



# The London P&I Club

All correspondence should be addressed to the Managers

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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, 25<sup>th</sup> JANUARY 2017, 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 2017.

*[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:

- i. ~~i~~ **Additional Premiums** means the sums which may be or become payable by an Insured Owner to the Association as referred to in Rule 29.
- ii. ~~ii~~ **Additional Premium Areas** means the Additional Premium Areas as described in Rule 19.
- iii. ~~iii~~ **The Articles** means the Articles of Association for the time being of the Association.
- iv. ~~iv~~ **The Association** means The London Steam-Ship Owners' Mutual Insurance Association Limited.
- v. **The Board** means the board of Directors for the time being of the Association.
- vi. ~~v~~ **British Ship** means a ship registered in the United Kingdom, the Isle of Man, any of the Channel Islands or any British colony.
- vii. ~~vi~~ **Certificate of Entry** means the document bearing the heading "Certificate of Entry" together with any endorsement slip which may be issued to Insured Owners.
- viii. ~~vii~~ **The Committee** means the Committee from time to time appointed pursuant to the Articles of the Association to conduct the affairs of this Class.
- ix. **Contributions** means sums levied or to be levied by the ~~Committee~~ **Board** and to be paid by Insured Owners in accordance with Rule 5.B and Rules 24 to 27.
- x. ~~viii~~ **Cover afforded by this Class** means the cover afforded by this Class of the Association as described in Rules 1.1 to 1.10.
- xi. ~~ix~~ ~~The Committee~~ means the ~~Committee from time to time appointed pursuant to the Articles of Association to conduct the affairs of this Class~~ **Directors** means the directors for the time being of the Association.
- xii. ~~x~~ **Effects** means clothes, personal possessions, documents, navigation and other technical instruments and tools, but does not include cash or valuables.

- xiii. ~~xi~~**Electronic Form** has the meaning given in section 1168(4) of the Companies Act 2006.
- xiv. ~~xii~~**Entered Ship** means a ship entered in this Class of the Association for insurance.
- xv. ~~xiii~~**Electronic Means** has the meaning given in section 1168(4) of the Companies Act 2006.
- xvi. ~~xiv~~**General Premium Notice** means the notice which may be served by the Secretary of State as described in Rule 5.A.2.
- xvii. ~~xv~~**Insured Owner** means an Owner (as defined below) by whom or on whose behalf a ship has been entered in this Class of the Association irrespective of whether, at any subsequent time, the insurance of the Owner or of the Entered Ship shall have been terminated and irrespective of whether, at any subsequent time, the Owner shall have ceased to be a Member.
- xviii. ~~xvi~~**Insured Value** means the insured value as described in Rules 1.2 and 1.3.
- xix. ~~xvii~~**The Managers** means the Managers for the time being of the Association.
- xx. ~~xviii~~**Member** means a Member for the time being of this Class of the Association.
- xxi. **The Members' Committee means the Members' Committee for the time being of the Association.**
- xxii. ~~xix~~**Owner** means in relation to an Entered Ship or a ship which is intended or desired to be entered in this Class of the Association, owner, owners in partnership, owners holding separate shares in severalty, part owner, mortgagee, trustee, charterer, operator, manager, builder of such ship, or insurer other than the Association as defined by Rule 12.1.
- xxiii. ~~xx~~**Policy Year** means a year from noon G.M.T. on any 20th February until noon G.M.T. on the next following 20th February or until such other time as the ~~Committee~~**Board**, in the exercise of its powers under Appendix A, Paragraph A.5.1, shall determine.
- xxiv. ~~xxi~~**Premium Period** means the Premium Period as described in Appendix A, Paragraph A.1.
- xxv. ~~xxii~~**Premium** means a Premium which is fixed in amount, and is not an Additional Premium or a Q.E.R. Premium.
- xxvi. ~~xxiii~~**Queen's Enemy Risk or Risks** means the risks specified in Rule 2 Part A as defined therein.
- xxvii. ~~xxiv~~**Q.E.R. Premiums** means the Queen's Enemy Risks Premiums as described in Appendix A, Paragraph A.2.
- xxviii. ~~xxv~~**The Reinsurance Agreement** means the Agreement in writing in force at noon G.M.T. on the 20th February 1988 between the Secretary of State and the Association and any amendment or modification, or any replacement thereof.
- xxix. ~~xxvi~~**These Rules** means these Rules as originally framed or as from time to time altered or added to and for the time being in force.
- xxx. ~~xxvii~~**Secretary of State** means the Secretary of State for Transport or such other Minister of the Government of the United Kingdom as shall from time to time exercise the powers conferred upon the Minister of Transport by the Marine and Aviation Insurance (War Risks) Act 1952 or powers connected therewith.
- xxxi. ~~xxviii~~**Ship** means in the context of an Entered Ship or a ship which is intended or desired to be entered in this Class of the Association (but in no other context), a ship, boat, hovercraft or any other description of vessel or structure (including any ship, boat, hovercraft or other vessel or structure under construction) used or intended to be used for any purpose whatsoever in navigation or otherwise on, under, over or in water or any part thereof or any proportion of the tonnage thereof or any share therein.
- xxxii. ~~xxix~~**Special Premium Notice** means the Notice which may be served by the Secretary of State as described in Rule 19.1.
- xxxiii. ~~xxx~~**Successors** means, in relation to all the persons hereinbefore specified in connection with "Owner" and "Insured Owner" and in relation to any other person whatsoever by whom or on whose behalf a ship shall have been entered in this Class of the Association, their heirs, executors, administrators, personal representatives, assigns (when permitted under these Rules), receiver, administrative receiver, curator or other person authorised to act on behalf of one who becomes incapable by reason of mental disorder of managing his property or affairs, trustee in bankruptcy, liquidator, administrator and other successors whatsoever.
- xxxiv. ~~xxxi~~**Sum Insured** means the sum as described in Rule 1.4.
- xxxv. ~~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.

