



Standard
Club

Rule Book, 2022/23

Offshore Rules

Our experts are by your side.
As standard.

Offshore Rules
for the 2022/23 policy year
of

The Standard Club Ltd

The Standard Club UK Ltd

The Standard Club Asia Ltd

The Standard Club Ireland DAC

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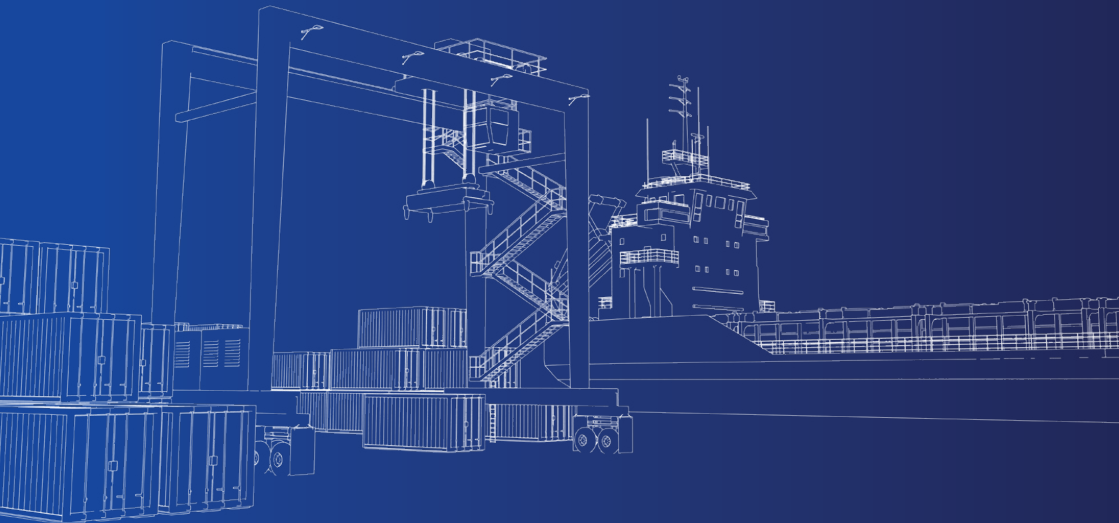
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Offshore Rules



SECTION A: INSURANCE

- 1.1** These rules, which are subject to the articles, contain the terms upon which offshore cover is given by the club.
- 1.2** The risks against which a member is insured are set out in rule 3.
- 1.3.1** A member may be insured in respect of risks other than those set out in rule 3, or in respect of risks otherwise excluded, where such risks have been agreed by the managers.
- 1.3.2** Any such risks are covered subject to the terms, conditions, limitations and exclusions of these rules.
- 1.3.3** The managers may reinsure any risk and, in the event that such reinsurance is arranged, the member is entitled to recover from the club only the net amount actually recovered under such reinsurance together with that portion of the risk retained by the club, whether or not the member has notice of such reinsurance, its terms or the identity of the reinsurers.
- 1.4** No act, omission, course of dealing or forbearance or reimbursement by the club shall be treated as any evidence of a waiver of the club's rights under these rules.
- 1.5.1** These rules and any contract of insurance between the club and any insured party are governed by and construed in accordance with English law. In particular, they are subject to and incorporate the Marine Insurance Act 1906 and, upon its entry into force, the Insurance Act 2015 and any statutory modifications thereto unless such Acts or modifications may have been excluded by these rules or by any term of such contract.
- 1.5.2** The following provisions of the Insurance Act 2015 ('the Act') are excluded from the rules and any contract of insurance as follows:
- (1)** Section 8 and Section 14 of the Act are excluded. As a result, any breach of the duty of fair presentation and/or the duty of utmost good faith shall entitle the club to avoid the policy in all circumstances.
 - (2)** Section 10 of the Act is excluded. As a result, if the member or any insured party fails to comply with any warranty in these rules or any contract of insurance, the club shall be discharged from liability from the date of the breach even if the breach is subsequently remedied.
 - (3)** Section 11 of the Act is excluded. As a result, if the member or any insured party fails to comply with any term in these rules or any contract of insurance, the club's liability may be excluded, limited or discharged in accordance with these rules notwithstanding that the breach could not have increased the risk of the loss which actually occurred.
 - (4)** Section 13 of the Act is excluded. As a result, the club shall be entitled to exercise its right to terminate the contract of insurance in respect of the member and all insured parties in the event that a fraudulent claim is submitted by or on behalf of the member and/or any insured party and/or any affiliated or associated company of the member.

(5) Section 13(A) of the Act is excluded. As a result, these rules or any contract of insurance between the club, the member and any insured party shall not be subject to any implied term that the club will pay any sums due in respect of a claim within a reasonable time save that the club may not deliberately or recklessly fail to do so.

1.6 The terms of entry and the insurance provided by the club do not confer any right or benefit on any third party under the Contracts (Rights of Third Parties) Act 1999, except to the extent provided in rule 6.11.

SECTION B: SCOPE OF COVER

- 2.1** The liabilities in respect of which a member is insured by the club are set out in rule 3 and must have arisen by reason of the member's interest in the unit, out of events occurring during the period of the unit's entry in the club and in connection with the operation of the unit (including activity at one or more supply bases, and transport between the unit and a supply base or a port or an airport in the vicinity of the base). The board may determine whether claims shall be deemed to have arisen out of one or more events and when such events shall be deemed to have occurred.
- 2.2** Where such liabilities would not have arisen but for the terms of any contract or indemnity, the contract or indemnity must either correspond to any specific requirements set out in rule 3, or have been approved by the managers.
- 2.3** A member's insurance is subject to the warranties, conditions, exceptions, limitations and other terms set out in these rules and the certificate of entry.
- 2.4** A member is not insured for any liabilities incurred by him in a capacity other than that in which he has entered into the contract of insurance with the club.

SECTION C: RISKS COVERED

Crew injury, illness or death	3.1.1	Liabilities in respect of crew injury, illness or death.
Repatriation	3.1.2	Liabilities in respect of crew repatriation. Exclusion to rule 3.1.2 Liabilities arising out of the termination of any agreement, or the sale of the unit, or any other act of the member in respect of the unit, unless the board considers that such termination or other act was necessary in the interests of the safety of the unit or crew, or the proper running of the unit.
Substitute expenses	3.1.3	Expenses necessarily incurred in sending substitutes to replace crew who have died, are incapacitated or who have been left ashore in consequence of injury, illness or desertion. Wages are only recoverable when payable to substitutes while awaiting and during repatriation.
Loss of effects	3.1.4	Loss of crew effects, excluding valuables.
Shipwreck unemployment indemnity	3.1.5	Wages or other compensation payable to crew arising out of the actual or constructive total loss of the unit.
Port expenses	3.1.6	Port and other charges as set out in rule 3.3 incurred in relation to crew.
Third parties	3.2	Liabilities in respect of the injury, illness or death of any person other than crew.
Stowaways and refugees: port charges	3.3	Port and other charges solely incurred for the purpose of landing stowaways or refugees, or others saved at sea, or, with the agreement of the managers, a deceased person, or landing or securing the necessary treatment for an injured or sick person, other than crew, including the net loss to the member in respect of fuel, insurance, wages, stores and provisions incurred for such purpose.
Collision	3.4.1	Liabilities arising out of a collision, if and to the extent that such liabilities are not covered under the hull policies, including that part of the member's collision liability which exceeds the sum recoverable under the hull policies solely by reason of such liability exceeding the valuation of the unit in those policies. However, the board may determine the proper value (being the market value of the unit without commitment) for which the unit should have been insured under the hull policies, and the club shall pay only the excess of the amount which would have been recoverable if the unit had been insured thereunder at such value.
	3.4.2	There will be no recovery from the club insofar as such collision liabilities are not recoverable under the hull policies by reason of any breach of such policies.

Damage to other ships (other than by collision)

3.4.3 If the other ship and the unit are both to blame then, unless the liability of the owners of one or both of them becomes limited by law, claims shall be settled upon the principle of cross-liabilities.

3.5 Liabilities for loss of or damage to, delay to, interference with rights in relation to, or liability for salvage or wreck removal costs incurred in respect of, a ship or any cargo or other property therein caused other than by collision with the unit.

Exclusions to rule 3.5

- (1)** Liabilities in respect of any property owned or leased by the member.
- (2)** Liabilities which are within the scope of cover provided under rule 3.4.

Pollution

3.6.1 Liabilities arising out of the discharge or escape of any substance from the unit, including the costs of any measures reasonably taken for the purpose of avoiding or minimising any resulting loss, damage or contamination or cleaning up any resulting pollution, together with liability for any loss of or damage to property caused by any measures so taken.

3.6.2 The costs of any measures reasonably taken to prevent an imminent danger of the discharge or escape of any substance from the unit.

Exclusion to rules 3.6.1 and 3.6.2

There shall be no recovery unless the liabilities have arisen under statute, general law, contract, a voluntary agreement assuming strict liability, a salvage agreement to compensate salvors for work done or out of measures taken to prevent or reduce pollution or the risk thereof by the escape from the unit of any substance.

3.6.3 Liabilities incurred after the unit has become a wreck arising from the discharge or escape from such wreck of any substance.

3.6.4 Liabilities in respect of pollution where such liabilities arise under rules 3.4, 3.5, 3.7, 3.8 and 3.11.

3.6.5 Fines imposed on the member or upon any other person whom he reasonably reimburses or is legally liable to indemnify in respect of the accidental discharge or escape of any substance arising from risks covered under rules 3.6.1, 3.6.3 and 3.6.4.

Exclusion to rules 3.6.4 and 3.6.5

Unless the board otherwise determines, there shall be no recovery in respect of any liability incurred more than two years after the unit became a wreck.

