

CLASS I

Protection and Indemnity

Edition 2026

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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 on 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 25th August 1924 as amended by the Protocol to that Convention signed at Brussels on 23rd 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/covered 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, 1976, and any revisions thereof.

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

1. Certificate of Entry, Insurance, Financial Security and Blue Card in this Class is subject to the Rules, General Rules and to the Circulars, Memorandum and Articles of the Association.
2. The contract relating to entry in this Class I shall be deemed to be separate from the contract for entry in any other Class.
3. Unless otherwise specifically stated, all references to the "Rule XXX" in this Rule Book shall mean the corresponding relevant rule clause herein Class I. "sub-rule XX.XXX" in this Rule Book shall mean the corresponding relevant sub rule "XXX" clause under this "Rule XX" clause herein Class I.

RULE 3 PARAMOUNT CLAUSES

1. Notwithstanding any Rules, all Certificate of Entries, Financial Securities, and all contracts of insurance or financial security 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 rules shall be paramount and override anything to the contrary contained in this insurance or financial security.
 - a) Whatever the limits of "the Certificates" (including but not limited, Certificate of Entry, Endorsement, Addendum, other related Certificates of Contracts, Blue Cards and/or Certificates Furnished as Evidence of Insurance or financial security issued according to the International Convention on Civil Liability for Bunker Oil Pollution Damage 2001, as amended, the International Convention on Civil Liability for Oil Pollution Damage 1969/1992, as amended, the International Convention on Limitation of Liability for Maritime Claims 1976, as amended, the Wreck Removal Liability pursuant to Nairobi International Convention on the Removal of Wrecks, 2007 and the Maritime Labour Convention 2006, as amended, hereinafter called "the 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 Certificates", the Association and its management company and their shareholders' liabilities are only limited to the property of the Association and its management company, regardless of the reason for the Claims, indemnities, compensations, liabilities and debts.
 - 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.
2. Although the Association issues "the Certificates" to the Member according to concerned International Conventions, but all claims including liabilities arising from "the Certificates" against the Member shall be paid in the first instance by the Member, then the Association shall consider reimbursement.

RULE 4 GENERAL

1 Limitation of Liability

Based on above mentioned RULE 3 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 the Certificate of Entry, but also shall be limited to the property of the Association and shall be subject to RULE 3 PARAMOUNT CLAUSES.

2 Oil pollution and/or wreck removal limitation

Based on above mentioned RULE 3 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 or financial security 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, and/or assistance rendered to 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 covered 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 covered by the Association which arise directly or indirectly out of the casualty.
- d) Notwithstanding described in a), b) and 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 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\$ 50,000.00 as annual claim in aggregate for all accidents or occurrences under the Certificate of Entry.

4 Special Sub-limit

Notwithstanding any other provisions in these rules a Limit of Liability of US\$ 50,000 any one accident or occurrence or series of accidents or occurrences shall be applicable to any and all liabilities, costs, claims, fines, penalties, compensation, losses, damages or expenses arising from any of the following:

1. The transmission or alleged transmission of:
 - a) Coronavirus disease (COVID-19); or
 - b) Severe Acute Respiratory Syndrome Coronavirus 2 (SARS CoV-2); or
 - c) Any mutation or variation of COVID-19 or SARS CoV-2; or
 - d) Any fear or threat of (a), (b) or (c) above.
2. Any liability for, cost or expense to identify, clean up, detoxify, disinfect, remove, monitor or test for (a), (b) or (c) above;
3. Any liability for, or loss, cost or expense arising out of any loss of revenue, loss of hire, business interruption, loss of market, delay or any indirect financial loss, howsoever described, resulting from (a), (b), (c) or (d) above, or any quarantine, which would otherwise be recoverable under these rules.
4. For the purpose of this rule an outbreak of (a), (b) or (c) on board an entered vessel shall be treated as a single occurrence regardless of the number of persons affected.

5 Want of due diligence

- 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 the liability 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.
- 2) In exercising their discretion under sub-rule 4.5 (1) of this Rule the Directors may take into account any failure by the Member, his managers, superintendents or onshore management to comply with recommendations in connection with the operation of the entered ship which may have been made in any Circular or Risk Bulletin issued by the Association and published on its website the burden being upon the Member to show that the liability, loss or expense could not have been avoided by compliance with such recommendations
- 3) 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.

- 4) 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.
- 5) 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.