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 corporations.

#### **RULE 4 WARRANTIES, CONDITIONS, EXCEPTIONS AND LIMITATIONS**

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##### **4.E GENERAL TERMS APPLICABLE TO EACH AND EVERY RISK INSURED BY THIS CLASS OF THE ASSOCIATION**

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##### **4.E.15 Sanctions Limitation and Exclusion**

**4.E.15.1** There shall be no recovery by an Insured Owner for any losses, liabilities, costs and expenses 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.

**4.E.15.2** Unless the **Members'** Committee in its sole discretion determines otherwise, an Insured Owner shall not be entitled to recovery in respect of that part of any losses, liabilities, costs and expenses which is not recovered by the Association either under any reinsurance(s) arranged by the Association or under any pooling agreement in respect of this Class entered into by the Association because of a shortfall in recovery from reinsurers or other pool members by reason of a sanction, prohibition or adverse action against such reinsurers, pool members or the insurers of such pool members by a state, international organisation or other authority or the risk thereof if payment were to be made by such reinsurers, pool members or the insurers of such pool members. For the purposes of this Rule 4.E.15.2, "shortfall" includes any failure or delay in recovery by the Association by reason of the reinsurers, pool members or insurers of pool members making payment into a designated account in compliance with the requirements of any state, international organisation or other authority. The provisions of this Rule 4.E.15.2 shall cease to apply in respect of any shortfall to the extent the same is subsequently recovered by the Association under any reinsurance(s) arranged by the Association or under any pooling agreement in respect of this Class entered into by the Association.

#### **RULE 12 REINSURANCE**

**12.1** The ~~Committee~~**Board** may, in its sole discretion, accept applications for reinsurance (other than for Queen's Enemy Risks which are reinsured by the Secretary of State) by this Class of the Association of any ship or other interest insured by another insurer against war risks. If such an application should be accepted, each ship so reinsured shall be deemed for all the purposes of these Rules to be an Entered Ship. In the absence of written agreement to the contrary, the insurer of such Entered Ship shall (subject to the provisions of Rule 13.2) have the same rights and be under the same obligations for all the purposes of these Rules as though he were the Insured Owner of the Entered Ship.

**12.2** The ~~Committee~~**Board** may, in its sole discretion, reinsure all or any part of the risks insured or reinsured by this Class of the Association, whether or not such risks are in relation to all the ships entered in this Class of the Association, or to any one particular Entered Ship, or to any number of Entered Ships, with such reinsurers and on such terms as they consider appropriate.

#### **RULE 13 MEMBERSHIP**

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**13.2** Whenever the ~~Committee~~**Board** accept an application for reinsurance in accordance with the provisions of Rule 12.1 it may, in its sole discretion, accept the insurer reinsured by this Class of the Association, or the Owner of any ship insured by such insurer or both such insurer or such Owner, as a Member or Members.