Exclusion to rule 3.6.5

Unless the board otherwise determines, there shall be no recovery in respect of a fine imposed for or arising out of:

- (1)** any personal act or default on the part of the member or his managers
- (2)** wilful misconduct on the part of any person unless the member has been compelled by law to pay the fine.

Exclusions to rule 3.6

There shall be no recovery in respect of:

- (1)** liabilities which are recoverable under the hull policies or any other insurance
- (2)** liabilities including fines and any consequential losses arising therefrom which arise out of:
 - a** pollution from the hole or well or subsea or subsurface operation in respect of which the unit is employed or utilised other than pollution from the unit and measures taken to avert or minimise such liabilities;
 - b** subsea or subsurface or underground pollution other than pollution from the unit;
 - c** the discharge or escape of any substance from any riser, flowline, umbilical, floating hose, buoyancy float or tank or mooring system connected to the unit or out of measures to avert or minimise such liabilities unless such riser, flowline, umbilical, floating hose, buoyancy float or tank or mooring system is part of the unit as defined
- (3)** liabilities, including fines, loss or damage including, without limitation, liability for the cost of any remedial works or clean-up operations, arising as a result of the presence in, or the escape or discharge or threat of escape or discharge from, any land based dump, site, storage or disposal facility of any substance previously carried on the unit whether as cargo, fuel, stores or waste and whether at any time mixed in whole or in part with any other substance whatsoever.
- (4)** liabilities including fines and any consequential losses arising therefrom which arise out of any oil pollution incident within the United States Exclusive Economic Zone, unless otherwise agreed by the managers.

Damage to property (other than by pollution)

- 3.7** Liabilities for loss of or damage to, or interference with rights in relation to, any property not being a ship or any cargo or other property therein or the cargo or other property intended to be or being or having been carried in the unit.

Exclusions to rule 3.7

- (1)** Liabilities in respect of any property owned or leased by the member.
- (2)** Liabilities which are within the scope of cover provided under rule 3.4.

Wreck liabilities

- 3.8.1** Liabilities for or incidental to the raising, removal, destruction, lighting or marking of the wreck of the unit or any property on board. The value of the wreck and all property saved must be deducted from any reimbursement and only the balance is recoverable.
- 3.8.2** Liabilities resulting from the actual or attempted raising, removal or destruction of the wreck of the unit or property on board.

- 3.8.3** Liabilities for or incidental to the raising, removal, destruction, lighting or marking of the drill string, blow-out preventer, blow-out preventer stack, diverter or marine riser or any part thereof owned or leased by the member which has been lost or deposited on the seabed as a result of a casualty and which is not in or connected to any hole or well (hereafter 'additional drilling equipment').
- 3.8.4** Liabilities resulting from the presence or involuntary shifting of the wreck of the unit or property on board caused by the casualty which led to the loss of the unit.

Exclusions to rule 3.8

- (1)** There shall be no recovery if the member has, without the agreement of the managers, transferred his interest in the wreck other than by abandonment, at any time after the unit became a wreck.
- (2)** There shall be no recovery unless the raising, removal, destruction, lighting or marking of the wreck of the unit, property on board or additional drilling equipment was compulsory by law or legally recoverable from the member under contract, or was undertaken with the agreement of the managers.
- (3)** Unless the board otherwise determines, a member is not entitled to reimbursement in respect of any liability unless he took reasonable measures to raise, remove, destroy, light or mark the wreck of the unit, property on board or additional drilling equipment.
- (4)** There shall be no recovery for any liabilities for or relating to clean-up of debris, tools, machinery or equipment lost or deposited on the seabed during operations, save to the extent recoverable under rules 3.8.1 to 3.8.4 above.
- (5)** Unless the board otherwise determines, there shall be no recovery in respect of any liability incurred more than two years after the unit, property on board or additional drilling equipment became a wreck.
- (6)** There shall be no recovery in respect of loss of or damage to any property belonging to or the legal responsibility of any person employing the unit pursuant to any contract and any other party having an owning interest in the concession, prospect or field in respect of which the unit is employed or utilised where the liability arises in connection with a hole or well or subsea or subsurface operation in respect of which the unit is employed or utilised.
- (7)** Unless the board otherwise determines, there shall be no recovery unless the member has contracted for removal of the wreck on terms which have been approved by the managers.

(8) There shall be no recovery in respect of liabilities for or incidental to the raising, removal, destruction, lighting or marking of the wreck of the unit unless the unit became a wreck as a result of a casualty. For the purpose of this rule, 'casualty' means collision, stranding, explosion, fire or similar fortuitous event, but excludes any wreck caused by dereliction or neglect.

Fines

- 3.9** Fines, other than fines arising from risks covered under rule 3.6, imposed on the member or upon any other person whom he reasonably reimburses or is legally liable to indemnify:
- 3.9.1** for smuggling or breach of any customs or immigration law or regulation, other than in relation to any hydrocarbons on board or in the unit.
- 3.9.2** for any other matter to the extent that the member has satisfied the board that he took all such steps as appear to the board to be reasonable to avoid the event giving rise to the fine; in addition, any amounts claimed in respect of such fine are recoverable only to the extent the board may determine.

Exclusions to rule 3.9

Unless the board otherwise determines, there shall be no recovery in respect of a fine imposed for or arising out of:

- (1) overloading
- (2) any personal act or default on the part of the member or his managers
- (3) wilful misconduct on the part of any person unless the member has been compelled bylaw to pay the fine.

Enquiry expenses

- 3.10** Costs and expenses incurred in protecting a member's interests before a formal enquiry into a casualty to the unit where, in the opinion of the managers, a claim upon the club is likely to arise, or in other cases as the board determines.

Sue and labour

- 3.11** Extraordinary costs and expenses, including legal, survey, expert and correspondent fees, reasonably incurred on or after the occurrence of any event liable to give rise to a claim upon the club and incurred solely for the purpose of avoiding or minimising any liability against which the member is insured by the club, but only to the extent that those costs and expenses have been incurred with the prior agreement of the managers, or to the extent that the board determines.

Exclusion to rule 3.11

Unless the managers or the board otherwise decide, there shall be deducted from such costs and expenses the deductible which would have been applicable had the liability or expenditure against which the member is insured by the club been incurred.

Omnibus

- 3.12** Any liabilities which the board may determine to be within the scope of club cover, but only to the extent that it decides that the member shall recover from the club.

SECTION D: EXCLUDED RISKS

Risks covered by hull and war risks policies

4.1 Unless otherwise agreed by the managers, there shall be no recovery from the club in respect of any liabilities which would be recoverable from underwriters if the unit were, at the time of the incident giving rise to such liabilities, fully insured under hull policies on terms equivalent to those of the usual Lloyd's marine policy with the Institute Time Clauses (Hulls) 1.10.83 attached or on terms approved by the managers or to the extent that the unit was fully insured to a proper value (being the market value of the unit without commitment) under a P&I war risks policy including piracy risks. The board may determine the proper value for which the unit should have been insured under the P&I war risks policy. Unless otherwise agreed by the managers, there shall be no recovery in respect of any franchise or deductible borne by the member under such policies.

Double insurance

4.2 Unless otherwise agreed by the managers, there shall be no recovery in respect of any liabilities recoverable under any other insurance or which would have been so recoverable:

- (1) apart from any terms in such other insurance excluding or limiting liability on the ground of double insurance; and
- (2) if the unit had not been entered in the club with cover for the risks set out in these rules.

War risks

4.3 Unless otherwise agreed by the managers, there shall be no recovery in respect of any liabilities, irrespective of whether a contributory cause of the same being incurred was any neglect on the part of the member or his servants or agents, incurred as a result of:

- (1) war, civil war, revolution, rebellion, insurrection or civil strife arising therefrom, or any hostile act by or against a belligerent power, or any act of terrorism;
- (2) capture, seizure, arrest, restraint or detainment (barratry and piracy excepted) and the consequences thereof or any attempt thereat;
- (3) mines, torpedoes, bombs, rockets, shells, explosives or other similar weapons of war, save that this exclusion does not apply to liabilities which arise solely by reason of:
 - a the transport of any such weapons whether on board the unit or not; or
 - b the use of any such weapons, either as a result of government order or with the agreement of the board or the managers, where the reason for such use was the avoidance or mitigation of liabilities which would otherwise fall within the cover given by the club.

In the event of any dispute as to whether or not any act constitutes an act of terrorism, the decision of the board shall be final.

Guarantees, undertakings and certificates

4.4 Notwithstanding the exclusions in rules 4.3, 4.7 and 4.8, the club will discharge on behalf of the member liabilities arising under a demand made pursuant to the issue by the club on behalf of the member of:

- (1) a certificate in compliance with Article VII of the International Conventions on Civil Liability for Oil Pollution Damage 1969 and 1992 or any amendments thereof; or
- (2) a certificate in compliance with Article 7 of the International Convention on Civil Liability for Bunker Oil Pollution Damage 2001; or

- (3) a certificate in compliance with Article 12 of the Nairobi International Convention on the Removal of Wrecks 2007; or
 - (4) a certificate in compliance with Regulation 2.5.2, Standard A2.5.2 and Regulation 4.2, Standard A4.2.1, paragraph 1(b) of the Maritime Labour Convention 2006 (MLC 2006) or domestic legislation by a state party implementing MLC 2006; or
 - (5) any other guarantee, certificate or undertaking issued by the club pursuant to any statute, convention, treaty or law.
- 4.5** The member shall indemnify the club to the extent that any payment under any such guarantee, undertaking or certificate is not recoverable from the club for any reason whatsoever.
- 4.6** The member agrees that any payment by the club under any such guarantee, undertaking or certificate shall, to the extent of any amount recovered under any policy of insurance or additional cover provided by the club, be by way of loan and there shall be assigned to the club to the extent and on the terms the managers determine to be practicable, all the rights of the member under any other insurance and against any third party.
- Radioactive contamination** **4.7** There shall be no recovery in respect of any liabilities, irrespective of whether a contributory cause of the same being incurred was any neglect on the part of the member or his servants or agents, directly or indirectly caused by or arising from:
- (1) ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel; or
 - (2) the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof; or
 - (3) any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter; or
 - (4) the radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter
- other than liabilities arising out of carriage of 'excepted matter' (as defined in the Nuclear Installations Act 1965 of the United Kingdom or any regulations made thereunder) as cargo in the unit, and such further exceptions as the managers may approve.
- Chemical, bio-chemical, electromagnetic weapons and cyber risks** **4.8** There shall be no recovery in respect of any liabilities directly or indirectly caused by or contributed to by or arising from:
- (1) any chemical, biological, bio-chemical or electromagnetic weapon;
 - (2) the use or operation, as a means for inflicting harm, of any computer, computer system, computer software programme, malicious code, computer virus, computer process or any other electronic system.
- Unlawful sanctionable and hazardous trades** **4.9** No claim is recoverable if it arises out of or is consequent upon the unit blockade-running or being employed in an unlawful, prohibited or sanctionable carriage, trade, voyage or operation, or if the provision of insurance for a carriage, trade, voyage or operation is or becomes unlawful, prohibited or sanctionable or if the board determines that the carriage, trade, voyage or operation was imprudent, unsafe, unduly hazardous or improper.

