



**CLASS I**  
**Protection and Indemnity**

Edition 2018

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## **RULE 1 DEFINITIONS**

In these Rules, the following words and phrases shall have the following meanings unless the context otherwise requires.

### **Carrying Unit**

Any device or receptacle in or on which cargo is carried including, without prejudice to the generality of the foregoing, any container, trailer, flat, tank or similar receptacle which is owned or leased by a Member and which is either intended to be or is or has been carried in an entered ship or in respect of which the Member has entered into a contract of through carriage.

### **Container**

Containers constructed in accordance with the recommendations of the International Standards Organisation and complying with the requirements of the International Convention for Safe Containers, 1972, as amended.

### **Customary Towage**

Towage for the purpose of entering or leaving port or manoeuvring within the port during the ordinary course of trading and/or the towage of such entered ships (e.g. barges) as are habitually towed in the ordinary course of their trading from port to port or from place to place and have been declared as such in writing to the Managers.

### **Deviation**

A departure from the contractually agreed voyage or adventure which deprives the Member of the right to rely on a defence, exemption to right to limitation which would otherwise have been available to him.

### **General Rules**

The General Rules for the time being of the Association.

### **The Hague-Visby Rules**

The International Convention for the Unification of Certain Rules Relating to Bills of Lading signed at Brussels on 25<sup>th</sup> August 1924 as amended by the Protocol to that Convention signed at Brussel on 23<sup>rd</sup> February 1968.

### **Master**

The Master of an entered ship or the substitute for or the replacement of such Master engaged under a written contract of employment or contract of service to serve on board the entered ship concerned.

### **Member of the Crew**

Any person (including apprentices but excepting the Master and any persons engaged only for nominal pay) engaged under a written contract of employment or contract of service to serve on board the entered ship concerned including a substitute for such person and also such persons whilst proceeding to or from such ship.

### **Passenger**

A person carried on board an entered ship by virtue of holding a passenger ticket.

### **Personal Effects**

Clothes, documents, navigational or other technical instruments and tools but excluding cash, valuables or any articles which in the opinion of the Managers are not an essential requirement for the Master or a member of the crew as the case may be.

### **Proper Value**

The value for which an entered ship should in the opinion of the Managers be insured as determined by the Managers in their

discretion. For the purpose of this definition, the Managers are entitled to take account of whether the Hull and Machinery and/or Excess Liability policies of such ship have been the subject of periodic review in the light of market conditions, so that the total amount of liability cover provided by those policies is maintained at all times at a figure which is as near as possible to the equivalent of the free uncommitted market value of the ship, but in no event less than the aggregate of the limits of liability set out in the International Convention relating to the Limitation of Liability of Owners for Marine Claims, 1967, and any revisions thereof.

*NB: Members are therefore recommended to confer with their brokers and/or ship values in order to assess, in the light of the above, the total amount for which collision liability insurance should be arranged. Provided the necessary insurance is arranged on the basis of the advice received, the Managers will usually give favourable consideration to the insured value being the proper value.*

### **The Rules**

The General Rules and the Class I Rules.

### **Supernumerary**

A relative of the Master or of a member of the crew, or any other person whom a Member has agreed to maintain or carry on board an entered ship (except a passenger) including persons engaged under a contract of employment or contract of service for nominal pay.

## **RULE 2 INTRODUCTORY**

2.1 Insurance in this Class is subject to the Rules, General Rules and to the Memorandum and Articles of the Association.

2.2 The contract relating to entry in this Class shall be deemed to be separate from the contract for entry in any other Class.

2.3 Notes printed in italic script are indicative of current practice, but do not form part of the Rules.

## **RULE 3 GENERAL**

### **3.1 Paramount Clauses**

**Notwithstanding any Rules and all contracts of insurance made by the Association and its Managers to the contrary, or whatever any Warranties and Provisions made by the Association and its Managers to the contrary, following rule shall be paramount and override anything to the contrary contained in this insurance.**

**(a) Whatever the limits of Contracts of Insurance and/or Certificate of Entry and/or related Certificates are, the shareholders of the Association and its management company shall be limited and liable for all Claims, indemnities, compensations, liabilities and debts of the Association and its management company to the extents of their capital contributions they has paid or shall pay, the Association and its management company shall be limited and bear all Claims, indemnities, compensations, liabilities and debts with all their property. Whatever the Association and its management company properties, and their shareholders` capital contributions can be afford the Claims, indemnities, compensations, liabilities and debts which arised from the Blue Cards, and/or Certificate Furnished as Evidence of Insurance, and/or Contracts of Insurance, and/or Certificate of Entry, and/or related Certificates, the Association and its management company and their shareholders` liabilities are only limited to the property of the Association and its management company.**

**(b) Whatever the law the members and the Association and its management company choose, if the members agree to enter the Association, it means the members shall give up all rights of suit and/or Arbitration to the Association and its management company and their shareholders.**

**Although the Association issues Blue Card (and/or Certificate Furnished as Evidence of Insurance) to the Member according to concerned International Conventions, but All claims including liabilities arising from Blue Card (and/or**

**Certificate Furnished as Evidence of Insurance) against the Member shall be paid in the first instance by the Member, then the Association shall consider reimbursement.**

### **3.2 Limitation of liability**

Based on above mentioned 3.1 Paramount Clauses, following clauses shall be comply with:

(a) Subject to the Rules and to any special terms and conditions upon which and limits and deductibles subject to which a ship may entered, the liability of the Association shall in no circumstance exceed the liability of the Member (less any applicable deductible) in respect of any entered ship as this liability may or would ultimately be determined and fixed by law, including any laws pertaining to limitation of shipowner's liability. The Association shall in no circumstance be liable for any sum in excess thereof,

(b) If a Member for whose account a ship is entered is not the registered owner, demise charterer, manager or operator of the ship, such Member shall be deemed to be entitled to all the limitations of liability which would apply if he were the registered owner of the ship and were entitled to limit liability. Any amount recoverable from the Association shall be limited accordingly unless the Association shall before entry have agreed to an increase in the Association's liability and such agreement is recorded in Certificate of Entry, but also shall be limited to the property of the Association.

### **3.3 Oil pollution and/or wreck removal limitation**

Based on above mentioned 3.1 Paramount Clauses, following clauses shall be comply with:

(a) Subject to (b) and (c) below, the Association's liability for any and all claims in respect of damage directly or indirectly caused or threatened by oil pollution and/or wreck removal shall respect be limited in the aggregate to such amount as may be stated on the Certificate of Entry or the property of Association and/or its management company, whichever is lesser. The Directors may, in their discretion, impose special terms and conditions on the insurance of damage caused or threatened by oil pollution and/or wreck removal,

(b) Unless the Directors shall in their discretion otherwise decide, the limit of the Association's liability shall apply irrespective of whether the accident or occurrence involves the actual or threatened escape of oil and/or wreck removal of member(s) ship(s) from one or more ships and to all claims brought by the Member or joint Members in respect of the entered ship in respect of such accident occurrence. If the aggregate of such claims exceeds that limit, the liability of the Association for each claim shall be such proportion of the oil pollution and/or wreck removal limit as each such claim bears to the aggregate of all such claims.

(c) Unless the Directors shall in their discretion otherwise decide, if the entered ship provides salvage or other assistance to another ship following a casualty, a claim by the Member who entered the entered ship in respect of oil pollution and/or wreck removal arising out of the salvage, the assistance or the casualty shall be aggregate with any liability or cost incurred in respect of oil pollution and/or wreck removal by any other entered ships similarly engaged in connection with the same casualty when such other ships are insured by the Association in respect of oil pollution and/or wreck removal. In this circumstance the limit of the liability of the Association to the Member who entered the entered ship shall be such proportion of the greater oil pollution and/or wreck removal limit as the claim of that Members bears to the aggregate of all such claims insured by the Association which arise directly or indirectly out of the casualty.