6 Right of recovery

If the Member shall, in respect of risk set out in RULE 6 RISKS COVERED, incur any liability, loss or expense in respect of the entered ship arising from a casualty or event occurring during the Certificate of Entry 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:

- a) 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
- b) the liability of the Association shall be subject to the Certificate of Entry and subject to the Rules;
- c) the limit of liability specified in the Certificate of Entry shall be inclusive of legal cost and expenses and, not withstanding s.78(1) of the Marine Insurance Act, 1906, inclusive of costs and expenses of suing and labouring;
- d) 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.
- e) 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 covered in the terms of entry, provided always that to the extent the Association's liability shall be limited to all of its property and shall be subject to RULE 3 PARAMOUNT CLAUSES.

RULE 5 MLC 2006 EXTENSION CLAUSE 2023

1. This clause will only be applicative when the Member(s) apply for concerned Crew Liability to the Association.
2. 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 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. 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.
4. The Member shall reimburse the Association in full:
 - a) any claim paid under paragraph 3(a) save to the extent that such claim is in respect of liabilities, costs or expenses recoverable under Class I Rules, sub-rule 6.1 (Loss of life, personal injury and illness), sub-rule 6.5 (Repatriation), sub-rule 6.6 (Substitutes) or sub-rule 6.7 (Shipwreck unemployment indemnity); and
 - b) any claim paid under paragraph 3(b) save to the extent that such claim is in respect of liabilities, costs or expenses recoverable under Class I Rules, sub-rule 6.1 (Loss of life, personal injury and illness).
5. There shall be no payment under above paragraph 3(a) or paragraph 3(b) if and to this Clause that the liability, cost or expense is recoverable under any social security scheme or fund, separate insurance or financial security or any other similar arrangement.
6. The Association shall not discharge or pay any liabilities, costs or expenses under paragraph 3(a) or paragraph 3(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.
7.
 - 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.
8. The Extension shall be subject to the General Rules, Rule 28 (RADIOACTIVE EXCLUSION), Rule 29 (SPECIFIC

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EXCLUSION), Rule 30 (SANCTIONS) and Class I Rules, Rule 8 (EXCLUSION OF RISKS COVERED BY HULL POLICIES, ETC.) and Rule 10 (OTHER RISKS EXCLUDED).

9. Without prejudice to paragraph 7, 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.
10. 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).
11. For the purpose of the Extension:
 - "Member" means any insured/covered 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).
12. 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 or financial security issued by the Association.

RULE 6 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-rules 6.1 to 6.26 of this Rule, in respect costs relating thereto by reason of the 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:

- a) the Member is only covered 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 6.1 to the extent provided in sub-rule 6.1 (vii) and claims arising under sub-rule 6.5 (b) or as the Directors in their discretion shall otherwise decide.
- b) 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 6.1 (b) and/or sub-rule 6.5 (d) unless and to the extent that cover would otherwise have been available to the Member under the other provisions of sub-rules 6.1 and 6.5.
- c) Sub-rules 6.1 (b) and 6.5 (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-rules 6.1 and 6.5.

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) Where the Association has issued to a Member a certificate of insurance or other financial security in respect of shipowners' liability as required under Regulation 4.2 Standard A4.2.1 paragraph 1(b) of the Maritime Labour Convention 2006 as amended (MLC Certificate) the Association may discharge and pay on behalf of the Member the liabilities, losses, costs and expenses set out in and subject to the conditions in the MLC Extension Clause 2023 included (RULE 5 MLC 2006 EXTENSION CLAUSE 2023). The terms and conditions of the MLC Extension Clause 2023 shall be deemed to be part of the contract of insurance or other financial security with a Member upon approval by the Association of an application of the Member for an MLC Certificate.

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 Manager 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 6.17 of this Rule.
- iv. there shall be no recovery under this sub-rule 6.1 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 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 (CANCELLATION FOR NON-PAYMENT), 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.
- c) 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 financial security or similar arrangement;
 - ii. the exclusions from cover in General Rules 28, 29 and 30 (RADIOACTIVE EXCLUSION, SPECIFIC EXCLUSION, SANCTIONS) apply.
 - iii. 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)
 - iv. there shall be no recovery in respect of claim incurred in landing;
 - v. 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.