Pandemic risks 4.10 Unless otherwise agreed by the managers, there shall be no recovery in respect of any liabilities that are excluded under the JL2021-014 clause dated 8 March 2021 (Endorsement Excluding a Communicable Disease Following a Public Health Emergency of International Concern) published by the Joint Liability Committee of the Lloyd's Market Association which is hereby incorporated into these rules.

SECTION E: EXCLUDED LOSSES

	5	Except as provided in this rule or otherwise agreed by the managers, there shall be no recovery in respect of:
Hull damage	5.1	Loss of or damage to the unit or any part thereof.
Equipment damage	5.2	Loss of or damage to any equipment, containers, lashings, stores, or fuel on board the unit to the extent that they are owned or leased by the member or any associated company.
Repairs	5.3	The cost of repairs to the unit or any charges or expenses in connection therewith.
Loss of hire	5.4	Loss of freight, hire, time, market, production, profit or any other direct or indirect losses whatsoever or any proportion thereof in relation to the unit.
Detention	5.5.1	Loss arising out of demurrage on, detention of, or delay to the unit or, except as provided for in rules 3.1.6 and 3.3, running costs of the unit.
	5.5.2	Liabilities arising out of arrest or detention of or delay to the unit pursuant to a claim against the member liability for which is not covered under the rules.
Cancellation	5.6	Loss arising out of the cancellation of any contract or engagement in relation to the unit.
Bad debts	5.7	Loss arising out of irrecoverable debts or the insolvency of any person.
Salvage	5.8.1	Salvage or other services in the nature of salvage provided to the unit, and any liabilities in connection therewith, other than such as may be covered under rule 3.6.
	5.8.2	Liabilities arising out of salvage operations (including wreck removal) conducted by the unit or provided by a member other than liabilities arising out of salvage operations conducted by the unit for the purpose of saving or attempting to save life at sea.
Specialist operations, underwater vehicles and divers	5.9	Liabilities incurred by a member in connection with any claim, including any consequential losses arising therefrom, brought against him arising out of: <ol style="list-style-type: none">(1) the failure by the member to perform any work 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(2) any loss of or damage to the contract work; or(3) the operation by the member of underwater vehicles unless included within the description of the unit; or(4) the activities of professional or commercial divers where the member is responsible for such activities, other than:<ol style="list-style-type: none">a activities arising out of salvage operations being conducted by the unit, where the divers form part of the crew of the unit (or of diving bells or other similar equipment or craft operating from the unit), and where the member is responsible for the activity of such divers; or

- b** incidental diving operations carried out in relation to the inspection, repair or maintenance of the unit or in relation to damage caused by the unit;

unless otherwise agreed with the managers.

Pollution **5.10** Liabilities arising out of the actual, or threatened, escape or discharge of any substance save as provided for in rule 3.6.

Blow-out and control of well

5.11 Liabilities arising from or relating to:

- (1)** the control, or regaining of control, of a hole or well;
- (2)** loss of or damage to or costs of reinstatement of a hole, well or reservoir;
- (3)** blow-out, cratering, or any other uncontrolled flow, discharge or escape of oil, gas or any other substance from holes, wells or reservoirs including any flow, discharge or escape thereof from the unit, other than:
 - (a)** injury, illness or death under rules 3.1 and 3.2
 - (b)** collision liabilities under rule 3.4
 - (c)** wreck liabilities under rule 3.8
 - (d)** pollution liabilities under rule 3.6 arising from the discharge or escape of any oil, gas or other substance contained within the unit immediately prior to the commencement of such blow-out, cratering or uncontrolled flow
 - (e)** enquiry expenses under rule 3.10

unless otherwise agreed by the managers

where the incident arises in connection with a hole or well or subsea or subsurface operation in respect of which the unit is employed or utilised.

Downhole property **5.12** Any liabilities or losses in respect of loss of or damage to or recovery or replacement of any drill string, casing, tubing, cementing or well intervention or other downhole equipment, whether or not in the sea, which is in or connected to any hole or well in respect of which the unit is employed or utilised or which is owned by the member, and the consequences thereof.

Extension or variation of liability by reference to insurance **5.13** Any liabilities or losses accepted, assumed or incurred by the member:

- (i)** as a consequence of the terms of any contract or indemnity that extend the member's liability up to any amounts that are recoverable under any insurance; or
- (ii)** under any risk allocation, exclusion, limitation, indemnity or hold harmless clause that seeks to vary the member's liability by reference to the availability and/or extent of the member's insurance;

unless and to the extent that the managers, acting in their sole discretion, shall determine.

Direction of the board **5.14** The liabilities set out in rule 5 may be recoverable to the extent that they may be treated as expenses arising under rule 3.11, or are approved by the board.

SECTION F: SCOPE OF RECOVERY AND LIMITS

- Limit of cover**
- 6.1.1** The club's cover shall be limited to the amount set out in the certificate of entry.
- 6.1.2** Any limits on the cover provided by the club apply in the aggregate to all insured parties and affiliated or associated companies.
- 6.1.3** If the claims of all insured parties in respect of liabilities insured by the club exceed or may exceed in the aggregate any limit of cover set out in the certificate of entry:
- (1)** the member shall be entitled to recover in respect of such claims in priority to the claims of any other insured parties and any joint entrants shall be entitled to recover in respect of such claims in priority to the claims of any co-assureds;
 - (2)** where the aggregate of the claims of the member exceeds or may exceed the said limit, the member shall be entitled to recover in respect of such claims to the exclusion of any claims of any other insured parties;
 - (3)** where the aggregate of the claims of any joint entrants exceeds or may exceed the said limit or any part thereof remaining after application of rule 6.1.3(1), any joint entrant shall be entitled to recover in respect of such claims:
 - a** to the exclusion of any claims of any co-assureds; and
 - b** only such proportion of the remaining part of the limit as the claim of that joint entrant bears to the total of all claims of all joint entrants;
 - (4)** where the aggregate of the claims of any co-assureds exceeds or may exceed the said limit or any part thereof remaining after the application of rules 6.1.3(1) and (3), any co-assured shall be entitled to recover in respect of such claims only such proportion of the remaining part of the limit as the claim of that co-assured bears to the total of all claims of all co-assureds.
- 6.1.4** If in the opinion of the managers the claims of all insured parties in the aggregate exceed or may exceed any limit set out in the certificate of entry, the managers may defer payment of a claim or any part thereof.
- 6.1.5** Where a certificate provided for in rule 4.4 has been issued and in the opinion of the managers the claims of all insured parties in the aggregate exceed or may exceed any limit set out in the certificate of entry, the managers:
- (1)** may defer payment of a claim or any part thereof as they see fit; and
 - (2)** shall not be under any obligation to reimburse a member until they are satisfied that all liabilities arising under demands made or which may be made under any such certificate have been or can be satisfied within such limit.
- Net loss**
- 6.2** If a member incurs any of the liabilities set out in rule 3, he is entitled to recover the net amount of such liabilities, deducting any costs and expenses which would have been incurred in any event together with any savings accruing to him and any recoveries made by him, unless otherwise agreed by the managers.