(d) Notwithstanding described in (a), (b), (c), the oil pollution and/or wreck removal liability limitation of the Association and its management company shall be limited to their properties, whichever is lesser. The liability of shareholders of Association and its management company shall be limited to their capital contributions of the Association and its management company.

### **3.4 Want of due diligence**

3.4.1 If liabilities, losses, or expenses are incurred as a result of want of due diligence by the Member, his managers, superintendents or onshore management, then the Directors may, in their discretion, reduce ability of the Association to the

Member to extent that such want of due diligence has, in their opinion, caused the liabilities, losses or expenses concerned.

3.4.2 The Applicant(s) and/or Assured(s) should duly notify the Association in writing of any change in the members in Crew List, the Association shall issue an Endorsement upon agreement. If the Applicant(s) and/or Assured(s) change members in the Crew List but no such formal notifications to the Association, the Association will not be liable for any liabilities of the changed member crew.

3.4.3 Claiming for the indemnity, the member(s) should submit the relevant Certificates or Documents in good time, including Certificate of Entry, Endorsement on Marine Affairs, Log Book, Engine Log Book, Sea Protest, official ship inspection Certificate, Registry Certificate, ship's trading Certificates, copy of Seafarer Certificate, cargo record of Carriage Contract, formal Accident Investigation Report issued by the local Government Authority, Accident Mediation Agreement, Arbitral Award, statement of loss and other documents which is connected with the nature, causes and loss severity of the accident.

**If the member(s) fails to fulfill the documents providing obligation as written in the preceding paragraph, which makes the Association unable to ratify the loss, the Association shall not be liable to compensate for the loss which could not be ratified.**

### **3.5 Right of recovery**

If the Member shall, in respect of risk set out in Rule 4, incur any liability, loss or expense in respect of the entered ship arising from a casualty or event occurring during the policy period, the Member shall be entitled to recover out of the funds of the Association the amount of such liability, loss or expense in accordance with the Rules and Certificate of Entry in respect of such entered ship;

PROVIDED ALWAYS THAT:

- (i) unless the Directors in their discretion otherwise determine, it shall be a condition precedent of a Member's right to recover from the funds of the Association in respect of any such damages, liability, loss or expense that shall first have unconditionally discharged the same in full by payment out of monies belonging to him absolutely and not by way of loan or otherwise; and
- (ii) the liability of the Association shall be subject to the Certificate of Entry and subject to the Rules;
- (iii) the limit of liability specified in the Certificate of Entry shall be inclusive of legal cost and expenses and, notwithstanding s.78(1) of the Marine Insurance Act, 1906, inclusive of costs and expenses of suing and labouring;
- (iv) no legal costs or expenses or costs or expenses of suing and labouring shall be recoverable unless either they have been incurred with prior consent in writing of the Managers or the Managers have determined in their discretion that such costs and expenses were reasonably incurred.
- (v) in any case the liability of the Association for any and all liabilities, losses, costs and expenses incurred by all Members, Co-assureds and Affiliates under any one entry and which arise out of any one event shall be limited to the sum insured in the terms of entry, provided always that to the extent the Association's liability shall be limited to all of its property.

### **3.6 MLC 2006 Extension Clause 2016**

This clause will only be applicative when the Member(s) apply for concerned Crew Liability to the Association.

The amount payable by the Association under the Maritime Labour Convention 2006 or any materially similar enactment, shall under no circumstances exceed the amount which the Member(s) would otherwise have been able to recover from the Association under the Rules of Association and the Member(s)' terms of cover as per this Certificate of Entry, and any

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payment in respect costs for repatriation made under this provision shall be done by the Association as agent of the Member(s) only and the Member(s) shall be liable to reimburse the Association for the full amount of such payment.

3.6.1 The Association shall discharge and pay on the Member's behalf under the Maritime Labour Convention 2006 (MLC 2006) as amended or domestic legislation by a State Party implementing MLC 2006:

- (a) Liabilities in respect of outstanding wages and repatriation of a seafarer together with costs and expenses incidental thereto in accordance with Regulation 2.5, Standard A2.5 and Guideline B2.5; and
- (b) Liabilities in respect of compensating a seafarer for death or long-term disability in accordance with Regulation 4.2, Standard A4.2 and Guideline B4.2.

3.6.2 The Member shall reimburse the Association in full:

- (a) any claim paid under paragraph 3.6.1 (a) save to the extent that such claim is in respect of liabilities, costs or expenses recoverable under Class I Rules, sub-rule 4.1 (Loss of life, personal injury and illness), sub-rule 4.2 (Repatriation), sub-rule 4.4 (Substitutes) or sub-rule 4.5 (Shipwreck unemployment indemnity); and
- (b) any claim paid under paragraph 3.6.1(b) save to the extent that such claim is in respect of liabilities, costs or expenses recoverable under Class I Rules, sub-rule 4.1 (Loss of life, personal injury and illness).

3.6.3 There shall be no payment under above paragraph 3.6.1 (a) or paragraph 3.6.1 (b) if and to this Clause that the liability, cost or expense is recoverable under any social security scheme or fund, separate insurance or any other similar arrangement.

3.6.4 The Association shall not discharge or pay any liabilities, costs or expenses under paragraph 3.6.1 (a) or paragraph 3.6.1 (b), irrespective of whether a contributory cause of the same being incurred was any neglect on the part of the Member or the Member's servants or agents, where such liabilities, costs or expenses were directly or indirectly caused by or contributed to by or arise from:

- (a) Any chemical, biological, bio-chemical or electromagnetic weapon
- (b) The use or operation, as a means for inflicting harm, of any computer, computer system, computer software programme, computer virus or process or any other electronic system.

3.6.5

(a) The Extension may be cancelled in respect of War Risks by the Association on 30 days' notice to the Member (such cancellation becoming effective on the expiry of 30 days from midnight of the day on which notice of cancellation is issued).  
(b) Whether or not such notice of cancellation has been given the Extension hereunder shall terminate automatically in respect of the War Risks:

- (i) Upon the outbreak of war (whether there be a declaration of war or not) between any of the following: United Kingdom, United States of America, France, the Russian Federation, the People's Republic of China;
- (ii) In respect of any ship, in connection with which cover is granted hereunder, in the event of such ship being requisitioned either for title or use.

(c) The Extension excludes loss, damage, liability or expense arising from:

- (i) The outbreak of war (whether there be a declaration of war or not) between any of the following: the UK, the USA, France, The Russian Federation, the People's Republic of China;
- (ii) Requisition for title or use.

3.6.6 The Extension shall be subject to the General Rules, Rule 29 (Specific Exclusion), Rule 30 (Sanctions) and Class I Rules, Rule 8 (Risk Excluded).

3.6.7 Without prejudice to paragraph 3.6.5, cover under the Extension shall cease 30 days after notice of termination in accordance with either Regulation 2.5, Standard A2.5.2.11 or Regulation 4.2, Standard A4.2.12.

3.6.8 Any dispute arising out of or in connection with the Extension shall be resolved in accordance with the General Rules, Rule 44 (Disputes and Differences).

3.6.9 For the purpose of the Extension:

“Member” means any insured party who is liable for the payment of calls, contributions, premium or other sums due under the terms of entry

“Seafarer” shall have the same meaning as in MLC 2006.

“War Risks” means the risks set out in the General Rules, Rule 29 (Specific Exclusion).

3.6.10 Notwithstanding the foregoing, the member shall reimburse in full the Association reimbursement(s) to the crew or dependent under the Maritime Labour Convention 2006 or any materially similar enactment which not covered or exceed coverage in this Certificate of Entry and any other MLC Certificate of Insurance issued by the Association.