2 Repatriation

- a) Repatriation expenses which are not recoverable under sub-rule 6.1 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) Where the Association has issued to a Member a certificate of insurance or other financial security in respect of shipowners' liability as required under Regulation 2.5 Standard A2.5.2 of the Maritime Labour Convention 2006 as amended (MLC Certificate) the Association may discharge and pay on behalf of the Member the liabilities, losses, costs and expenses set out in and subject to the conditions in the MLC Extension Clause 2023 included (RULES 5 MLC 2006 EXTENSION CLAUSE 2023). The terms and conditions of the MLC Extension Clause 2023 shall be deemed to be part of the contract of insurance or financial security with a Member upon approval by the Association of an application of the Member for an MLC Certificate

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 financial security or similar arrangement;
- ii. the exclusions from cover in General Rules 28, 29 and 30 (RADIOACTIVE EXCLUSION, SPECIFIC EXCLUSION, SANCTIONS) apply.

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,
- e) ancillary expenses as specified in sub-rule 6.5 necessarily incurred in landing an injured or sick passenger.

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 6.17 Contractual liabilities and indemnities of this Rule.

4 Supernumeraries

Liability which a Member incurs to or in respect of a supernumerary under any of the sub-rules of this Rule as if such supernumerary was a member of the crew;

PROVIDED ALWAYS that (except in the case of a relative of the Master or of a member of the crew):

- i. an indemnity against the consequences of the supernumerary's action in a form approved by the Managers backed by a suitable guarantee acceptable to the Managers shall be taken by the Member; and
- ii. the Member shall ensure that the person giving the indemnity has taken out a suitable insurance or financial security to cover his obligations towards the Member;

AND FURTHER PROVIDED that:

in all cases, including in respect of relatives of the Master or of a member of the crew, the Managers shall have given their prior written approval of the presence on board of a supernumerary and the terms and conditions on which he is carried and the Member has paid or has agreed to pay such additional calls or premium as may be required by the Association.

5 Ancillary expenses

The cost to a Member of putting in to or remaining in port solely in circumstances which do or would entitle the Member to recovery under sub-rule 6.1 of this Rule but confined to port charges and the net loss to the Member in respect of bunkers, insurance, wages of crew, stores and victualling necessarily incurred as a result of the change of itinerary while securing medical attention or awaiting a substitute.

6 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 consequence 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 no 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 while awaiting or during repatriation.

7 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.

8 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:

- i. 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.
- ii. no payment shall be made for any item with a value in excess of US\$ 2,500, unless other agreed by the Association in writing.

9 Distressed seamen

Expenses incurred by or chargeable to a Member under statutory obligation or collective or special agreements or contract of employment or contract of service approved by the Managers in respect of distressed seamen, where such expenses are not recoverable under any other sub-rule of this Rule, except those ensuing upon the termination of a contract of employment or contract of service in accordance with the terms thereof or by mutual consent or by breach by the Member or resulting from any other discretionary act of the Member or from the sale of the entered ship.

10 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.

11 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 ship or to cargo or other property on board such ship, or delay or loss of use of such ship or to cargo on such ship caused by collision with the entered ship.

- a) to the extent of up to one-fourth of the Member's total liability which would be insured/covered under the Hull Policies referred to in Rule 8 (EXCLUSION OF RISKS COVERED BY HULL POLICIES, ETC), but is not by virtue of the three fourths collision liability clause (being the one-fourth liability which is not covered under the Hull Policies referred to in Rule 8 (EXCLUSION OF RISKS COVERED BY HULL POLICIES, ETC)) or, if the Member's actual Hull and Machinery policies exclude a smaller fraction than one-fourth, the fraction so excluded;

PROVIDED ALWAYS that:

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

- b) to the extent that the Member's liability exceeds the sum covered 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 sum covered under the said policies;

PROVIDED ALWAYS that:

- i. if the Managers consider the valuation or sum insured/covered 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/covered 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.

12 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 6.17 of this Rule
- ii. no claim shall be recoverable under this sub-rule 6.12 in respect of loss of or damage to property that is owned, leased or otherwise within the possession, custody or control of the Member.

13 Non-contact damage

Liability which a Member incurs:

- a) for loss of or physical damage to any other ship or cargo or other property therein caused by the wash of the entered ship;

PROVIDED ALWAYS that:

no claim shall be recoverable under this sub-rule 6.13 in respect of loss of or damage to property that is owned, leased or otherwise within the possession, custody or control of the Member;

- b) for delay caused to any other ship solely by reason of the entered ship causing an obstruction to a navigable waterway or berth.