Limits of recovery	6.3	<p>Unless and to the extent the board otherwise determines, under no circumstances shall the recovery by any person exceed:</p> <ol style="list-style-type: none"> (1) the amount to which the member is entitled to limit his liability, or would have been so entitled under any relevant law had he so petitioned; (2) US\$50 million combined single limit any one event for all claims under rules 3.6.5 and 3.9; (3) any other limit contained in these rules or set out in the member's certificate of entry; (4) if less than the full tonnage of the unit is entered in the club, such proportion of the amount referred to in rule 6.2, or the limits referred to in paragraphs (1), (2) and (3) above, as the entered tonnage bears to the full tonnage of the unit.
Waiver of subrogation	6.4	<p>Where a charterer or other party is named as a joint entrant or co-assured and a waiver of subrogation is required under a contract, rights of subrogation against such joint entrant or co-assured are waived only where the managers have agreed such a waiver; any such waiver applies only in respect of those liabilities which are borne by the member or other joint entrant under the terms of the relevant contract and not to any liabilities which are to be borne by the charterer or other party unless otherwise agreed by the managers.</p>
	6.5	<p>The club shall not be liable to any insured party in respect of any liabilities except to the extent of the funds which the club is able to recover from the members or other persons liable for the same.</p>
Member's property	6.6	<p>If a claim arises following a collision involving two units or ships belonging to the same member, he is entitled to recover from the club, and the club has the same rights, as if the units or ships had belonged to different owners.</p>
	6.7	<p>If a claim arises under rule 3.5 following loss of or damage to any ship, or any cargo or other property therein belonging to the member in respect of whose unit the claim arose, the member is entitled to recover from the club, and the club has the same rights, as if such ship, cargo or property lost or damaged had belonged to a third party, but only to the extent that such loss or damage is not recoverable under any other insurance upon the said ship, cargo or property.</p>
Amounts owing to the club	6.8	<p>The club is not liable to make any payment in respect of any claim while any sum is due from the member, or due in respect of a unit or ship entered under the same group rating agreement; however, if any payment is made, the club may deduct any sum which is due from a member relating to any policy year.</p>
Interest	6.9	<p>In no case is interest payable on sums due from the club.</p>
Pay to be paid	6.10	<p>Unless the managers otherwise determine, it is a condition precedent of a member's right to recover in respect of any liabilities that he must have first discharged or paid the same out of funds belonging to him unconditionally and not by way of loan or otherwise.</p>

Crew claims	<p>6.11.1 Notwithstanding rule 6.10, where a member has failed to discharge a legal liability to pay damages or compensation for crew injury, illness or death, the club shall discharge or pay such claim on the member's behalf directly to such crewmember or dependant thereof.</p> <p>6.11.2 There shall be no recovery unless the crewmember or dependant has no enforceable right of recovery against any other party and would otherwise be uncompensated.</p> <p>6.11.3 Subject to rule 6.11.4 below, the amount payable by the club shall under no circumstances exceed the amount which the member would have been able to recover from the club under these rules and his terms of entry.</p> <p>6.11.4 Where the club is under no liability to the member by virtue of rule 17.3, the club shall nevertheless discharge or pay that claim to the extent only that it arises from an event occurring prior to the date of cancellation, but as agent only of the member, and the member shall be liable to reimburse the club for the full amount of such claim.</p>
Deductibles	<p>6.12 Any sum recoverable, including fees, costs and expenses, shall be subject to such deductible as has been agreed by the managers. Unless otherwise agreed, deductibles shall apply any one event.</p> <p>6.13 The club may undertake the defence of a member or institute legal proceedings on his behalf in respect of any amount not recoverable by reason of any deductible in order to ascertain the legal position of the member. Although the club may pay the costs of such legal proceedings, the member shall bear any damages therein adjudged or awarded against him.</p>
Wilful misconduct	<p>6.14 Unless the board otherwise decides, no claim is recoverable in respect of any liabilities which in its opinion have been incurred owing to the privity or wilful misconduct of an insured party.</p>
Obligation to sue and labour	<p>6.15 A member must at all times take all reasonable steps to avoid or minimise any loss, damage or liability in respect of which he may be insured by the club. If a member is in breach of this obligation, the board may reject any claim by the member for reimbursement or reduce the sum payable by the club.</p>
Sanctions	<p>6.16 The member shall in no circumstances be entitled to recover from the club that part of any liabilities which is not recovered by the club under any reinsurance(s) because of a shortfall in recovery from reinsurers thereunder by reason of any sanction, prohibition or adverse action against them by any state or international organisation or the risk thereof if payment were to be made by such reinsurers. For the purposes of this rule 6.16, 'shortfall' includes any failure or delay in recovery by the club by reason of the reinsurers making payment into a designated account in compliance with the requirements of any state or international organisation.</p>

SECTION G: OBLIGATIONS WITH REGARD TO CLAIMS

- Notification**
- 7.1** A member must promptly notify the managers in writing:
- (1)** of every matter; and
 - (2)** of every claim made by a third party against him
- which may lead to a claim for recovery, and in all events no later than 12 months after the member or his agents become aware or ought reasonably to have been aware of such matter or claim.
- 7.2** A member must submit his claim for reimbursement of any liabilities within 12 months of discharging or settling them, and must produce in support of each claim all information the managers may require.
- Documentation**
- 7.3** A member must notify the managers of any information or documentation in his power, custody, control or knowledge relevant to any matter and must, as soon as requested by the managers, give to the club and/or to the experts or lawyers appointed to act on his behalf all such documentation and allow it to be inspected and copied.
- 7.4** A member must allow the managers, or the appointed experts or lawyers, to interview any person employed by the member whom the managers consider may have knowledge of the matter. If any such person is required to give evidence at any legal proceedings relating to a matter, the member will use his best endeavours to make sure he attends.
- Developments**
- 7.5** A member must keep the managers fully informed of the progress of any matter which will or may cause the member to incur liabilities for which he is or may be insured by the club in whole or in part, including any costs or expenses, and of any action proposed in relation to such matter.
- Settlement**
- 7.6** A member must not settle, compromise or admit liability for any matter for which he is or may be insured by the club in whole or in part without the approval of the managers or without complying with any requirements of the managers for making provision for any costs or expenses incurred by the club. If he does so, he will be liable to pay by way of indemnity to the club such sum as the managers may determine against the costs or expenses it may have been put to in respect of such matter.
- Recovery**
- 7.7** Where a member has made a claim against another party and has become entitled to a recovery, there shall be credited and paid to the club from such recovery an amount corresponding to the sum paid by the club, including any interest and costs, or such lesser sum as the managers may determine.
- 7.8** A member who incurs any costs or expenses without the agreement of the managers, or without the matter being conducted by an expert or lawyer appointed or previously approved by the managers, will not be entitled to reimbursement of such costs or expenses by the club without the approval of the managers.

Evidence	7.9	A member must not withhold or conceal any evidence which it is or may be relevant to disclose, or make any false statement. If such evidence is withheld or concealed or false statement is made, any liabilities already incurred or reimbursed by the club must be repaid by the member.
Powers of the managers relating to the handling of claims	8.1	The managers have the right to control or direct the conduct of any matter or legal proceedings relating to any liabilities in respect of which the member is or may be insured by the club in whole or in part and, in particular, to direct the member to use a particular expert or lawyer.
	8.2	The managers have the right to require the member to settle, compromise or otherwise dispose of any matter or proceeding in such manner as they see fit.
	8.3	The managers may at any time on notice to the member withdraw their approval of any expert or lawyer appointed to act on behalf of the member; in such circumstances, the member will have no further entitlement to reimbursement of any of the costs or expenses of that expert or lawyer unless and to the extent the board otherwise determines.
	8.4	The managers may at any time appoint, on behalf of a member at the expense of the club subject to the applicable deductible, experts or lawyers to deal with any matter which may result in liabilities in respect of which the member is or may be insured by the club in whole or in part.
Effect of non-compliance	8.5	If a member fails to comply with any requirement under rules 7 and 8, the club shall not be under any obligation to reimburse him unless the board otherwise determines.
Security	9.1	The club is under no obligation to provide security on behalf of a member, but where it is provided it shall be on such terms as the managers consider appropriate and shall not constitute any admission of liability by the club for the claim in respect of which it is given.
	9.2	A member on whose behalf the club has provided security, with or without the member's express authority, shall on demand replace the security or pay to the club a sum corresponding to the amount of such security whether or not such amount may be recoverable in whole or in part from the club.
	9.3	In no case shall the club be liable for the detention of the unit, or for any other detention or attachment of a member's assets, or for any damage whatsoever caused to a member by reason of the provision or non-provision of security.
	9.4	A member shall upon demand reimburse the club such sum or sums as the club has paid on his behalf or under security provided by the club to the extent that such payment is, in the opinion of the managers, in respect of liabilities not recoverable from the club.

SECTION H: APPLICATION AND ENTRY

- Application**
- 10.1** The applicant must make to the managers a fair presentation of the risk by providing the managers with all material particulars and information together with any additional particulars and information as the managers may require.
- 10.2** The applicant will ensure that every material representation as to a matter of fact is substantially correct, and every material representation as to a matter of expectation or belief is made in good faith.
- 10.3** The managers may, without giving any reason, refuse any application for the entry of a unit or ship in the club.
- Entry**
- 11.1** Unless the managers otherwise decide, each person whose entry has been accepted under these rules becomes a member of the club. Whenever the managers accept an entry by way of reinsurance, the insurer reinsured by the club or person insured by such an insurer may, if the managers agree, become a member.
- Immediate termination**
- 11.2** The member is obliged to disclose any change in any material information relating to an entry including, but not limited to, change of: management, flag, classification society, government authority responsible for unit certification for the trade in question, nationality of crew, trading or operating area or nature of trade or operation. Upon such disclosure, or failure to disclose, the managers may amend the member's premium or terms of entry, or terminate the entry in respect of the unit with effect from the time of disclosure or failure to disclose.
- 11.3** The member is bound by and must observe and perform the obligations under these rules, and must provide the managers with electronic and postal addresses for service of notices.
- 11.4** The member warrants that he is, in relation to the unit:
- (1)** her owner or charterer; or
 - (2)** a manager or operator having control of her operation and employment; or
 - (3)** any other person in possession and control of her.
- Certificates of entry**
- 12.1** The managers will send the member a certificate of entry stating the date of commencement of cover and the terms and conditions on which the unit has been accepted for insurance.
- 12.2** If at any time there is a variation in the terms of entry, the managers will send the member an endorsement stating the terms of such variation and the date from which such variation is to be effective.

12.3 Every certificate of entry issued is conclusive evidence as to its terms; if the managers believe that such documentation contains any error or omission, they may issue a new certificate or endorsement which will be conclusive as aforesaid.

Joint entrants

13.1 The managers may accept an application from a member for another person or persons to become joint entrants in respect of that member's entry. Each joint entrant has an independent right of recovery from the club.

13.2 Unless otherwise agreed by the managers, the member and all joint entrants are jointly and severally liable to pay all amounts due to the club in respect of such entry.