### **3.7 Crew liability limitation**

Unless the Directors shall in their discretion otherwise decide and special agree the crew liability in the Certificate of Entry, where the crew liability under the Certificate of Entry including arising pursuant to the terms of a contract of employment and this contract is not approved in writing by the Association, cover under the Certificate of Entry is to be limited to the following maximums:

(a) Maximum US\$ 20,000.00 in respect of all crew claim payments each crewmember;

(b) Whatever should not higher than US\$ 200,000.00 as annual claim in aggregate for all accidents or occurrences under the Certificate of Entry.

## **RULE 4 RISKS COVERED**

Subject to the Rules and to the Certificate of Entry, the risks covered by the Association are the risks set out in sub-rule 1 to 21 of this Rule, in respect costs relating thereto by reason of his liability, loss or expenses (as the case may be) and legal costs relating thereto by reason of his interest in an entered ship, PROVIDED ALWAYS that:

(i) the Member is only insured to the extent that he has paid and discharged his liability or paid the loss or expense concerned, save for claims arising under sub rule 1 to the extent provided in sub rule 1(vii) and claims arising under sub rule 2(b) or as the Directors in their discretion shall otherwise decide.

(ii) The Member shall be liable to reimburse the Association in full for any payment made to the Master or a member of crew or his representatives under sub-rule 1(b) and / or sub-rule 2(d) unless and to the extent that cover would otherwise have been available to the Member under the other provisions of sub-rule 1 and 2.

(iii) Sub-rule 1(b) and 2(d) take effect only as financial security in favour of the Master and crew and are not an extension of cover available to the Member under the other provisions of sub-rule 1 and 2.

### **4.1 Loss of life, personal injury and illness**

(a) Damages, compensation, wages(not exceeding one month), maintenance, hospital, medical and funeral expenses for which a Member may be liable arising out of loss of life, personal injury or illness of:

(i) the Master or a member of crew;

(ii) any person on board any other ship;

(iii) any other person.

(b) Payment by the Association to the Master or a member of crew or his representative of contractual or statutory claims for compensation for death or long-term disability pursuant to any enactment or provision implementing Regulation 4.2 Standard A4.2.1 paragraph 1(b) of the Maritime Labour Convention 2006 as amended PROVIDED ALWAYS that the Association



shall not make any payment under this sub clause if:

- (i) such payment would be recoverable by the Master or member of crew under a social security scheme, fund, separate insurance or similar arrangement;
  - (ii) the exclusions from cover in General Rules 28, 29 and 30 (radioactive, war risks and others, sanctions) apply.
- (c) the standard of disability benefits which a Member may be liable arising out of loss of life, personal injury or illness shall refer to following country's laws or regulations: the ship's Flag state, the crew's nationality and China, whichever is higher to crew. Refer to the standard of disability benefits of China, shall subject to the Assessment Criteria and Codes for Injuries and Disability in Personal Insurance issued by China Insurance Regulatory Commission (JR/T 0083-2013)
- (d) there shall be no recovery in respect of claim incurred in landing;
- (e) liability to persons engaged with the handling of Cargo shall be limited from the time of receipt of that Cargo at the port of shipment till delivery of that Cargo at the port of discharge.

PROVIDED ALWAYS that:

- (i) insofar as it relates to a member of the crew or the Master nothing shall be recoverable if the liability arises pursuant to the terms of a contract of employment or contract of service or crew agreement and would not have arisen but for those terms, unless the said contract or agreement has been previously approved by the Managers in writing;
- (ii) nothing shall be recoverable if the liability relates to a person other than a member of crew or Master unless it arises out of any negligent act or omission on board or in relation to the handling of cargo from the time of receipt of that cargo from the shipper or pre-carrier at the port of shipment until delivery of that cargo to the consignee or onward carrier at the port of discharge;
- (iii) there shall be no recovery under this paragraph arising out of a Member's liability under a contract of indemnity between the Member and a third party;

*NB: see sub-rule 13 of this Rule.*

- (iv) there shall be no recovery under this sub-rule arising out of a Member's liability to supernumeraries or to passengers;
- (v) there shall be no recovery in respect of losses directly or indirectly caused by human immunodeficiency virus or similar diseases or in respect of any sexually transmitted disease.
- (vi) there shall be no recovery in respect of pre-existing medical conditions or death by natural causes.
- (vii) Where the Member has failed to discharge or pay a legal liability to pay damages or compensation for the loss of life, personal injury or illness of a member of the crew the Association may discharge or pay such liability on behalf of the Member on the following conditions:-

- (a) The member of crew or dependent has no enforceable right of recovery from any other party and would otherwise remain uncompensated;
  - (b) Subject to the provisions of sub rule 4.1(vii)(c) below the Association shall in no circumstances be liable for any sum in excess of the amount which the Member would have been able to recover from the Association under the Rules and the Certificate of Entry;
  - (c) Where the Association is under no liability in respect of the claim by virtue of the entry having been cancelled for non payment under General Rule 34, the Association may nevertheless discharge or pay the claim to the extent that it arises from an event occurring prior to cancellation of the entry, but only as agent of the Member who shall reimburse the Association in full for the amount paid.
- (viii) there shall be no recovery in respect of helicopter costs which paid to evacuate ill or injured crew members.

## **4.2 Repatriation**

- (a) Repatriation expenses which are not recoverable under sub-rule 1 of this Rule and are incurred under statutory obligation or contract of employment or contract of service or crew agreement approved by the Managers in respect of the Master or member of crew PROVIDED ALWAYS that there shall be no recovery when the expenses result from the termination of a contract of employment or contract of service following the expiry of notice given in accordance with the terms of the relevant contract or termination as a result of discharge by mutual consent or breach by the Member of any such contract or

from any other discretionary act of the Member or from the sale of the entered ship.

(b) The cost of repatriation or deportation necessarily incurred by reason of a member of crew having been left ashore or abandoned PROVIDED ALWAYS that there is a statutory obligation to pay such costs or there is a liability to pay such costs under any statutory enactment or domestic legislation giving effect or equivalent to the Maritime Labour Convention 2006 and such costs are not otherwise recoverable under this Rule.

(c) Expenses necessarily incurred by a Member in discharging his statutory obligations towards, or making necessary arrangements for, stowaways, refugees, Masters or members of crew who go on strike or deserters PROVIDED ALWAYS that the Member shall take or has taken all appropriate steps permitted by law to recover such expenses from the stowaway, refugee, Master or member of crew who go on strike or deserter or from any other person or insurer or from any national or international bodies or organizations concerned with such persons.

(d) Payment by the Association of maintenance, repatriation expenses, outstanding wages and entitlements due to the Master or member of crew pursuant to any enactment or provision implementing Regulation 2.5, Standard A2.5.2 of the Maritime Labour Convention 2006 as amended PROVIDED ALWAYS that the Association shall not make any payment under this sub clause if:

- (i) such payment would be recoverable by the Master or member of crew under a social security scheme, fund, separate insurance or similar arrangement;
- (ii) the exclusions from cover in General Rules 28, 29 and 30 (radioactive, war and other risks, sanctions) apply.

#### **4.3 Passengers**

Liability which a Member incurs arising out of:

- (a) loss of life, personal injury or illness of a passenger (including medical, hospital, repatriation and funeral expenses) which also arises out of any act, neglect, or default of the Master and/or crew on board or in relation to the entered ship,
- (b) loss of or damage to passengers' baggage and personal possessions,
- (c) there shall be no recovery in respect of claim incurred in landing;
- (d) liability to persons engaged with the handling of Cargo shall be limited from the time of receipt of that Cargo at the port of shipment till delivery of that Cargo at the port of discharge.