## **RULE 17 NOTICE OF TERMINATION AND NOVATION**

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**17.3** 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 Insured Owner'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:

**17.3.1** novated, in whole or in part, to the Transferee on such terms as the **CommitteeBoard** 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

**17.3.2** terminated by the Association at any time with not less than 7 days' written notice to the Insured Owner concerned and replaced with a new contract of insurance between the Insured Owner and the Transferee on the same terms mutatis mutandis as that Insured Owner's original contract of insurance with the Association.

For the purpose of giving effect to this Rule 17.3, the Insured Owner hereby consents to any novation, termination and entry into a replacement contract of insurance as referred to in Rules 17.3.1 and 17.3.2 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 20 MAXIMUM AMOUNTS INSURED**

The maximum amounts for which any one Entered Ship or the interests therein may be insured by this Class of the Association shall be determined from time to time by the **CommitteeBoard**.

## **RULE 22 MEMBERSHIP OF ORGANISATIONS**

The **CommitteeBoard** may cause the Association to become affiliated to, support, sponsor and/or sustain other organisations or bodies concerned with the provision of war risks insurance for ships which are eligible for entry in this Class of the Association and for this purpose may authorise the payment by this Class of the Association to such organisations or bodies of such sums as the **CommitteeBoard** may think fit.

## **RULE 24 CONTRIBUTIONS**

**24.1** The Insured Owners who have Entered Ships in this Class of the Association for the risks insured under Rule 2 or Rule 3 or both such Rules for any Policy Year, not being a Policy Year which has been closed, shall provide by way of Contributions all funds which in the opinion of the **CommitteeBoard** are required:

**24.1.1** to meet such of the general expenses of this Class of the Association as the **CommitteeBoard** may from time to time think fit to charge in respect of that Policy Year against the insurance business of this Class of the Association;

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**24.1.3** for any transfers to reserves or provisions which the **CommitteeBoard** may deem it expedient to make out of the Contributions paid in respect of such Policy Year and which the **CommitteeBoard** may from time to time think fit to charge against the insurance business of this Class of the Association for that Policy Year including, without prejudice to the generality of the foregoing, such transfer to reserves and provisions in respect of any deficiency which has occurred or which may be thought likely to occur in respect of

risks in any previous Policy Year, including any closed Policy Year, as the ~~Committee~~**Board** may think proper;

- 24.1.4** to provide all such sums as this Class of the Association may by any governmental or other similar legislation or regulation be required to set aside in order to establish and/or maintain an adequate solvency margin, guarantee fund and/or other fund or capital requirement in respect of any Policy Year. Without in any way limiting the obligations of Insured Owners to pay such sums, the ~~Committee~~**Board** may, in its sole discretion and at any time or times, require any or all Insured Owners to guarantee specifically the payment of such sums in such terms and with such security as the ~~Committee~~**Board** may from time to time decide.

## **RULE 25     ADVANCE CONTRIBUTIONS**

- 25.1** Before the beginning of each Policy Year, or so soon thereafter as may be practicable, the ~~Committee~~**Board** shall, in respect of each Insured Owner, decide the percentage of the Insured Value and of the Sum Insured, in respect of each Entered Ship, which is to be levied on the Insured Owner and is to be paid by way of an Advance Contribution for such Policy Year.

## **RULE 26     SUPPLEMENTARY CONTRIBUTIONS**

At such subsequent time or times during or after the end of each Policy Year as the ~~Committee~~**Board** thinks fit, but not after such Policy Year has been closed, the ~~Committee~~**Board** may decide to levy from the Insured Owners whose ships are or were entered in this Class of the Association for that Policy Year one or more Supplementary Contributions. Such Supplementary Contributions shall be at such percentage of the net Advance Contribution as the ~~Committee~~**Board** thinks fit and shall be applied to the total amount of the net Advance Contribution paid or payable by each Insured Owner in respect of such Policy Year.

## **RULE 27     GENERAL PROVISIONS AS TO CONTRIBUTIONS**

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- 27.1.3** the rate determined by the ~~Committee~~**Board**;

## **RULE 28     LAID UP RETURNS**

- 28.1** The ~~Committee~~**Board** may in its sole discretion direct that returns of Contributions or allowances against the same be paid or allowed to Insured Owners whose Entered Ships are laid up and unemployed (otherwise than for the purpose of repair or maintenance) in any safe port or place outside any Additional Premium Area.

