbursements which the Association may have incurred or paid or undertaken to pay in connection therewith.

RULE 18 TIME-BAR

18.1 Without derogation from and in addition to the obligation under Rule 16.1.1 to give prompt notice, if an Assured fails to notify the Association in writing of any claim against him as therein described within one year after he has knowledge of such casualty, dispute, disagreement, event or claim, the Assured shall have no right to recover in respect thereof, unless the **Members'** Committee in its sole discretion shall otherwise determine.

...

RULE 20 POWERS OF THE ASSOCIATION RELATING TO THE HANDLING AND SETTLEMENT OF CLAIMS

20.1 Subject always to the overriding conditions precedent set out in Rule 10.2, the Association shall at all times have the right to:

...

20.1.2 direct or control the conduct of any claim or legal or other proceedings for or against an Assured relating to any potential matter giving rise to legal costs, charges or disbursements in relation to which an Assured is or may be insured by the Association in whole or in part, or in respect of which the Association has provided security, including ~~direction~~ that such claim or legal or other proceedings should be settled, compromised, or otherwise disposed of in such manner and upon such terms as the Association may require; -

20.1.3 require the Assured to provide or execute any documents to enable it to effect such direction or control under Rule 20.1.2.

20.1.2.1 PROVIDED that instead of contesting cases where the probable cost will, in its opinion, exceed the amount at stake, the **Members'** Committee may in its sole discretion pay out of the funds of this Class the whole or any part of such claim.

- 20.2** If an Assured fails to co-operate or to comply with any requirement or direction as aforesaid, the **Members'** Committee may in its sole discretion reject or reduce any recovery to which such failure may appear to the **Members'** Committee to be relevant.

[Explanation: the proposed amendment clarifies the Association's powers relating to the handling and settlement of claims.]

RULE 21 SETTLEMENT OF CLAIMS

- 21.1** The **Members'** Committee shall meet as often as may be required for the purposes of settling and determining claims or any other matters relating to the business of the Association.
- 21.2** The **Members'** Committee shall in its sole discretion have power from time to time to authorise the Managers to effect both settlement and payment of any claims, without prior reference to the **Members'** Committee, of such types and up to such sums as the **Members'** Committee may in its sole discretion determine.
- 21.3** No member of the **Members'** Committee may vote upon any claim in which he is in any way interested.
- 21.4** Where under any Rule the **Members'** Committee shall have exercised its sole discretion in settling or determining claims or any other matters relating to the business of the Association, the **Members'** Committee shall not be obliged to give reasons for any decision.

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

...

- 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 **CommitteeBoard** (provided such approval was decided upon at a meeting of the **CommitteeBoard** at which not less than two thirds of the **CommitteeBoard** 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 **CommitteeBoard**), be:
- 26.3.1** novated, in whole or in part, to the Transferee on such terms as the **CommitteeBoard** may in its sole 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 **CommitteeBoard** 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.

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 a 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 **CommitteeBoard** are required to meet:
- 31.1.1** 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 Calls payable to the Association in respect thereof as the **CommitteeBoard** 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;

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

31.1.3 such transfers to the reserves or other accounts of the Association (as referred to in Rule 37) and for subsequent application for the purposes of such reserves or other accounts or otherwise as the **CommitteeBoard** may determine;

...

31.3 Further towards such funds, if determined as aforesaid by the **CommitteeBoard** to be required in accordance with Rule 31.1 for any Policy Year, the **CommitteeBoard** may direct that a Supplementary Call(s) shall be paid, the amount(s) of which shall be stated as a uniform percentage of the Annual Call payable by each Assured for that Policy Year.

RULE 32 GENERAL INCREASE OR REDUCTION IN CALLS

32.1 The **CommitteeBoard** may determine a general increase or reduction in ~~annual call~~**Annual Call** rates for the immediately following Policy Year which shall be notified to 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 whose entries are then continuing on the basis of which Annual Calls shall be assessed in respect of each Assured by the Managers and shown in each Ship's Certificates of Entry for that Policy Year.

RULE 33 CLOSING OF POLICY YEARS

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

33.2 The **CommitteeBoard** may declare any Policy Year closed for Supplementary Calls notwithstanding that it is known or anticipated that there are in existence or may in the future arise legal costs, charges or disbursements recoverable in respect of such Policy Year which have not yet accrued or the validity, extent or amount of which have yet to be established.