PROVIDED ALWAYS that:

- (i) the passenger ticket or the contract of passage shall relieve the Member of liability to the maximum extent permitted by the appropriate law;

*N.B. Members are required, prior to inception, to submit specimen copies of their passenger conditions to the Managers to ensure that Members are properly protected and to permit the latter to impose any additional calls or premium if less protective terms are accepted by the Association.*

- (ii) save at the discretion of the managers no liability shall attach to the Associations for any payments made by the Member in excess of his legal liability; and on demand by the Managers the Member shall be bound to prosecute and enforce any right of recovery he may have against the passenger;

- (iii) there shall be no recovery from the Association in respect of claims relating to cash, negotiable instruments, precious or rare metals or stones, valuables or objects of a rare or precious nature;

- (iv) there shall be no recovery in relation to any liabilities whatsoever incurred by the Member arising out of travel by air;

- (v) no cover shall be provided by the Association in respect of any breach of immigration or health regulations whether such breach arises from the fault of the passenger or otherwise.

- (vi) no claim shall be recoverable under this Section where the liability arises under the terms of any contract or indemnity and would not have arisen but for those terms, unless those terms were previously approved by the Managers in writing in accordance with sub-rule 4.13 Contracts of indemnity of this Rule.

#### **4.4 Substitutes**

Expenses necessarily incurred in sending a substitute or engaging and subsequently repatriating a substitute to replace the Master or a member of the crew who shall have died or been left behind in consequences of illness, injury, desertion or any other cause where in the sole discretion of the Managers liability for such expenses could not reasonably have been avoided; PROVIDED ALWAYS that:

- (i) there shall be recovery when the engagement of the substitute is necessitated by the termination of a contract of employment or contract of service following the expiry of notice given in accordance with that contract or by mutual consent or by breach by the Member or resulting from any other discretionary act of the Member;
- (ii) wages shall be only recoverable as part of the said expenses when payable to a substitute engaged abroad awhile awaiting or during repatriation, but not exceeding one month`s wages.

#### **4.5 Shipwreck unemployment indemnity**

Wages payable to the Master or a member of the crew during unemployment in consequence of the wreck or total loss of an entered ship, and other payments made to or in respect of such persons in consequences of the wreck or total loss, under statutory obligation or collective or special agreements or contract of employment or contract of service approved by the Managers, but not exceeding one month`s wages.

#### **4.6 Loss of personal effect**

Compensation payable by a Member under statutory obligation or collective or special agreements, or contract of employment or contract of services approved by the Managers in respect of loss of or damage to personal effects of the Master or a member of the crew, on board an entered ship;

PROVIDED ALWAYS that:

- (1) no payment shall be made for theft or pilferage of crew's personal effects, and there shall be no recovery in respect of cash, cheques, precious or rare metals or stones, diamonds, artworks, antiques, valuables or objects of a rare or precious nature.
- (2) no payment shall be made for any item with a value in excess of US\$ 2,500, unless agreed by the Association in writing.

#### **4.7 Life salvage**

Life salvage, but only in as far as Costs and expenses other than the costs of diversion of entered ship, necessarily incurred by the Assured in meeting its legal obligations in respect of stowaways, persons rescued at sea, or refugees, including the costs of maintaining, landing and where necessary repatriating such persons, but only to the extent as such sums are not recoverable under the Hull Policies or from Cargo owners or their underwriters.

#### **4.8 Collision liability**

Liability that the member incurs to pay to any other person by way of damages for loss of or damage to any other ships, or Liability which a Member incurs for loss of or physical damage to any other ship or cargo or other property therein caused by the wash of the entered ship.

- (a) to the extent of insofar as such liability exceeds the Agreed Insured Hull Value or Market Hull Value of the vessel and its appurtenances immediately prior to such collision; or for such other proportion as may have been agreed in writing in advance by the Association;

PROVIDED ALWAYS that such liability is not in fact recoverable under the Hull and Machinery policies on the entered ship, and

(b) to the extent that the Member's liability exceeds the sum insured under the Member's actual policies on Hull and Machinery and Excess Liabilities and under sub-paragraph (a) of this sub-rule, by reason of such loss or damage exceeding the valuation or cum insured under the said policies;

PROVIDED ALWAYS that:

(i) if the Managers consider the valuation or sum insured under the policies on Hull and Machinery and Excess Liabilities may be less than the proper value. They shall in their discretion determine the proper value and the Member shall only be entitled to recover the excess of the amount which would have been recoverable under such policies if the ship had been insured at such value;

(ii) if both ships are to blame, then, unless the liability of the owner of one or both of them becomes limited by law, claims under this sub-rule shall be settled upon the principle of cross liabilities, as if the owner of each ship had been compelled to pay the owner of the other ship such one-half or other proportion of the latter's damages as may have been properly allowed in ascertaining the balance or sum payable by or to the former in consequence of the collisions;

(iii) a Member shall not be entitled to recover from the Association any franchise or deductible borne by the Member under the policies on Hull and Machinery and Excess Liabilities;

(iv) if a collision occurs involving two or more ships belonging to the same Member, the Member shall be entitled to recover from the Association and the Association shall have the same rights as if the ships had belonged to different owners.

#### **4.9 Damage to property**

Liability which a Member incurs for loss of or damage to any fixed or floating object, not being another ship or cargo or other property therein or cargo carried in an entered ship, by reason of contact between the entered ship and such object when not covered by Hull policies;

PROVIDED ALWAYS that:

(i) there shall be no recovery under this sub-rule of expenditure arising out of a Member's liability under a contract of indemnity between a Member and a third party;

*NB: see sub-rule 13 of this Rule*

(ii) no claim shall be recoverable under this Section in respect of loss of or damage to property that is owned, leased or otherwise within the possession, custody or control of the Member.

#### **4.10 Removal of wreck**

(a) Liabilities, losses or expenses relating to the raising, removal, destruction, lighting or marking of the wreck of an entered ship when such raising, removal, destruction, lighting or marking is compulsory by law or the expenses thereof are legally recoverable from the Member;

PROVIDED ALWAYS that:

(i) the value of the entered ship and any stores or materials saved and the value of all cargo or other property saved to which the Member is entitled and salvage remuneration received by the Member and any amounts obtained from third parties shall be deducted from such costs or expenses and only the balances thereof, if any, shall be recoverable;

(ii) nothing shall be recoverable from the Association if the Member shall, without the consent in writing of the Directors, have transferred his interest in the wreck (otherwise than by abandonment to Hull Underwriters), prior to the raising, removal, destruction, lighting or marking of the wreck;

(iii) nothing shall be recoverable from the Association in respect of lighting or marking of a wreck beyond a maximum period of two years beginning with the date of the event giving rise to wreck,

(iv) recovery from the Association shall be conditional upon the circumstances in which the ship became a wreck having resulted from a fortuitous incident caused by collision, stranding, explosion, fire or similar cause and no claim shall be recoverable in the event that the entered ship becomes a wreck due to the dereliction or neglect of the Member.

(v) the occurrence or event giving rise to the wreck of the entered ship arose during the period of entry of the entered ship.

(b) liability which a Member incurs in respect of the raising, removal, destruction, lighting or marking of the wreck of another ship to extent that the sinking of the ship is held to be the Member's fault;

PROVIDED ALWAYS that the liability of the Association in respect of lighting or marking of a wreck shall be for a maximum period of half of one year beginning with the date of the event giving rise to the wreck.

#### **4.11 Towage of an entered ship**

Liability which a Member incurs under the terms of a contract for:

(a) the customary towage of an entered ship to the extent that the Member is not insured against such liability under the terms of the Hull policies of the entered ship;

PROVIDED ALWAYS that the Mangers may reject or reduce a claim arising out of such a contract if they decide, in their discretion, that it was unreasonable having regard to all the circumstances to have arranged for the towage to be performed or to have agreed to the terms of the contract of it in their discretion they decide that the contract of towage ought reasonably have provided that the relevant risk and liabilities did not fall upon the Owner of the towed vessel;

(b) any other towage of an entered ship;

PROVIDED ALWAYS that there shall be no recovery unless:

(i) the terms of the contract have been approved in writing by the Managers prior to the commencement of the tow giving rise to such liability; and

(ii) the Member has paid or agreed to pay such additional call or premium as may be required by the Association.