14 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/covered against such liability under the terms of the Hull policies of the entered ship;

PROVIDED ALWAYS that:

the Managers 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 or if 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 ship;

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.

15 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 conversion for the purpose of towage; and
- ii. the terms of the towage contract between the Member of the one part and the owners of the towed ship and / or cargo or other property on board the towed ship of the other part provided that each party shall be responsible for any loss or damage to their own ship and/or cargo or other property on board their own ship without any recourse whatsoever against the other party; and
- iii. subject always to the provisions of sub-rule 6.15 (ii) hereof which shall apply in any event, 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
- iv. 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.

16 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 balance 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 half of one year 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;
- vi. claim submitted by a Member in respect of the expenses arising from the raising, removal, destruction, lighting or marking of the wreck of an entered ship or another ship shall be subject to the prerequisite of a written administrative order on the compulsory raising of the wreck issued by the local administrative authority.

- 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.

- c) 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 PARAMOUNT CLAUSES and Rule 4 GENERAL.

17 Contractual liabilities and indemnities

Liabilities, costs and expenses, 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, or the payment of compensation or wages, arising:

- a) under the terms of a contract to which the Member is a party; or
- b) under the terms of an indemnity granted by the Member;

PROVIDED ALWAYS that:

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

18 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, 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.

19 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 they 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 the entered ship and of the countries of each loading, discharging and intermediate port concerning the safe carriage of such animals;
- vi. 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 carried on 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 only to the extent that such loss or damage is not recoverable under any other insurance or financial security upon the said cargo which in any event shall be deemed to be insured/covered for its full value at the time of shipment on the current form of Lloyd's policy with the Institute Cargo Clauses (A) 1.1.82;
- viii. no claim shall be allowed where a Member has become liable in consequence of a deviation unless;
 - a) in the case of a 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 or financial security to cover his liabilities arising out of the deviation and the Managers do obtain such coverage, the cost of such insurance or financial security 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 of 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 cargo carried on deck 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 the minimum required by law. This exclusion does not apply to cargo carried in containers which are fully enclosed in steel or aluminium,
- 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 discharged 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 damaged 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

- a) 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 the Member's expense by a surveyor approved by the Association, the bills of lading claused in accordance with surveyor's findings and any recommendations of the surveyor complied with;
- b) 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 6.19 of this Rule (LOSS OF OR DAMAGE TO CARGO), that the foregoing provisions are complied with. Any steps taken by the Insurer/Association to assist the Insured/Member shall not be deemed a waiver of the Insurers/Associations rights hereunder.
- c) 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. Containers 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 container not carried under deck unless such container is fully enclosed in steel or aluminium 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. 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.

xvi. Bulk cargoes

Unless previously otherwise agreed in writing by the Managers, the Association will not be liable for claims for shortage of cargoes carried in bulk unless draft surveys have been carried out at the loading and discharging ports by a surveyor appointed by the Member or by the Association at the expense of the Member and the weight shown on the bills of lading issued for such cargoes is the same or less than the weight found by such draft survey carried out at the loading port.

xvii. Bagged cargoes

Unless previously otherwise agreed in writing by the Managers, the Association will not be liable for claims for shortlanding of bagged cargoes unless tallies have been carried out at the loading and discharging ports by a tally company appointed by the Member and the number of bags shown on the bills of lading issued for such cargoes is the same or less than the number found by such tally carried out at the loading port.

xviii. Cargo Wetting Clause

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

- a) ingress of water/ bunker/ oil from ship's systems due to their tear and wear, existing fractures or corrosion and by;
- b) 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 (b) can be waived from the beginning of the current voyage till the end of Certificate of Entry 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.

xix. 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.

xx. 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.

20 Collision liability to cargo carried in an entered ship

Liability for loss of or damage to cargo carried in an entered ship arising out of a collision between the entered ship and another ship caused by the fault both of the entered ship and the other ship for which a Member is liable to indemnify the owner or charterer of such other ship, solely by reason of responsibility for such loss or damage being determined in a country where the liability for such loss or damage is joint and several and the 'Both to Blame' Collision Clause is held invalid;

PROVIDED ALWAYS that:

where such cargo 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 or financial security upon the said cargo which in any event shall be deemed to be insured/covered for its full value at the time of the shipment on the current form of Lloyd's marine policy with the Institute Cargo Clauses (c) 1.1.82.