13.3 a The member and each joint entrant warrants that the joint entrant is, in relation to the unit:

- (1)** interested in her operation, management or manning; or
- (2)** the holding company or the beneficial owner of the member or of any person interested in her operation, management or manning; or
- (3)** a mortgagee of the unit or a financial institution (or its subsidiary or affiliate) leasing the unit as owner to the member; or
- (4)** the charterer.

b The liability of a joint entrant and the member to each other shall not be excluded nor discharged by reason of the joint entrant being accepted by the club as a joint entrant in accordance with this rule 13. Any payment by the club to the member in respect of any liabilities insured by the club shall operate only as satisfaction but not exclusion or discharge of the liability of the joint entrant to the member.

13.4 The member warrants that he has at all times full power and authority to act in the name of and/or on behalf of all joint entrants.

Co-assureds

13.5 The managers may accept an application from a member for another person or persons to become co-assureds in respect of that member's entry.

13.6 The liability of the club to a co-assured only extends insofar as he may be found liable to pay in the first instance for liabilities which are properly the responsibility of either the member or, as appropriate, an affiliated or associated charterer insured under the same entry, which, if the member or such affiliated or associated charterer has entered into a contract with the co-assured, means those liabilities which are to be borne by the member or the affiliated or associated charterer, as appropriate, under such contract. Cover does not extend to any amount to the extent that such amount would not have been recoverable from the club by the member or the affiliated or associated charterer had the claim been made or enforced against him or to any liabilities to be borne by any of the co-assureds under the said contract.

13.7 Once the club has indemnified a co-assured, it shall not be under any further liability to any person in respect of that claim.

- Insured parties** 13.8 The receipt by an insured party of any sums paid by the club in respect of such an entry is sufficient discharge by the club for the same.
- 13.9 Any provision of these rules by which an insured party ceases either to be insured or to be entitled to recover from the club is deemed to apply to all insured parties. Failure by an insured party to comply with any of the obligations under these rules is deemed to be the failure of all insured parties.
- 13.10 Conduct of an insured party which would have entitled the club to decline to indemnify it is deemed to be the conduct of all insured parties.
- 13.11 The content of any communication between an insured party and the club is deemed to be within the knowledge of all insured parties.
- 13.12 The cover provided to joint entrants does not extend to any liabilities or disputes either among such joint entrants or with the member.
- Charterer named as joint entrant or co-assured** 13.13
- a** Unless otherwise agreed by the managers, where a charterer is named as a joint entrant or co-assured, all insured parties, including such charterer, warrant that the charterer is either:
- (1) an affiliated or associated charterer; or
- (2) has contracted with the member or a joint entrant for the provision of services to or by the unit and that contract has been approved by the managers
- b** Any charterer named as a co-assured in accordance with rule 13.13 a (2) above is only covered for liabilities which are to be borne by the member or other joint entrant under the terms of the relevant contract and would, if borne by the member or that joint entrant, be recoverable by either from the club.
- Group entries** 13.14 The managers may accept an entry on the basis that the unit is part of a group rating agreement and assess premiums accordingly.
- 13.15 The member or a joint entrant must be designated group principal and any communication from or on behalf of the club to the group principal is deemed to be within the knowledge of all insured parties in the group and any communication from and action taken by the group principal is deemed conclusively to be made with the full approval of any and all insured parties within that group.
- 13.16 All persons entering units or ships under a group rating agreement and the group principal remain jointly and severally liable to pay all amounts due to the club in respect of any and all units or ships in the same group.

Affiliated and associated companies

13.17 In the case of a claim which would be recoverable from the club being enforced against an affiliated or associated company of a member, but not of a joint entrant or a co-assured, such company shall, if the member so requires in writing, be entitled to recover such sum from the club but only to the extent to which the member would have been entitled to recover if the claim had been enforced against him.

Breach of warranty

13.18 In the event of any breach of the warranties set out in rules 10.2, 11.4 and 13.4, all insured parties' insurance shall terminate automatically from the time of the breach. In such circumstances, the member shall be, and remain, liable for all premiums up to the time of the breach.

13.19 In the event of any breach by a joint entrant or co-assured of the warranties set out in rules 13.3 and 13.13, the joint entrant's or co-assured's insurance shall terminate automatically from the time of the breach. If a joint entrant is in breach, he shall be, and remain, liable for all premium up to the time of the breach.

Assignment

14.1 No insurance given by the club and no interest under these rules or under any contract between the club and any member may be assigned without the agreement of the managers. Any assignment made without such agreement shall, unless the managers otherwise determine, be of no effect and the assignee shall have no rights against the club.

14.2 In the event that the managers agree, the club is entitled in settling any claim presented by the assignee to deduct or retain such amount as the managers may then estimate to be sufficient to discharge any actual or potential liabilities of the assignor to the club.

SECTION I: UNIT STANDARDS AND RISK REVIEWS

Classification and condition of units

- 15.1** Unless otherwise agreed by the managers, the following are conditions of the insurance of every unit:
- (1)** The unit must be and remain fully classed with a classification society approved by the managers or, provided agreed by the managers, remain fully approved by the government authority responsible for unit certification for the trade in question (hereafter 'society/authority').
 - (2)** Any matter in respect of which the society/authority might make recommendations about action to be taken must be promptly reported to the society/authority.
 - (3)** The member must comply with all the rules, recommendations and requirements of the society/authority within the time or times specified by that society/authority.
 - (4)** The managers may inspect any document, and/or obtain any information relating to the maintenance of the unit's class or approval, in the possession of any society/authority with which the unit is or at any time has been classed or approved, and the member authorises such society/authority to disclose such documents and/or information to the managers for whatever purposes they may consider necessary.
 - (5)** The member must comply with all statutory requirements of the unit's flag state and/or any state exercising jurisdiction over the unit relating to the construction, adaptation, condition, fitment, equipment, manning and operation of the unit and must at all times maintain the validity of such statutory certificates as are required or issued by or on behalf of the unit's flag state and/or any state exercising jurisdiction over the unit, including those in respect of the ISM and ISPS codes.

15.2 Unless and to the extent the board otherwise decides, a member is not entitled to any recovery in respect of any liabilities arising during a period when any of the conditions in rule 15.1 have not been complied with.

Unit risk reviews

- 15.3.1** The managers may, as a condition of acceptance or renewal of entry in the club or at any time thereafter, appoint a surveyor to undertake a unit risk review in respect of an applicant's or member's unit within a specified period. In the light of such unit risk review, the managers may decline the application, refuse to renew the entry or impose conditions on the terms of entry as they see fit.
- 15.3.2** If the applicant's or member's unit is not made available for a unit risk review within such period, no claim for recovery as a result of any incident arising after the expiry of such period will be allowed until such time as the unit risk review has been carried out, unless the board otherwise determines.

Operational reviews	15.4	The managers may at any time, or following an incident which will or may cause the member to incur liabilities for which he may be insured by the club, appoint a surveyor to undertake a review of the member's operations within a specified period. If the review does not take place within such period, no claim for recovery as a result of any incident arising after the expiry of such period will be allowed until such time as the review has been carried out, unless the board otherwise determines.
Surveys following lay-up	15.5	In the event that a member has laid the unit up for more than 90 consecutive days, he must, unless otherwise agreed by the managers, notify them of his intention to operate the unit at least seven days before she resumes operating. The managers may then require the member to have the unit undergo a unit risk review by a surveyor appointed by them. In the event that the member does not notify the club of his intention to operate the unit, no claim for recovery will be allowed unless the board otherwise determines.
Effect on terms of entry	15.6	In the light of a unit risk review or review of the member's operations the managers may: <ul style="list-style-type: none"> (1) terminate the member's entry with immediate effect or from a time and date specified by a notice in writing to the member; or (2) amend, vary or impose conditions on the terms of entry as they see fit.
Effect of non-compliance	15.7	Any recommendations made by the managers or a surveyor following any unit risk review or review of the member's operations must be carried out within a period specified by, and to the satisfaction of, the managers. If such recommendations are not carried out to the satisfaction of the managers within such period, no claim for recovery as a result of any incident arising after the expiry of such period will be allowed until such time as the recommendations have been carried out to the satisfaction of the managers, unless the board otherwise determines.

SECTION J: PERIOD OF INSURANCE

Policy year	16.1	Unless otherwise agreed at the time of entry or set out in these rules, the insurance provided by the club begins at the time stated in the member's certificate of entry, and continues until noon GMT on the following 20 February, and thereafter, unless terminated in accordance with these rules, from policy year to policy year.
	16.2	If a member does not wish to continue the insurance in respect of the unit, he must give notice in writing to the managers not later than 30 days before the expiry of the period of insurance.
	16.3	The unit may not be withdrawn at any other time or in any other manner except with the consent of the managers.
Managers' notice	16.4	The managers may, in respect of the unit, at any time and without giving any reason: <ol style="list-style-type: none">(1) give to a member seven days' notice that he is not entitled to any recovery in respect of any claim arising during the period from expiry of that notice until such further time as the managers specify; or(2) terminate the entry on 30 days' notice in writing given not later than 30 days before the expiry of the period of insurance.
	16.5	A member is only liable for premium in respect of the unit for the current policy year pro-rata for the period from the time stated in the member's certificate of entry until noon GMT: <ol style="list-style-type: none">(1) on the day ownership was legally transferred; or(2) on the day the unit became an actual or constructive total loss or such later date as the managers may determine; or(3) on the date of cessation of insurance.
Pro-rata premium		
Cessation of insurance	17.1	A member shall cease to be insured by the club in respect of any and all units and ships entered by him if: <ol style="list-style-type: none">(1) being an individual, he dies, becomes of unsound mind or bankrupt, or makes any arrangement with his creditors generally; or(2) being a company, a resolution is passed for its voluntary winding-up or an order is made for its compulsory winding-up or it is dissolved or seeks protection from its creditors under any applicable bankruptcy or insolvency laws or any similar event occurs in any applicable jurisdiction.
	17.2	A member shall cease to be insured by the club in respect of any unit entered by him if: <ol style="list-style-type: none">(1) he sells or assigns the whole or any part of his interest in the unit, unless the managers have agreed to such assignment and to an assignment of the relevant insurance by the club pursuant to rule 14.1; or(2) the unit becomes, or is accepted by hull underwriters as, an actual or constructive total loss, or there is a compromise reached with hull underwriters, or the managers decide that the unit can be considered or deemed to be an actual or constructive total loss, except as regards liabilities flowing directly from the casualty which gave rise to the actual or constructive loss of the unit, or such later date as the managers may determine; the managers may, however, agree to extend the period of insurance on such terms as they think fit; or

- (3) notice is given under rules 16.2 to 16.4 and is not withdrawn by agreement before the expiry of the period of insurance; or
- (4) the entry is terminated or ceases in accordance with rules 15 or 16.4; or
- (5) the unit is employed by the member in a carriage, trade, voyage or operation which will thereby in any way howsoever expose the club to the risk of being or becoming subject to any sanction, prohibition or adverse action in any form whatsoever by any state or international organisation, or if the provision of insurance for a carriage, trade, voyage or operation is or becomes unlawful, prohibited or sanctionable, unless the managers shall otherwise determine.