#### **4.12 Towage by an entered ship**

Liability which a Member incurs to pay damages under the terms of contract for the towage or another ship by the entered ship;

PROVIDED ALWAYS that:

(i) an entered ship specially designed or converted for the purpose of towage has been declared as such to the Managers at the time of entry or at the time of conversion for the purpose of towage; and

(ii) the Managers in their discretion, having regard to all the circumstances;

(a) consider the terms of the towage contract as reasonable and the liability as coming within the scope of the cover afforded by the Association, and

(b) the Member has paid or agreed to pay such additional call or premium as may be required by the Association, and

(iii) unless the Managers shall otherwise agree in writing prior to the commencement of the tow giving rise to the liability, a Member shall not be entitled to be reimbursed by the Association in respect of the liability to the owners of the tow or its cargo or other property carried thereon arising out of loss of, damage to or wreck removal of the tow, its cargo or other property carried thereon.

#### **4.13 Contracts of indemnity**

Liability which a Member incurs, including liability for loss of life or personal injury, but excluding liability for any cargo intended to be or being or having been carried in an entered ship, under a contract of indemnity between the Member and:

(a) stevedores or others employed in relation to the handling of the cargo of the entered ship,

(b) the owners or operators of cranes or other appliances or craft used during the operations of loading or discharging the entered ship,

(c) the owners or operators of harbours, docks, dry docks or canals,

(d) any other person, if in their discretion the Managers consider that liability comes within the scope of the cover

afforded by the Association:

PROVIDED ALWAYS that:

- (i) the terms of the contract of indemnity shall first have been approved in writing by the Managers; and
- (ii) the Member has paid or agreed to pay such additional call or premium as may be required by the Association.

#### **4.14 Quarantine**

Additional expenses incurred in direct consequences of an outbreak of infectious disease on board, for disinfection of an entered ship or cargo or persons on board such ship, or in respect of quarantine;

PROVIDED ALWAYS that:

- (i) such additional expenses shall be in relation to and limited to bunkers, insurances, wages of seamen, victualling, stores and port charges but only to the extent that such additional expenses were incurred during any period of detention while in quarantine exceed such expenses as would otherwise have been incurred;
- (ii) in the case of an entered ship being ordered or chartered to proceed to a port where it is known, or ought reasonably to be known by the Member, his managers, superintendents or onshore management, that such a ship will as a result be subjected to quarantine there or elsewhere, there shall be no recovery of expenses arising out of or in consequence upon her having been at such port.

#### **4.15 Loss of or damage to cargo**

Liability which the Member incurs for damage to or loss or shortage of or responsibility in respect of cargo intended to be or being or having been carried in an entered ship, arising out of breach by a Member (or by persons for whose acts, neglects or defaults the Member is liable) of the Member's obligation or duty as a carrier:

PROVIDED ALWAYS that:

- (i) if a Member enters into a contract of carriage by sea (other than a contract of through carriage) when the Member knows or ought to know it contains exemptions from liability less favourable to the carrier than the provisions of the Hague-Visby Rules or such other conventions or Rules as the Managers may from time to time approve, the Managers may in their discretion reject any claim or reduce it to the extent that they consider it would have been reduced had the contract of carriage contained exemptions from liability as favourable to the carrier as those contained in the Hague-Visby Rules;
- (ii) if the cargo is intended to be, or has been carried in an entered ship under a contract of through carriage including transit by land, water or air to or from such ship or storage on land or water, there shall be no recovery unless that contract has first been approved by the Managers and the Member has paid or agreed to pay such additional call or premium as may be required by the Association;
- (iii) no claim shall be allowed in respect of loss or damage to specie, bullion, precious or rare metals or stones, plate, jewellery or other objects of a rare or precious nature, bank notes, bonds or other negotiable instruments, unless the contract of carriage and the spaces, apparatus and means used for the carriage and the instructions given for the safe custody thereof have first been approved by the Managers;
- (iv) where cargo is carried under an ad valorem bill of lading and the value per unit (as defined in the Hague-Visby Rules), piece or package has been stated to be in excess of US\$ 500 (or equivalent in any other currency) no claim shall be allowed for more than US\$ 500 per unit, piece or package unless the Member has before shipment,
  - (a) given notice of such higher valuation to the Managers, and
  - (b) agreed to pay such additional premium as the Managers in their discretion may require;
- (v) with regard to live animals, no Member shall be entitled to recover from the Association any claim in respect of the carriage thereof, unless the form of contract and the bill of lading, waybill or similar document under which there are to be carried has been approved in writing by the Association before the shipment and, further, unless the spaces, equipment and means used for the carriage and custody of such animals comply with the regulations of the country of



the flag of intermediate port concerning the safe carriage of such animals;

(vi) there shall be no recovery from the Association for liability, costs or expenses in respect of refrigerated containers. The Managers may at any time require to be satisfied as to the suitability of spaces, plant and apparatus used and instructions given for the carriage of cargo in insulated or refrigerated containers owned or leased by the Member in which such cargo is to be carried and the Member shall, upon request and at his own expense, supply the relevant information to the Managers. The Managers may in their discretion withhold or withdraw their approval. If the Managers withhold or withdraw their approval and so notify the Member, such Member shall not be entitled to recover from the Association, in respect of any loss of or damage to such cargo, the carriage of which began after the service of such notice;

(vii) where the cargo in an entered ship in respect of which a claim arises belongs to the Member, such Member shall be entitled to recover from the Association and the Association shall have the same rights as if such cargo belonged to a third party but to the extent only that such loss or damage is not recoverable under any other insurance upon the said cargo which in any event shall be deemed to be insured for its full value at the time of shipment on the current form of Lloyd's policy with the Institute Cargo Clauses (C) 1.1.82 attached;

(viii) no claim shall be allowed where a Member has become liable in consequences of deviation unless;

(a) in the case of deviation authorized by the Member, prior written notice of the intended deviation has been given to the Managers, or

(b) in the case of deviation without the Member's authority the earliest possible notice has been given to the Managers upon the Member receiving information thereof; and in either case the Managers have in their discretion confirmed to the Member that his cover under this Rule continues unprejudiced. Nevertheless, the Managers may allow such a claim either in part or in whole notwithstanding the failure of the Member to give such notice as aforesaid if, in their discretion, they consider that the Member had reasonable grounds for believing that no deviation was to be or had been made.

NB: If, upon receiving information of the deviation, the Managers advise the Member that his cover under this sub-rule is prejudiced, and if the Member then requests the Managers to arrange a special insurance to cover his liabilities arising out of the deviation and the Managers do obtain such coverage, the cost of such insurance shall be borne entirely by the Member.