21 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(viii) of sub-rule 6.19 of this Rule shall likewise 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.

22 Ship's proportion of general average

Ship's proportion of general average expenditure (including salvage) and sue 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/covered value under such policies;

PROVIDED ALWAYS that:

if in the opinion of the Managers the amount insured/covered 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/covered at such value.

23 Fines

Fines or 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 goods or documentation of the ship or cargo provided that the Member is covered by the Association for cargo liability under sub-rule 6.19.
- b) breach of immigration laws or regulations.
- c) the accidental escape or discharge of oil or other substance or the threat thereof provided that the Member is covered for pollution liability by the Association under sub-rule 6.25, subject to the applicable limit of liability in respect of oil pollution.
- d) any other fine or penalty where the Member has satisfied the Directors that he took all such steps as appear to the Directors to be reasonable to avoid the event giving rise to the fine or penalty but only to the extent to which the Directors may in their discretion determine that any amounts claimed in respect of such fine or penalty should be recoverable.

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 fines 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 reasonably 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.

24 Legal costs of enquiries

Legal costs and expenses 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.

25 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 reasonably taken to prevent an imminent danger of the discharge or escape from the covered 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 4.2 OIL POLLUTION AND/OR WRECK REMOVAL LIMITATION.
- 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 or financial security. 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.

26 Risks incidental to shipowning

Liability, loss or expense incidental to the business of the owning, operating or managing ships which, in the discretion of the Directors, comes within the scope of the cover afforded by the Association. Claims under this paragraph shall be recoverable to such extent only as the Directors may in their discretion determine; however the Directors may not, except by a unanimous decision, decide that a claim falling within an exception is within the cover.

RULE 7 ENTRY AND NOTICE

1. Unless otherwise agreed in writing at the time of entry and subject as otherwise provided in these Rules, the insurance or financial security shall begin at the time and date stated in the Certificate of Entry and shall continue until noon GMT on 20th February next following.
2. The insurance or financial security shall be renewed for the next Certificate of Entry period on the same terms and conditions as those in force for the current Certificate of Entry 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 20th January in the current Certificate of Entry period, that the insurance or financial security specified in the notice is to cease is not to be renewed, or
 - b) the Managers shall have given notice not later than noon GMT on 20th January in the current Certificate of Entry period that the terms of the insurance or financial security by the Association for the next following Certificate of Entry period are to be changed, in which case the insurance or financial security for the next following Certificate of Entry period shall be renewed upon such terms as may be agreed between the Member and the Manager before noon GMT on 20th February immediately following such notice, and if no terms shall by then have been agreed, the insurance or financial security shall not be renewed;

PROVIDED ALWAYS that:

if before 20th 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 CONTRIBUTION AND ADVANCE CALLS.

The Member shall be deemed to have agreed to and accepted such alteration and/or decision and the insurance or financial security shall be renewed for the next Certificate of Entry period, unless by 20th January following, he has given notice to the Managers under (a) of this paragraph.

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.
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. The Member shall be under a duty to disclose to the Association all material circumstances in connection with any renewal of this insurance or financial security. The duty shall arise 45 days prior to the expiry of the current Certificate

of Entry period and shall continue until the Association is irrevocably committed to renew this insurance or financial security.

RULE 8 EXCLUSION OF RISKS COVERED BY HULL POLICIES, ETC

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

- a) fully insured/covered 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 or PICC P&C Hull Insurance Clauses 1986 - All Risks, whichever is wider, with no deductible, franchise, or self insurance applicable to claims under such policies,
- b) fully insured/covered for its proper value against war risks on terms no less wide than those for the current form of Lloyd's Marine Policy with Institute War and Strikes Clauses Hulls - Time 1.11.95 or PICC P&C Hull War and Strikes Clauses 1986, whichever is wider, and no deductible, franchise or self insurance,
- c) fully insured/covered against the risks insured/covered by the Association's Class II -Freight, Demurrage and Defence - or by some equally wide insurance with no deductible, franchise or self insurance.