- 28.2** The ~~Committee~~**Board** may in its sole discretion determine from time to time:

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- 28.3** If the ~~Committee~~**Board** shall make a direction in accordance with Rule 28.1, a return shall be made to such Insured Owner consisting of the percentage of the Contributions so directed on a pro-rata basis, commencing at noon G.M.T. on the day on which the Entered Ship was laid up and ending at noon G.M.T. on the day on which that Entered Ship ceased to be laid up.

- 28.4** PROVIDED ALWAYS that:

- 28.4.1** the ~~Committee~~**Board** may in its sole discretion determine that a return may be made in respect of ships unemployed and laid up (other than for the purpose of repair or maintenance) in any one or more current Additional Premium Areas or part thereof;

## **RULE 29     ADDITIONAL PREMIUMS**

If an Entered Ship shall proceed to or be or remain in any Additional Premium Area the provisions of Rule 29 shall have effect.

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- 29.6.2** the Insured Owner shall be under no liability to pay an Additional Premium in accordance with Rule 29.1 but shall not be entitled to any return of Contributions paid or payable in respect of the Entered Ship unless the **CommitteeBoard** in its sole discretion otherwise determines.

### **RULE 30 PROVISIONS AS TO PAYMENT**

- 30.1** If any Contribution or Premium or any other sum due from any Insured Owner to the Association is not paid by such Insured Owner on or before the date specified for payment thereof, the Insured Owner shall, without prejudice to the rights of the Association under any other provision of these Rules, pay interest on the amount overdue from the date on which the amount became due until the date of payment at such rate of interest as the **CommitteeBoard** may from time to time determine. The **CommitteeBoard** may in any case waive payment of such interest in whole or in part.

### **RULE 31 CLOSING OF POLICY YEARS**

- 31.1** The **CommitteeBoard** 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 **CommitteeBoard** 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:  
**CommitteeBoard** 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 **CommitteeBoard** 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 **CommitteeBoard** shall determine and the decision of the **CommitteeBoard** 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 **CommitteeBoard** 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.

### **RULE 32 RESERVES**

- 32.1** The **CommitteeBoard** 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 **CommitteeBoard** 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 **CommitteeBoard** 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.

## **RULE 38 RELEASE CONTRIBUTIONS**

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**38.2.3** the Insured Owner shall be under no liability for any Contributions which the ~~Committee~~**Board** may decide to levy after the date of a release given under Rule 38.1.1 or after the date of an assessment made under Rule 38.1.2, as the case may be, and the Insured Owner shall have no right to share in any return of Contributions or other monies which the ~~Committee~~**Board** may thereafter decide to make in accordance with Rule 31.

## **RULE 39 MANAGERS' REMUNERATION**

The Managers shall be remunerated by the Association on such basis as may be approved by the ~~Committee~~**Board**.

## **APPENDIX "A"**

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**A.2.1.3** such further sums, which shall be expressed as a percentage of the Insured Value of each such Entered Ship, in respect of the expenses of this Class of the Association at such rate as the ~~Committee~~**Board** shall from time to time, and for such period of time, determine.

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### **A.4 Unpaid Q.E.R. Premiums**

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**A.4.2** The Association shall not accept for payment or pay or otherwise commit itself to pay to that Insured Owner any claim for losses, liabilities, costs or expenses caused by the Queen's Enemy Risks until such time as the Q.E.R. Premiums are paid in full.  
PROVIDED ALWAYS that:  
the ~~Committee~~**Board** may, with the consent of the Secretary of State, exercise one or more of the following powers:

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**A.4.3** The ~~Committee~~**Board** may, and if required by the Secretary of State shall, give notice to the Insured Owner in the form prescribed by Rules 34.1.1 and 34.1.2. If the Insured Owner fails to comply with the requirements of such notice, the provisions of Rules 34.2 to 34.4 and 35.2 and 35.3 shall have effect.  
PROVIDED ALWAYS that:  
in the case that the Insured Owner's cover shall have been reinstated under Rule 5.B, the ~~Committee~~**Board** may, in its sole discretion, give notice under this Paragraph which shall cancel the Queen's Enemy Risks cover only.

### **A.5 Extension and Termination of Current Policy Year**

**A.5.1** The Policy Year in the course of which a General Premium Notice is served shall extend (if necessary beyond noon GMT on the 20th February next) and shall terminate at the date when the period or periods provided in Rule 5.A.4 have expired in respect of all the ships which are entered for insurance in this Class of the Association or at such other date as the ~~Committee~~**Board** may, in its sole discretion, determine.

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

3 January 2017