(ix) unless the Managers shall in their discretion otherwise determine, there shall be no recovery in respect of a Member's liability;

(a) for liability, cost or expense arising out of discharge of cargo at a port or place other than the port or place provided in the contract of carriage,

(b) for liability, cost or expense arising out of the failure to arrive or late arrival of the entered ship at a port of loading or the failure to load any particular cargo or cargoes in an entered ship,

(c) for liability, cost or expense arising out of the delivery of cargo without the production by the person to whom delivery is made of the relevant negotiable bills of lading, waybills or other negotiable documents duly endorsed to such person,

(d) for liability, cost or expense arising out of loss of market,

(e) for liability, cost or expense arising out of the delivery of cargo carried under a waybill or similar non-negotiable document to a party other than the party nominated by the shipper as the person to whom delivery should be made;

(f) for liability, cost or expense arising out of or in respect of issue of a bill of lading, waybill or other negotiable documents recording the shipment or receipt for shipment on a date prior to or subsequent to the date on which the cargo was in fact loaded, shipped or received as the case may be,

(g) for liability, cost or expense in respect of a bill of lading, waybill or other similar document containing or evidencing the contract of carriage, issued with a description of the cargo or its condition, marks, numbers, weight or measurement which the Master of the entered ship or the Member knew or ought to have known was not correct,

(h) for liability, cost or expense in respect of delivery of cargo against only one of a set of original negotiable bills

of lading, waybills or other negotiable documents carried on the entered ship during all or part of the transport of that cargo on board that ship,

(i) for liability, cost or expense in respect of any deck cargo carried unless the bill of lading, waybill or other negotiable document states that the cargo is carried on deck and that the Member is free from liability for all loss or damage or that the liability of the Member is free from liability for all loss or damage or that the liability of the Member is the minimum required by law. This exclusion does not apply to cargo carried in containers which are fully enclosed in steel or aluminum,

*NB: as to containers, see proviso (xiii).*

(x) if the liability of the Member arises from the terms of a contract of indemnity between the Member and the owners or operators of cranes or other appliances or craft used during the operations of loading or discharging an entered ship, or persons responsible for the custody of cargo to be loaded in or having been discharging from an entered ship, the Member shall only be entitled to recover if the terms of the contract of indemnity shall first have been approved by the Managers;

(xi) the Member shall be entitled to recover the extra cost (in excess of the cost which would otherwise have been incurred by him under the contract of carriage) of discharging or disposing of damages or worthless cargo in respect of which the Member may be liable, but only to the extent that such Member is unable to recover in respect thereof against any other party;

(xii) Steel products

the Association will not be liable for claims arising out of the carriage of steel products unless a preloading survey has been carried out at Member's expense by a surveyor approved by the Association and bills of lading claused in accordance with surveyor's findings and any recommendations of surveyor complied with;

Should a member ship be required to load a cargo of finished steel products, the Association shall arrange for an approved surveyor (at their expense), to conduct a hatch cover survey and a pre-loading survey at the port(s) of shipment in order to (a) establish the condition of the cargo immediately prior to its loading aboard the ship and (b) evidence the condition of the cargo holds and hatch covers. All applicable Bills of Lading issued in respect of the cargo of steel products are to be claused in strict accordance with the Mate's Receipts which are to accurately reflect the findings of the surveyor. It is a condition precedent to the maintenance of coverage under sub-rule 4.15 of Rule 4 (Loss of or damage to cargo), that the foregoing provisions are complied with. Any steps taken by the Insurer to assist the Insured shall not be deemed a waiver of the Insurers rights hereunder.

For the avoidance of doubt, the following cargoes are considered to be finished steel products: Wire rods, Tin plate, Hot rolled steel in coils or bundles, Cold rolled steel in coils, packs or bundles, Steel pipes, Stainless steel, Galvanised steel, Structural steel (rebars, channels, angles, beams, bars, strips, sections forgings). The following cargoes are not considered to be finished products and are therefore not subject to the requirements of this clause: Steel billets, Steel blooms, Steel scrap, Steel swarf, Pig iron.

(xiii) Cargoes not carried under deck

unless previously otherwise agreed in writing by the Managers, the Association will not be liable for claims arising out of the carriage of any cargoes not carried under deck unless container cargo is fully enclosed in steel or aluminum and is carried in accordance both with the applicable regulations of the International Maritime Organisation and with a lashing plan approved by the Classification Society with which the vessel is classed or by a surveyor appointed by the Association but paid for by the Member;

(xiv) Perishable Cargoes the Association will not be liable for claims arising out of the carriage of perishable cargoes unless;

(a) a pre-shipment survey carried out at the Member's expense by a surveyor approved by the Association has determined that cargo is fit for the intended voyage, and

(b) the surveyor has confirmed in writing that the cargo space, ventilation equipment and stowage are fit for the intended carriage, and

(c) the Member complies with all recommendations made by the surveyor in connection with the carriage.



(xv) Cargo Wetting Clause

Excluding any and all claims for wet damage to cargo caused by:

1. ingress of water/ bunker/ oil from ship's systems due to their tear and wear, existing fractures or corrosion and by;
2. ingress of water through hatch covers and other openings in outer plating of hull and upper deck.

This exclusion does not apply when a wetting is caused by a latent defect or mechanical damage to hull or ship's systems.

This exclusion in respect of 2. can be waived from the beginning of the current voyage till the end of policy year on obtaining the certificate issued by a surveyor approved by the Underwriter but at Member's expense which confirms that hatch covers and other openings in outer plating of hull and upper deck were examined and tested and found watertight.

(xvi) Ore Fines & Mineral Concentrates Warranty

Warranted all ore fines and/or mineral concentrates presented for loading on the Entered vessel to be inspected before and in the course of loading by an Underwriters' approved surveyor at Assureds' expense. The results of the inspection to be presented by the surveyor to the Underwriters for their written approval prior to departure of the Entered vessel.

(xvii) Cargo Discolouration Clause

Excluding claims for discolouration of cargo, howsoever occurring, absolutely unless it can be conclusively proven that the vessel was responsible for causing the discolouration.

#### **4.16 Unrecoverable general average contributions**

The proportion of general average expenditure (including salvage) and special charges which the Member is entitled to claim from cargo or from some other party to the maritime adventure but which are not legally recoverable solely by reason of a breach of the contract of carriage;

PROVIDED ALWAYS that:

- (i) if such proportion and special charges are not recoverable by reason of deviation, the terms of proviso(vii) of sub-rule 15 of this Rule shall like wise apply to this sub-rule;
- (ii) the Managers may in their discretion reject any claim or reduce it to the extent by which they consider it would have been reduced had the contract of carriage contained exemptions from liability as favourable to the carrier as those contained in the Hague-Visby Rules.
- (iii) unless previously otherwise agreed in writing by the Managers there shall be no recovery under this rule if the entered ship was at the time of the general average incident more than 10 years old.

#### **4.17 Ship's proportion of general average**

Ship's proportion of general average expenditure (including salvage) and sure and labour expenses which are not recoverable under the policies on Hull and Machinery and Excess Liabilities by reason of the value of an entered ship being assessed for contribution to general average or salvage at a sound value in excess of the insured value under such policies;

PROVIDED ALWAYS that if in the opinion of the Managers the amount insured under such policies is less than the proper value, they shall determine the proper value and the Member shall only be entitled to recover the excess of the amount which would have been recoverable under such policies if the ship had been insured at such value.

#### **4.18 Fines**

Fines for other penalties in respect of the entered ship imposed by any court, tribunal or authority of competent jurisdiction for:

- (a) short or overlanding or over delivery of cargo or for failure to comply with regulations relating to declaration of good or documentation of the ship or cargo provided that the Member is insured by the Association for cargo liability under sub-rule 15 of Rule 4.
- (b) smuggling or for any infringement of any customs law or regulation other than in relation to cargo carried on the

entered ship.

(c) breach of immigration laws or regulations.

(d) the accidental escape or discharge of oil or any other substance of the threat thereof provided that the Member is insured for pollution liability by the Association under sub-rule 19 of Rule 4, and subject to the applicable limit of liability in respect of oil pollution claims.