RULE 9 ABANDONMENT

In the event of an entered ship becoming an actual or constructive total loss, the Association shall, subject to the Hull 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 10 OTHER RISK EXCLUDED

1. The Association shall not cover 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 navigational equipment, tackle, furniture, fittings, lashing 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 6.21 and sub-rule 6.22),
 - 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 6.19),
 - d) salvage of such ship (except life salvage or where salvage forms part of general average expenditure recoverable respectively under sub-rules 6.10, sub-rule 6.21 and sub-rule 6.22),
 - 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 6.23 punitive, exemplary or aggravated damages,
- j) Expenses incurred or payments made in relation to ransom demands, extortion, blackmail, bribery or other unlawful demands.
- k) Any liabilities, losses, damages or expenses directly or indirectly caused by or contributed to by acts of piracy.

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 operations other than salvage operations conducted by the ship solely for the purpose of saving or attempting to save life at sea;
- b) an entered ship being a drilling ship or barge or any other ship or barge employed to carry out drilling or production operations in connection with oil or gas exploration or production, to the extent that such liabilities and expenses arise out of or during drilling or production operations. An entered ship shall be deemed to be carrying out production operations if (inter alia) it is a storage tanker or other ship engaged in the storage of oil, and either:
 - i. the oil is transferred directly from a producing well to the storage ship; or
 - ii. the storage ship has oil and gas separation equipment on board and gas is being separated from oil whilst on board the storage ship other than by natural venting.
- c) The performance of specialist operations including, but not limited to, dredging, blasting, pile driving, well-intervention, cable or pipe laying, construction, installation or maintenance work, core sampling, depositing of spoil, or an entered ship which is designed for or involved in operations below surface of the sea, to the extent that such liabilities and expenses arise as a consequence of:
 - i. 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 and/or arising in the course of performing such specialist operations; or
 - ii. the failure to perform such specialist operations by the Member or the fitness for purpose and quality of the Member's work, products or services, including any defect in the Member's work, products or services; or
 - iii. any loss of or damage to the contract works; or
 - iv. any loss of or damage to other property, not being part of the contract works.

PROVIDED ALWAYS that

this exclusion shall also apply to liabilities, costs and expenses incurred by a Member in respect of:

- i. loss of life, injury or illness of crew and other personnel on board the entered ship, or,
- ii. the wreck removal of the entered ship, or,
- iii. oil pollution emanating from the entered ship or the threat thereof,

whatever such liabilities, costs and expenses are covered by the Association in accordance with the Rules.

- d) The activities of professional or commercial divers when the Member is responsible for such activities other than, provided that special cover for such activities shall have been agreed in writing between a Member and the Managers, the following activities:
 - i. activities arising out of salvage operations being conducted by an entered ship where the divers form part of the crew of that entered ship (or of diving bells or other similar equipment or craft operating from the entered ship) and where the Member is responsible for the activities of such divers,
 - ii. incidental diving activities carried out in relation to the inspection, repair or maintenance of the entered ship or in relation to damage caused by the entered ship.
- e) Waste incineration or disposal operations carried out by the entered ship (other than any such operations carried out

as an incidental part of other commercial activities).

- f) The operations of submarines, mini-submarines or diving bells.
- g) An entered ship being a semi-submersible heavy lift ship or other ship designed exclusively for the carriage of heavy lift cargo where the claim arises out of the loss of or damage to or wreck removal of cargo, unless the cargo is being carried under a contract on unamended Heavycon terms or any other contract approved by the Managers in writing.
- h) Liabilities, costs and expenses incurred by a Member in respect of personnel (other than marine crew) on board an entered accommodation vessel employed otherwise than by the Member where there has not been a contractual allocation of risks as between the Member and the employer of the personnel which has been approved by the Managers.
- i) Liabilities, costs and expenses incurred by a Member in respect of hotel and restaurant guests and other visitors and catering crew of the Entered Ship when moored (otherwise than on a temporary basis) and open to the public as a hotel, restaurant, bar or other place of entertainment.

PROVIDED ALWAYS that:

special cover for any of the risks excluded by Rule 10.2 may be agreed between the Member and the Managers in accordance with the Rules.

- 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 Certificate of Entry 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:
 - a) life, injury or illness of crew and other personnel on board the entered vessel and,
 - b) 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) 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.
 - 13) Any claim recoverable under any social scheme and/or workman act in the country from which a crew member originates or is a national.
 - 14) Any claim caused directly or not by piracy.
4. 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.
5. 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.

6. 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.
7. Sanction Limitation and Exclusion Clause.
There shall be no cover under this Certificate of Entry 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.
8. 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.

RULE 11 SPECIAL SUB-LIMIT