Cancellation of insurance

17.3 If a member fails to pay when due and demanded by the managers any sum owing from him to the club including any sum for which he is liable under rule 13.16:

- (1) unless and to the extent the board otherwise decides, a member will not be entitled to any recovery in respect of any claim arising from the date of such failure until the date such sum owing to the club is paid in full; and
- (2) his insurance will be cancelled, whether or not it may already have ceased for some other reason, if after service on him of a notice stating that there are sums owing and requiring payment by a specific date he fails to pay any sum in full on or before such date.

17.4 The managers may, but are not obliged to, specify the amount outstanding; any inaccuracy in the demand as to the amount stated to be owing shall not invalidate the notice unless there is no sum owing at all.

Effect of cessation of insurance

17.5 When a member ceases to be insured in respect of any unit or at all ('the date of cessation'), then:

- (1) such member and his successors are, and remain, liable for all premium in respect of that part of the policy year for which the unit was on risk, and previous policy years, unless otherwise agreed pursuant to rule 19; and
- (2) the club remains liable for all claims arising out of any event occurring before the date of cessation, but is under no liability for anything occurring after the date of cessation.

17.6 When a member ceases to be insured by virtue of rule 17.2(2), he continues to be insured by the club in respect of wreck liabilities in accordance with rules 3.6.3 and 3.8, and on such other terms as may be agreed by the managers.

**Effect of
cancellation
of insurance**

17.7 When a member's insurance is cancelled under rule 17.3, the club ceases to be liable for any claims in respect of any units and ships entered by such member:

- (1)** which may arise by reason of any event occurring after the date of cancellation; or
- (2)** which have accrued or arisen during a policy year for which sums remained owing but unpaid by the member in full or in part at the date of cancellation; or
- (3)** which may have accrued or arisen in any year other than one referred to in (2) above, whether or not the club may have admitted liability for such claims or may have known, at the date of cancellation, that a claim was likely to accrue.

SECTION K: PREMIUM

- Premium**
- 18.1** A member who has a unit entered in the club shall pay a fixed premium in an amount agreed between the member and the managers.
- 18.2** Where, for any reason, a return of premium is due, then unless a member notifies and submits his claim for reimbursement in writing within three months, no allowance or return shall be made unless the managers otherwise determine.
- Payment**
- 19.1.1** Any premium or other sums due shall be designated in such currency, and be payable in such manner and at such time, as the managers may specify. If any sum due is not paid on the specified date, time being of the essence, such member shall pay interest on the amount outstanding from that date until the date of payment at such rate as the board determines. The managers may, however, waive payment of interest in whole or in part.
- 19.1.2** Where a member has appointed a broker, the broker is the agent of the member. Payments of premium and other sums due to the club shall not be considered received by the club until actually received by it, and payment by the member to his broker or other intermediary shall not constitute payment to the club.
- 19.1.3** Where the member has appointed a broker, payment by the club to the broker of sums due to the member shall constitute payment to the member. Any such payment shall fully discharge the club's liability to the member in respect of such sums.
- Lien**
- 19.2** The club is entitled to, and the member grants, a lien on the unit in respect of any amount owed by the member to the club.
- Reserves**
- 19.3** The board may:
- (1)** establish and maintain such reserves or other accounts as it thinks fit;
 - (2)** transfer any sum standing to the credit of any policy year to any reserve;
 - (3)** apply the sums in any reserve for any purpose and may at any time transfer sums from one reserve to another.
- Investment**
- 19.4** The funds of the club may be invested in any way the board may determine.
- 19.5** Unless the board otherwise determines, all funds relating to any policy year or reserve shall be pooled and invested as one fund.
- 19.6** The board may apply investment returns to any policy year or reserve as it thinks fit.

SECTION L: GENERAL TERMS AND CONDITIONS

- Powers of board and managers**
- 20.1** Whenever any power under these rules is:
- (1)** vested in the board, it may be delegated to any subcommittee of the board, class committee or to the managers;
 - (2)** conferred or imposed upon the managers, or is delegated to them under rule 20.1(1), it is exercisable by the managers, or by any authorised employee or agent.
- 20.2** Any power referred to in rule 20.1 is exercisable in the absolute discretion of the board, subcommittee, class committee or managers. The board and the managers are not required to give reasons for any decision or determination.
- 20.3** Whenever the managers' agreement or approval is required by these rules, it must be given in writing, and no agreement or approval shall be of any effect in the absence of such written agreement.
- Disclosure**
- 20.4** The club shall be entitled to give disclosure of information relating to the member's business which has become known to the club where such disclosure is required by law, or any rule, regulation, order or direction of any authority or if necessary for the proper performance of the club's or managers' obligations.
- Notices**
- 21.1** All notices and documents required by these rules to be given to the club or to the managers must be in writing and addressed to the managers.
- 21.2** All notices and documents required by these rules to be served on a member may be served as the managers decide either personally, or by post, fax or e-mail to him:
- (1)** at his address as recorded by the managers; or
 - (2)** at any other address he has notified the managers as being his address for service; or
 - (3)** at any address of a broker or agent through whom any unit has been entered in the club.
- 21.3** Every notice and document served personally is deemed served on the day of service; if served by post, fax or e-mail is deemed served on the second day after posting or sending. Proof of posting is sufficient proof of service by post, while the managers' record of any electronic communication is sufficient proof of service by other means.
- Website**
- 21.4** The managers may send or supply any notice or document to members by making it available on the club's website, and it is deemed delivered when the relevant members are notified that it is available on the website.
- Personal data**
- 21.5** Conditions relating to the sharing and processing of personal data between, by and/or on behalf of the club and the member pursuant to these rules are contained in a separate data sharing document available on the club's website.

Law and jurisdiction

- 22.1** All insured parties submit to the jurisdiction of the English courts in respect of any action brought by the club to recover any sums which the managers may consider to be due from an insured party. However, the club is entitled to commence and maintain any action to recover any sums which the managers may consider to be due from an insured party in any jurisdiction.
- 22.2** If any other dispute between an insured party and the club arises out of or in connection with these rules, it must first be referred to the board notwithstanding that the board may have already considered the matter which has given rise to the dispute, and such reference shall be on written submissions only.
- 22.3** No insured party is entitled to maintain any legal proceedings against the club unless and until the matter has been submitted to the board and the board has given its decision.
- 22.4** If, after the dispute has been referred to the board in accordance with rule 22.2, an insured party does not accept the decision of the board, the parties will attempt to settle it by mediation in accordance with the CEDR model mediation procedure. Unless otherwise agreed between the parties, the mediator will be nominated by CEDR. The mediation will take place in London and in English. The mediation agreement shall be governed by the substantive law of England. The English courts shall have exclusive jurisdiction to settle any claim, dispute or difference which may arise out of, or in connection with, the mediation.
- 22.5** If the dispute is not settled by mediation within 14 days of commencement of the mediation or within such further period as the parties may agree in writing, the dispute shall be referred to and finally resolved by arbitration in London before two arbitrators, one to be appointed by each of the parties, and an umpire to be appointed by the two arbitrators. The submission to arbitration and all the proceedings therein shall be subject to the Arbitration Act 1996 and any statutory modifications thereof.

SECTION M: DEFINITIONS

23 In these rules the following words and expressions have the following meanings:

The rules: the Offshore rules of the club for the time being in force.

The articles: the articles for the time being of the club.

The club: The Standard Club UK Ltd.

Affiliated or associated charterer: where (1) both the member or a joint entrant and the charterer have the same parent or (2) one of the member, joint entrant or the charterer respectively is the parent of the others. For the purposes of this definition, a 'parent' is a company which owns at least 50% of the shares in and voting rights of the others or owns a minority of the shares in the others and can procure that it is managed and operated in accordance with its wishes.

Applicant: any person seeking to enter a unit on his own or another's behalf or on whose behalf an application is made.

Board: the directors for the time being of the club or, as the context may require, a quorum of directors present at a duly convened meeting of the board.

Certificate of entry: a document issued pursuant to rule 12, including any endorsement thereto.

Contract work: includes but is not limited to materials, components, parts, machinery, fixtures, equipment and any other property which is or is destined to become a part of the completed project which is the subject of the contract under which the unit is working, or to be used up or consumed in the performance or completion of such project.

Crew: any person employed as part of the unit's complement under the terms of a crew agreement or other contract of service or employment to serve on board the unit, whether or not on board that unit.

Demise or bareboat charterer: a charterer who has sole possession of the unit and sole control of her management and crew.

Effects: includes clothes, documents, navigation and other technical instruments and tools, but does not include valuables.

Fines: includes penalties and other impositions similar in nature to fines.