(e) Any other act, neglect or default of the Master or member of the crew or other servant or agent of the Member where, in the discretion of the Managers, the liability comes within the scope of the cover afforded by the Association;

**PROVIDED ALWAYS that:**

(i) there shall be no recovery from the Association of a fine imposed upon a Member for entry into prohibited waters or for disregarding of routing regulation or for the overloading of an entered ship or for illegal fishing or for the legal costs and expenses in relation thereto or for any illegal actions or unconventional actions;

(ii) there shall be no recovery from the Association under (c) above unless the Member can satisfy the Managers that proper steps were taken to guard against desertions and landing without the permission of the proper Authority and in the case of men who are refused permission to land by the United States authorities, unless sufficient watchmen approved by the Association's local representatives have been employed or the men concerned have been taken ashore into police care for safe custody;

(iii) there shall be no recovery under this sub-rule arising out of a Member's liability in respect of supernumeraries;

(iv) there shall be no recovery in respect of infringement or violations of or non compliance with provisions regarding construction, adaptation, equipment and documentation of ships contained in the International Convention for the Prevention of Pollution from Ships, 1973, as modified by the Protocol of 1987 and as modified or amended by any subsequent, or the legislation, including any modifications or amendments thereto, of any state giving effect to that Convention;

(v) there shall be no recovery from the Association of fine or penalties of whatsoever nature for which a Member may be liable if the Managers consider in their discretion that the Member knew or should reasonable have known that he would become liable or if the Managers in their discretion consider that such fines or penalties arise out of default of the Member, his managers, superintendents or onshore management.

#### **4.19 Pollution**

The liabilities, losses, damages, costs and expenses set out in paragraphs (a) to (e) below when and to the extent that they are caused by or incurred in consequence of the discharge or escape from the entered ship of oil or any hazardous substance, or the threat of such discharge or escape:

(a) liability for loss, damage or contamination,

(b) any loss, damage or expense which the Member incurs, or for which he is liable, as a party to the International Tanker Owner's Pollution Federation (ITOPF) or any other agreement approved by the Directors, including the cost and expenses incurred by the Member in performing his obligation under such agreements,

(c) the cost of any measures reasonably taken for the purpose of avoiding or minimizing pollution or any resulting loss or damage together with any liability for loss of or damage to property caused by measures so taken,

(d) the cost of any measures reasonable taken to prevent an imminent danger of the discharge or escape from the insured ship of oil or any hazardous substance,

(e) the cost or liabilities incurred as a result of compliance with any order or direction given by any government or authority for the purpose of preventing or reducing pollution or the risk of pollution, provided always that such costs or liabilities are not recoverable under the Hull policies of the entered ship;

**PROVIDED ALWAYS that:**

(i) if the discharge or escape from the entered ship causes loss, damage or contamination to property belonging wholly or in part to the Member, he shall have the same rights of recovery from the Association as if such property belonged wholly to different owners;

(ii) any claim under this Rule shall without prejudice to any other exception or limitation herein, be subject to the limitation of cover set out in Rule 3.

(iii) No claim shall be recoverable under this Section where the Member is solely held liable as owner of the cargo.

(iv) Any Certificate of Entry or confirmation of cover pursuant to these Rules shall not be deemed to be evidence of financial responsibility under the Oil Pollution Act of 1990 or any similar federal or state law and may not be shown or tendered to the United States Coast Guard or any federal or state agency as evidence of financial responsibility or evidence of insurance. The Association does not consent to be a guarantor.

(v) In respect of recovery from the Association under this Section the value of any property that is or may be deemed to be a hazardous substance which may cause pollution and in respect of which the Member has obtained any proceeds of sale or other financial recovery whatsoever shall be deducted from and set off against the Association's liability to pay.

#### **4.20 Legal costs of enquiries**

Legal costs and expense which a Member incurs in respect of a formal enquiry into a casualty involving the entered ship, but only to the extent that the Managers may in their discretion determine.

#### **4.21 Risks incidental to shipowning**

The Association may cover, in its absolute discretion, the Member's liabilities, losses or expenses to third parties, being parties other than the Member, Joint [or Co-] Assured or Associated persons, which are incidental to the business of shipowning and which are not specified or expressly excluded in this Certificate of Entry, but only to such extent that the Association may decide on any request under this section in its sole discretion.

### **RULE 5 ENTRY AND NOTICE**

5.1 Unless otherwise agreed in writing at the time of entry and subject as otherwise provided in these Rules, the insurance shall begin at the time and date stated in the Certificate of Entry and shall continue until noon GMT on 20<sup>th</sup> February next following.

5.2 The insurance shall be renewed for the next policy period on the same terms and conditions as those in force for the current policy period unless, at the request of the Member, other terms shall mutually be agreed or unless:

(a) notice shall have been given in writing by either the Member to the Managers or the Managers to the Member not later than noon GMT on 20<sup>th</sup> January in the current policy period, that the insurance specified in the notice is to cease is not be renewed, or

(b) the Managers shall have given a notice not later than noon GMT on 20<sup>th</sup> January in the current policy period that the terms of the insurance by the Association for the next following policy period are to be changed, in which case the insurance for the next following policy period shall be renewed upon such terms as may be agreed between the Member and the Manager before noon GMT on 20<sup>th</sup> February immediately following such notice, and if no terms shall by then have been agreed, the insurance shall not be renewed;

PROVIDED ALWAYS that if before 20<sup>th</sup> December in any year the Managers give notice of an alteration in the Rules and/or a decision of the Directors under General Rule 7.4. The Member shall be deemed to have agreed to and accepted such alteration and/or decision and the insurance shall be renewed for the next policy period, unless by 20<sup>th</sup> January following, he has given notice to the Managers under (a) of this paragraph.

5.3 Notwithstanding anything herein contained, the Directors or the Managers may at any time terminate the entry of any ship in the Association by giving seven days notice to the Member.

5.4 An entered ship shall not be withdrawn from the Association by the Member at any other time or in any other manner

except with the written consent of the Managers.

5.5 The Member shall be under a duty to disclose to the Association all material circumstances in connection with any renewal of this insurance. The duty shall arise 45 days prior to the expiry of the current policy period and shall continue until the Association is irrevocably committed to renew this insurance.

#### **RULE 6 EXCLUSION OF RISKS COVERED BY HULL POLICIES, ETC**

The Association shall not insure the Member to any extent whatsoever against any of the risks and liabilities, costs or expenses against which he would be insured if at the time of the incident giving rise to the said risks, liabilities, costs or expenses the entered ship had been:

- (a) fully insured for its proper value under Hull policies on terms not less wide than those for the current form of Lloyd's Marine Policy with Institute Time Clauses - Hulls 1.10.83 and/or PICC P&C Hull Insurance Clauses 1986 - All Risks with no deductible or franchise applicable to claims under such policies,
- (b) fully insured for its proper value against war risks on terms no less wide than under the Rules of the Instituted War and Strikes Clauses Hulls - Time 1.11.95 with no deductible, franchise or co-insurance.
- (c) fully covered against the risks insured by the Association's Class II - Freight, Demurrage and Defence - or by some equally wide insurance with no deductible, franchise or greater co-insurance.

#### **RULE 7 ABANDONMENT**

In the event of an entered ship becoming an actual or constructive total loss, the Association shall, subject to the Hill underwriters' rights in the matter, be entitled to require the Member concerned to abandon the ship to the Association or to such other person whatsoever as the Association shall nominate and, if the Member concerned does not abandon the ship having received such a request from the Association, the Association shall not be responsible for any claim that could have been avoided had the Member abandoned the ship as aforesaid and the burden of proving that the claim could not have been avoided by such abandonment shall be upon the Member.

#### **RULE 8 RISK EXCLUDED**

8.1 The Association shall not insure a Member in respect of a ship entered by him against:

- (a) loss of damage to such ship, or loss or damage to any equipment) including but not limited to a navigational equipment, tackle, furniture, fittings, lasing and containers) and stores (including but not limited to fuel and lubricating oils or any other property of whatsoever nature which is not on an entered ship pursuant to a contract of carriage by sea,
- (b) the cost and charges of or in relation in any manner whatsoever to the repair of such ship (except where this forms part of cargo's or ship's proportion of general average expenditure recoverable respectively under sub-rule 16 and 17 of Rule 4),
- (c) loss of freight or hire relating to such ship (except where this forms part of the measure of damages payable by the Member and recoverable under sub-rule 15 of Rule 4)
- (d) salvage of such ship (except life salvage or where salvage forms part of general average expenditure recoverable respectively under sub-rule 7, 16 and 17 of Rule 4).
- (e) Loss arising out of the cancellation of a charter or other engagement of such ship,
- (f) Bad debts or the direct or indirect consequences of insolvency or fraud or financial default of any person whatsoever including agents,
- (g) Demurrage on or detention of or delay to such ship
- (h) The cost of forwarding passengers to their destination or returning them to their port of embarkation or of their maintenance ashore consequent upon a casualty to such ship,
- (i) Notwithstanding sub-rule 18 punitive, exemplary or aggravated damages.