33.3 If upon the closing of any Policy Year it shall appear to the **CommitteeBoard** that the whole of the 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, expenses and outgoings arising in respect of that Policy Year (as referred to in Rule 31), then the **CommitteeBoard** may decide to dispose of any excess which in their opinion is not so required in one or any of the following ways:

...

33.4 If upon the closing of any Policy Year it shall appear to the **CommitteeBoard** that the claims, expenses and outgoings arising in respect of that Policy Year (as referred to in Rule 31) exceed or are likely to exceed the totality of the 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 **CommitteeBoard** may decide to provide for such deficiency in any one or more of the following ways:

...

33.5 At any time after any Policy Year shall have been closed the **CommitteeBoard** 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 **CommitteeBoard** shall so resolve then the two or more closed Policy Years concerned shall for all purposes be treated as though they constituted a single closed Policy Year.

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 **CommitteeBoard** 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.

...

34.3 A copy of the resolution of the **CommitteeBoard** 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.

...

34.5 Without prejudice to any other provisions contained in these Rules the **CommitteeBoard** 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 **CommitteeBoard** 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 **CommitteeBoard** 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.

RULE 35 RELEASE CALLS

...

35.2 The amount of any Release Call which shall be so charged for any open Policy Year shall be such percentage of the Annual Call as the **CommitteeBoard** shall from time to time determine.

...

35.6 If, while a Release Call which has become due and payable is unpaid (and if payment of future Supplementary Calls is not guaranteed in accordance with Rule 35.5.1), the **CommitteeBoard** determines in accordance with Rule 35.2 that a Release Call for any relevant Policy Year shall be charged at a higher percentage of the Annual 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 35.4 or imposed pursuant to Rule 35.5 (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 35.5.1 shall apply mutatis mutandis to any debit note issued pursuant to this Rule.

RULE 37 RESERVES

37.1 The **CommitteeBoard** 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:

...

- 37.1.5** such other contingency or purpose beneficial to the Association as the ~~Committee~~**Board** may in its sole discretion determine.
- 37.2** The ~~Committee~~**Board** may in its sole discretion apply the whole or any part of any reserve fund or account for any of the contingencies or purposes set out in Rule 37.1 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~~**Board** to be beneficial to the Association. The ~~Committee~~**Board** may also in its sole discretion transfer sums from one reserve to another 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.
- 37.3** Reserve funds or accounts may be raised by the ~~Committee~~**Board** 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:

RULE 38 INVESTMENTS

- 38.1** The funds of this Class may be invested under the direction of the ~~Committee~~**Board** by means of the purchase of such stocks, shares, bonds, debentures or other securities or the purchase of such currencies, commodities, or other real or personal property, or by means of being deposited in such accounts on such terms and in such manner as the ~~Committee~~**Board** may in its sole discretion determine. The funds of this Class may also be invested by such other method as the ~~Committee~~**Board** may approve.
- 38.2** Unless the ~~Committee~~**Board** decides otherwise, all or any of the funds standing to the credit of any Policy Year or of any reserve or account shall be pooled and invested as one fund.
- 38.3** If any funds shall have been so pooled and invested the ~~Committee~~**Board** may in its sole discretion apportion as it thinks fit the income arising on the pooled investments (including capital gains and losses and gains and losses on foreign exchange transactions) among and between the different Policy Years, reserves, funds and accounts from which the invested funds originated.
- 38.4** Without prejudice to Rule 38.3 above, the ~~Committee~~**Board** may, after the closing of any Policy Year, in its sole discretion direct that such year shall not be credited with any share of the ~~apportionments~~**apportionments** made under that paragraph and that its share shall instead be credited to any reserve fund or account maintained by the Association.

RULE 39 PROVISION FOR EXPENSES

- 39.1** Towards the expenses attendant on carrying into effect the purposes and object of this Class the Association shall pay to the Managers out of the funds of this Class an amount as the ~~Committee~~**Board** shall from time to time determine.

RULE 42 JURISDICTION AND LAW

...

- 42.1.1** ~~Upon its entry into force~~ The following provisions of the Insurance Act 2015 ("the Act") are excluded as follows:

[Explanation: the proposed amendment reflects the coming into force of the Insurance Act 2015 on 12 August 2016.]

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

3 January 2017

8:110