Group rating agreement: any agreement whereby the premium of the unit is assessed by reference to the record of any other units and ships which are or were entered through the group in the club, whether the units and ships are in the same registered or beneficial ownership or not.

Hull policies: the policies covering the hull and machinery of the unit, including excess liability policies.

Insured party: the member, any joint entrant and any co-assured in respect of an entry.

Knock-for-knock: a provision stipulating (1) that each party to a contract shall be similarly responsible for loss of or damage to, and/or death of or injury to, any of its own property or personnel, and/or the property or personnel of its contractors and/or of its or their subcontractors and/or of other third parties, and (2) that such responsibility shall be without recourse to the other party and arise notwithstanding any fault or neglect of any party and (3) that each party shall, in respect of those losses, damages or other liabilities for which it has assumed responsibility, correspondingly indemnify the other party against any liability that that party shall incur in relation thereto.

Liabilities: liabilities, costs and expenses incurred by a member.

Managers: the managers for the time being of the club.

Member: every owner or other person who becomes and is for the time being a member of the club.

Owner: includes an owner, owners in partnership, owners holding separate shares in severalty, part owner, trustee, mortgagee, a demise or bareboat charterer, operator or manager, builder, insurer or reinsurer who enters the unit in the club or who is a joint entrant or co-assured.

Personal data: any information that relates to or enables the identification of a living person.

Policy year: the year from noon GMT on 20 February to noon GMT on the following 20 February.

Premium: includes any premium or other sums which may be due from an insured party.

Ship: any ship or mobile or temporarily fixed craft other than the unit.

Tonnage: the gross tonnage of the unit as stated in the Certificate of Registry or other official document relating to the registration of the unit, or as agreed by the managers.

Underwater vehicles: includes but is not limited to submarines, mini submarines, remotely operated vehicles, untethered underwater vehicles, autonomous underwater vehicles, sea-ploughs, scarabs, diving bells, and similar equipment.

The unit:

- (1) a mobile offshore production unit which has been entered in the club for insurance, including the risers, flowlines and umbilicals (provided such risers, flowlines and umbilicals are not separated from the unit by any wellhead or well control equipment), floating hoses, buoyancy floats or tanks and mooring systems, or any other description of mobile offshore production unit noted in the certificate of entry, but always excluding any wellhead, well control equipment, downhole equipment, or any part thereof whether or not on board or connected to the mobile offshore production unit; or
- (2) a mobile offshore drilling unit which has been entered in the club for insurance but always excluding any wellhead, well control equipment, downhole equipment, or any part thereof and any property below the drill floor or rotary table, except that for pollution liabilities under rule 3.6 the definition of a mobile offshore drilling unit is extended to include the drill string and marine riser or any part thereof owned or leased by the member provided that there shall be no recovery for liabilities in respect of:
 - a) blow-out and control of well excluded under rule 5.11
 - b) discharge or escape of any substance below the unit side of the point of connection with any blow-out preventer or blow-out preventer stack or other similar equipment.

Unit risk review: a survey or inspection of an applicant's or member's unit relating to that unit's structure, machinery, equipment, crewing, navigation, condition, operation, management or any other matter which, in the opinion of the managers, requires investigation.

Unlawful, prohibited or sanctionable: unlawful, prohibited or sanctionable under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom, United States of America, the place of incorporation or domicile of the member or the unit's flag state.

Valuables: money, negotiable securities, gold, silverware, jewellery, ornaments or works of art.

Well: includes wellheads and well control equipment.

Wellhead: any wellhead, Christmas Tree, template, flowbase, manifold, or any other wellhead structure, wherever situated.

Well control equipment: any blow-out preventer, blow-out preventer stack, diverter, control device, subsurface isolation valve or any other equipment used for control of well, wherever situated.

Wilful misconduct: an act intentionally done or a deliberate omission by an insured party with knowledge that the performance or omission will probably result in injury or loss, or an act done or omitted in such a way as to allow an inference of a reckless disregard for the probable consequences.

References to the masculine gender shall include the feminine gender.

References to singular numbers shall include plural numbers and vice versa.

References to persons shall include corporations.

References to rule numbers shall include any sub-paragraphs of that rule.

Headings and sub-headings are for reference only and do not affect the construction of any rule.

The Standard Club Asia Ltd

Offshore rules

The Offshore rules of The Standard Club Asia Ltd shall be the same as the Offshore rules of The Standard Club UK Ltd amended and varied as follows:

Unless the context otherwise requires, 'the club' means The Standard Club UK Ltd or The Standard Club Asia Ltd as appropriate and references to 'the articles' shall be references to the Memorandum and Articles of Association of the club.

The Standard Club Ireland DAC

Offshore rules

The Offshore rules of The Standard Club Ireland DAC shall be the same as the Offshore rules of The Standard Club UK Ltd amended and varied as follows:

Unless the context otherwise requires, 'the club' means The Standard Club Ireland DAC and references to 'the articles' shall be deemed to be references to the Memorandum and Articles of Association of the club.

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Additional Covers



The additional covers which follow do not form part of any member's insurance unless and to the extent that they are expressly agreed and incorporated into the member's certificate of entry.

Offshore Maritime Labour Convention extension clause 2022

- Cover**
- 1** Subject only to the other provisions of this extension, the club shall discharge and pay on the member's behalf under the 2006 Maritime Labour Convention, as amended (MLC 2006) 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 A2.5.2 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 A4.2.1 and Guideline B4.2.
 - 2** The member shall reimburse the club in full:
 - (a)** any claim paid under paragraph 1(a) save to the extent that such claim is in respect of liabilities, costs or expenses recoverable under rule 3.1.2; and
 - (b)** any claim paid under paragraph 1(b) save to the extent that such claim is in respect of liabilities, costs or expenses recoverable under rule 3.1.1.
- Exclusions**
- 3** There shall be no payment under paragraph 1(a) or paragraph 1(b) if and to the extent that the liability, cost or expense is recoverable under any social security scheme or fund, separate insurance or any other similar arrangement.
 - 4** The club shall not discharge or pay any liabilities, costs or expenses under paragraph 1(a) or paragraph 1(b), irrespective of whether a contributory cause of the same being incurred was any neglect on the part of the member or the member's servants or agents, where such liabilities, costs or expenses were directly or indirectly caused by or contributed to by or arise from:
 - a.** Any chemical, biological, bio-chemical or electromagnetic weapon
 - b.** The use or operation, as a means for inflicting harm, of any computer, computer system, computer software programme, computer virus or process or any other electronic system.

Cancellation and automatic termination of cover

- 5**
- a. This extension may be cancelled in respect of war risks by the club 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, this extension shall terminate automatically in respect of war risks:
 - i. Upon the outbreak of war (whether there be a declaration of war or not) between any of the following: the United Kingdom, the United States of America, France, the Russian Federation, the People's Republic of China;
 - ii. In respect of any unit, in connection with which cover is granted hereunder, in the event of such unit being requisitioned either for title or use.
 - c. This 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 United Kingdom, the United States of America, France, the Russian Federation, the People's Republic of China;
 - ii. Requisition for title or use.

Conditions

- 6** This extension shall be subject to rules 4.7, 4.9, 6.16 and 17.2(5).
- 7** Without prejudice to paragraph 5, cover under this 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 A4.2.1.12.
- 8** Any dispute arising out of or in connection with this extension shall be resolved in accordance with rule 22.
- 9** For the purpose of this extension:
"member" means any insured party who is liable for the payment of calls, contributions, premium or other sums due under the terms of entry.
"seafarer" shall have the same meaning as in MLC 2006.
"war risks" means the risks set out in rule 4.3.

Offshore war risks clause 2022

Cover	1.1	Such liabilities as would be covered by the club and the member's terms of entry but for the exclusion of war risks in rule 4.3.
	1.2	This clause shall only operate in respect of the standard risks in the rules and shall not operate in respect of any special risks.
Excluded areas	2.1	At any time or times before, or at the commencement of, or during the policy year, the managers may determine that any places or areas be excluded from the cover hereunder.
	2.2	Unless otherwise agreed by the managers, the cover shall cease in respect of the places or areas so determined in accordance with paragraph 2.1 upon the expiry of seven days from midnight on the day notice of such determination is given by the managers to the members.
Cancellation	3	Cover may be cancelled by either the club or the member giving seven days' notice (such cancellation becoming effective upon the expiry of seven days from midnight on the day on which notice is issued by or to the club). The club agrees however to reinstate cover subject to agreement with the member prior to the expiry of such notice as to new terms of entry.
Automatic termination of cover	4	Whether or not such notice of cancellation has been given, cover shall terminate automatically:
	4.1	upon the outbreak of war (whether there be a declaration of war or not) between any of the following: the United Kingdom, the United States of America, France, the Russian Federation, the People's Republic of China;
	4.2	in respect of any unit if it is requisitioned either for title or use.
Five powers war and nuclear exclusions	5	This cover excludes:
	5.1	loss, damage, liability or expense arising from:
	5.1.1	the outbreak of war (whether there be a declaration of war or not) between any of the following: the United Kingdom, the United States of America, France, the Russian Federation, the People's Republic of China;
	5.1.2	requisition either for title or use;
	5.2	liabilities (irrespective of whether a contributory cause of the same being incurred was any neglect on the part of the member or his servants or agents) when the loss or damage, injury, illness or death or other accident in respect of which such liability arises or cost or expense is incurred, was directly or indirectly caused by or arises from:

- (i) ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel; or
- (ii) the radioactive, toxic, explosive, or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof; or
- (iii) any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter; or
- (iv) the radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter,

other than liabilities arising out of carriage of 'excepted matter' (as defined in the Nuclear Installations Act 1965 of the United Kingdom or any regulations made thereunder) as cargo in the unit.