(j) costs or expenses incurred or payments made in relation to ransom demands, extortion, blackmail, bribery or other unlawful demands.

8.2 Unless special cover shall have been agreed in writing between a Member and the Managers, the Association shall be under no liability for any claim relating to liability, loss or expense in respect of:

- (a) an entered ship which is a salvage tug, fire-fighting ship or other ship used or designed or intended to be used for salvage operations, when the claim arises as a result of or during any salvage operations or attempted salvage operation,
- (b) an entered ship which is used for operations of drilling, core sampling, oil production or gas production, when the claim arises as a result of or during this operation,
- (c) an entered ship which is a dredger, when the claim arises as a result of or during dredging operations,
- (d) an entered ship which is used for the operations of pile driving, pipe or cable laying or blasting, when a claim arises as a result of or during those operations,
- (e) an entered ship which is designed for or involved in operations below surface of the sea.

8.3 Notwithstanding anything to the contrary contained herein it is hereby understood and agreed that cover hereunder shall in no instance apply to:

- (1)
  - (a) Any loss, damage or expense sustained by reason of capture, seizure, arrest, restraint or detainment, or the consequence of military, naval or air action by force of arms, including mines and torpedoes or other missiles or engines of war, whether of enemy or friendly origin, or sustained in consequence of placing the vessel in jeopardy as an act or measure of war taken in the actual process of a military engagement; and any such loss, damage and expense shall be excluded from this Policy without regard to whether the Member Assured's liability therefore is based on negligence or otherwise, and whether before or after a declaration of war.
  - (b) Any loss, damage, liability or expense arising from: (i) terrorism; and/or (ii) steps taken to prevent, suppress, control or reduce the consequences of any actual, attempted, anticipated, threatened, suspected or perceived terrorism. For the purpose of this clause, "terrorism" means any act(s) of any person(s) or organisation(s) involving:
    - (i) the causing, occasioning or threatening of harm of whatever nature and by whatever means:
    - (ii) putting the public or any section of the public in fear, in circumstances in which it is reasonable to conclude that the purpose(s) of the person(s) or organisation(s) concerned are wholly or partly of a political, religious, ideological or similar nature.
- (2) Any loss, damage, or expense arising from:- the cancellation or breach of any charter, bad debts, fraud of agents, insolvency, loss of freight hire or demurrage, or as a result of the breach of any undertaking to load any cargo, or the use of the vessel named herein, by or on behalf of the Member Assured or with the knowledge, connivance, complicity or reckless disregard of the Member Assured, in any unlawful trade or act, including but not limited to the carriage of contraband, or in any trade or act which exposes the vessel named herein or the Member Assured to any unreasonable or unnecessary risk or hazard, or in any trade in breach of sanctions imposed by or with the authority of the United Nations Organisation, or in the running of any blockade.
- (3) Any loss, damage, expense unless otherwise agreed in writing, or claim arising out of or having relation to the towage of any other vessel or craft, whether under agreement or not, unless such towage was to assist such other vessel or craft in distress to a port or place of safety, provided, however, that this clause shall not apply to claims under the entry for loss of life or personal injury to passengers and/or members of the crew of the vessel named herein arising as a result of towing.
- (4) Any claim for loss of life or personal injury in relation to the handling of cargo where such claim arises under a contract of indemnity between the Member Assured and his sub-contractor.
- (5) Any liability imposed on the Member Assured as punitive or exemplary damages, howsoever described.
- (6) Any claim for illness, personal injury or death, or loss of, damage to, or loss of use of property directly or indirectly caused by asbestos and/or lead, or any claim arising by reason of or in connection with:
  - (a) Occupational Disease suffered by any person.

(b) Cumulative Injury suffered by any person. Death of any person caused by or contributed to by Occupational Disease or Cumulative Injury.

(7) Any claim relating to loss, damage, or expense incurred by the Member Assured during the course of performing specialist operations (including but not limited to, dredging, salvage, wellstimulation, cable or pipe laying, construction, installation or maintenance work, core sampling, depositing of spoil, professional oil spillage response training (but excluding fire-fighting) to the extent that such loss, damage, liability or expense arises as a consequence of: claims brought by any party for whose benefit the work has been performed, or by any third party (whether connected with any party for whose benefit the work has been performed or not) in respect of the specialist nature of the operations; or the failure to perform such operations by the Member Assured, or the fitness for purpose and quality of the Member Assured's work, products or services including any defect in the Member Assured's work products or services; or any loss of or damage to the contract work; Provided that this exclusion shall not apply to any claim in respect of:

- (i) life, injury or illness of crew and other personnel on board the entered vessel and,
- (ii) wreck removal of the entered vessel.

(8) Any claim arising out of waste incineration or disposal operations carried out by the Member Assured;

(9) Any claim arising out of the operation by the Member Assured of submarines, mini submarines or diving bells;

(10) Any claim arising in respect of divers or diving operations;

(11) Any claim arising from directly or indirectly caused by or associated with Human T-Cell Lymphotropic Virus type III (HIVL III) or Lymphadenopathy Associated Virus (LAV) or the mutant derivatives or variations thereof or in any way related to Acquired Immune Deficiency Syndrome or any syndrome or condition of a similar kind howsoever it may be named;

(12) In no case shall the entry cover loss damage or expense directly or indirectly caused by or contributed to by or arising from: ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel, the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof or any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter.

(13) Any claim for medical expenses costs, fees or any related expense or any other liability whatsoever arising out of illness or injury in any way related to or caused by exposure to the sun or the suns rays either suddenly or cumulatively.

**(14) U.S. OIL POLLUTION EXCLUSION CLAUSE**

Excluding any loss, damage, cost, liability, expense, fine, penalty or punitive damage resulting from the U.S. Oil Pollution Act of 1990 and/or Comprehensive Environmental Response Compensation and Liability Act of 1980 and/or Federal Water Pollution Control Act and/or any other similar Federal and/or State Law, Act and/or Regulation or amendment thereof.

(15) In respect of Fishing and Fish Processing Vessels, the following clauses shall also apply:

Notwithstanding anything to the contrary contained in the certificate of entry it is hereby understood and agreed that this entry is subject to the following exclusions and that cover shall not apply to:

any costs, liabilities and expenses arising from the entered vessel entering prohibited waters or engaging in unlawful fishing; any claims for loss of, or damage to, the nets and gear of any vessel, including those of the Member Assured; any claim for loss of, or damage to or liability in respect of any vessel, including the entered vessel, caused by the nets and gear of the Member Assured; any claim in connection with cargo and/or catch whatsoever whether or not on board the entered vessel.

(16) Sanction Limitation and Exclusion Clause.

There shall be no cover under this policy and the Association shall not be liable to defend or to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose the Association directly or not to any sanction, prohibition or restriction under United Nations resolutions or trade or economic sanctions, laws or regulations of the European Union or United States of America.

(17) Excluding recoverable under any social scheme and/or workman act in the country from which a crew member originates or is a national.

(18) Helicopter Clause.

No helicopter costs will be paid by the Association to evacuate ill crew members unless previously agreed in writing. In addition no liability whatsoever or howsoever will be covered and no claims will be paid resulting from the use of

helicopters.

(19) Any claim caused directly or not by piracy.