Chemical, biological, bio-chemical, electromagnetic weapons and cyber risks exclusion clause	6	This paragraph 6 overrides anything contained in this insurance inconsistent therewith.
	6.1	In no case shall this insurance cover loss, damage, liability or expense directly or indirectly caused by or contributed to by or arising from:
	6.1.1	any chemical, biological, bio-chemical or electromagnetic weapon;
	6.1.2	the use or operation, as a means for inflicting harm, of any computer, computer system, computer software programme, malicious code, computer virus, computer process or any other electronic system.
	6.2	Paragraph 6.1 shall not operate to exclude losses (which would otherwise be covered hereunder) arising from the use of any computer, computer system or computer software programme or any other electronic system in the launch and/or guidance and/or firing mechanism of any weapon or missile.
Maintenance of standard hull war risks cover	7	Where the unit is entered by the member as an owner's entry, the member will maintain standard hull war risks cover with P&I inclusion clauses attached for not less than the hull value of the unit and this cover will respond only in excess of claims recoverable thereunder.
Deductible	8	The deductible shall be that set out in the member's certificate of entry.
Limit	9	The limit of club cover shall be that set out in the certificate of entry or US\$150 million, any one event or series thereof in the aggregate, whichever is the lesser.

Offshore bio-chemical risks inclusion clause 2022

Cover	1.1	The liability of the member, not being a charterer: <ol style="list-style-type: none">(1) to pay damages, compensation or expenses arising out of crew injury, illness or death (including deviation expenses, repatriation and substitute expenses and shipwreck unemployment indemnity),(2) for the legal costs and expenses incurred solely for the purpose of avoiding or minimising any liability or risk insured by the club
	1.2	where such liability is not recoverable under: <ol style="list-style-type: none">(1) the Offshore rules of the club; or(2) the Offshore war risks clause 2022 or any underlying war policies
	1.3	solely by reason of the operation of an exclusion of liabilities and losses directly or indirectly caused by or contributed to by or arising from: <ol style="list-style-type: none">(1) any chemical, biological, bio-chemical or electromagnetic weapon(2) the use or operation, as a means for inflicting harm, of any computer, computer system, computer software programme, malicious code, computer virus, computer process or any other electronic system,
	1.4	other than liabilities and losses arising from: <ol style="list-style-type: none">(1) explosives or the methods of the detonation or attachment thereof(2) the use of the unit or its cargo as a means for inflicting harm, unless such cargo is a chemical, biological or bio-chemical weapon(3) the use of any computer, computer system or computer software programme or any other electronic system in the launch and/or guidance system and/or firing mechanism of any weapon or missile.
Excluded areas	2.1	Unless and to the extent the board may otherwise decide, there shall be no recovery in respect of any liabilities and losses directly or indirectly caused by or contributed to by or arising out of any event within the places or areas or during such period as may be specified from time to time.
	2.2	At any time or times before, or at the commencement of, or during the policy year, the club may by notice to the member change the places or areas and periods specified in paragraph 2.1 from a date and time specified by the club not being less than 24 hours from midnight on the day the notice is given to the member.
Cancellation	3	Cover may by notice to the member be cancelled by the club from a date and time specified by the managers, not being less than 24 hours from midnight on the day notice of cancellation is given to the member.

Deductible	4	The deductible shall be that set out in the member's certificate of entry.
Limit of cover	5.1	Subject to paragraph 5.2, the limit of club cover under this extension in respect of all claims shall be in the aggregate US\$10 million each unit any one event or series thereof arising from any one event.
	5.2	In the event that there is more than one entry by any person for bio-chemical risks cover as provided herein in respect of the same unit with the club, the aggregate recovery in respect of all liabilities and losses arising under such entries shall not exceed the amount stipulated in paragraph 5.1 and the liability of the club under each such entry shall be limited to such proportion of that amount as the claims arising under that entry bear to the aggregate of all such claims recoverable from the club.

Offshore liability extension clause 2022

- Scope of cover**
- 1.1** Liabilities incurred by the member set out hereunder subject to the terms, conditions, limitations and exceptions of the Offshore rules of the club to the extent that they are not inconsistent herewith and which have arisen by reason of the member's interest in the unit out of events occurring during the period of entry of the unit in the club.
- 1.2** The exclusions to rule 3.6 set out in paragraphs (2) a and c, to rule 3.8 set out in paragraph (4), and set out in rule 5.9 paragraphs (3) and (4) and rule 5.11 paragraph (3) shall not apply.

Risks covered 2

Property

2.1.1 Liabilities arising out of loss of or damage to any property not owned, chartered, hired or leased by the member or by any company affiliated to or associated with the member.

2.1.2 Liabilities incurred under indemnities given by the member in respect of property on board or being used from the unit.

Personnel

2.2.1 Liabilities arising out of the death or illness of or injury to any person employed by the member where such death, injury or illness occurs in the course of that person's work, including attendance on safety and other work-related courses, visits or temporary assignment to other offshore installations, ships and units, and travel and rest periods necessary to perform such work.

2.2.2 Liabilities arising out of the death or illness of or injury to any other person.

Chartered ships

2.3.1 Liabilities arising out of operations carried out on behalf of the member or an associated or affiliated company as charterer or hirer of ships to support the operations of the unit;

2.3.2 Liabilities incurred by the member in his capacity as charterer or hirer of ships to support the operations of the unit.

Exclusions to paragraph 2.3

There shall be no recovery under paragraph 2.3:

- (1)** for liabilities which do not fall within the standard risks set out in rule 3 of the P&I rules of the club, including liabilities which arise under the terms of an indemnity or contract falling outside the standard rule 3 cover;
- (2)** in respect of liabilities which would have been recoverable under the chartered or hired ship's P&I entry had it been fully entered for standard P&I risks with a member of the International Group of P&I clubs;
- (3)** if the relevant charterparty or contract of hire does not contain a knock-for-knock provision unless otherwise agreed by the managers.

- Pollution** **2.4.1** Liabilities under the terms of any contract in respect of remedial measures and/or personal injury and/or death and/or loss of, damage to or loss of use of property, caused directly by seepage, pollution or contamination from any hole or well in respect of which the unit is employed or utilised.
- 2.4.2** Liabilities in respect of removing, nullifying, or cleaning up seeping, polluting, or contaminating substances emanating from any hole or well in respect of which the unit is employed or utilised, including the cost of containing and/or diverting the substances and/or preventing the substances reaching the shore, provided always that liability for such seepage, pollution or contamination is incurred by the member by reason of his fault or negligence and results from an event taking place during the period of cover under this clause.
- Clean-up costs** **2.5** Liabilities in connection with the clean-up of debris, tools, machinery or equipment lost or deposited on the seabed as a result of a casualty.
- Sue and labour** **2.6** Extraordinary costs and expenses reasonably incurred on or after the occurrence of any event liable to give rise to a claim upon the club and incurred solely for the purpose of avoiding or minimising any liability against which the member is insured by the club, but only to the extent that those costs and expenses have been incurred with the prior agreement of the managers, or to the extent that the board determines.

Exclusion to paragraph 2.6

Unless the managers or the board otherwise decide, there shall be deducted from such costs and expenses the deductible which would have been applicable had the liability or expenditure against which the member is insured by the club been incurred.

- Legal costs** **2.7** Legal costs and expenses relating to any liabilities which in the opinion of the managers are likely to result in a claim covered by this extension, but only to the extent that such legal costs and expenses have been incurred with the agreement of the managers.
- Exclusions** **3** There shall be no recovery for liabilities:
- (1)** for which the member would be covered if the unit were entered in the club for standard risks under the Offshore rules;
 - (2)** which do not arise out of operations or activities for which the member is legally liable either as owner, operator or charterer of the unit or as employer of personnel performing operations or activities relating to the unit, unless otherwise agreed by the managers;
 - (3)** which could reasonably have been avoided or minimized by the use of the unit, or of the member's own equipment or personnel;
 - (4)** relating to the loss of or damage to or replacement, recovery, removal or clean-up of any tool, machinery or equipment or part thereof whilst below the surface of the seabed in any hole or well in respect of which the unit is employed or utilised;

- (5) arising out of wear and tear, gradual deterioration, latent defect, mechanical or electrical breakdown or failure, corrosion or other atmospheric damage, or extremes of temperature;
- (6) arising out of loss of or damage to any ship chartered or hired by the member or an associated or affiliated company to support the operations of the unit;
- (7) arising out of the use, ownership or possession of motor vehicles on public highways compulsorily insurable by legislation or for which the government or other authority has accepted responsibility;
- (8) arising out of the death or illness of or injury to any person recoverable under any applicable state scheme or collective agreement, including such liabilities which are not recoverable under such scheme or agreement by reason of a breach of the relevant terms or conditions;
- (9) arising out of an interest as owner, operator or charterer, or by reason of an agreement for the lease, rental or hire, of any aircraft and/or helicopter.

Scope of recovery

4

If a member incurs any of the liabilities set out in paragraph 2, he is entitled to recover the net amount of such liabilities, after deduction of any costs and expenses which would have been incurred in any event together with any savings accruing to him and any recoveries made or additional revenue earned by him, unless otherwise agreed by the managers.

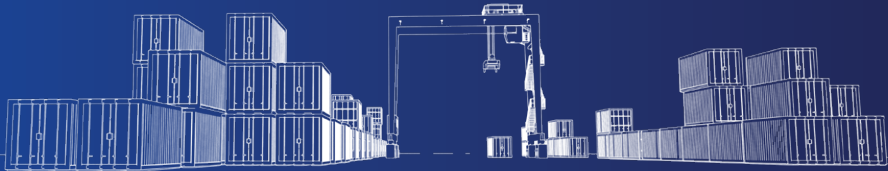
Deductible and limit of cover

5

The applicable deductible and limit of club cover shall be that set out in the member's certificate of entry.

04

Oil Spills in the United States



Any oil pollution incident in the United States must be reported immediately to the managers' New York office:

180 Maiden Lane, Suite 6A, New York, NY 10038

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