

2014/15

The Standard



Fixed Premium Rules



Rules
of

The Standard Club Europe Ltd

Fixed Premium Rules

Managers

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Contents

Section no.	Page no.
1 The Directors	iii
2 The Managers	v
3 The Rules	1

01

Fixed Premium Rules

The Directors

1 The Standard Club

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R M Jones, United States
President and Chairman
CSL Group Inc

Sir John W Swan KBE JP, Bermuda
Vice-President

C Peraticos, Greece
Deputy Chairman
Pleiades Shipping Agents SA

C d'Amico, Italy
Deputy Chairman
d'Amico Societa di Navigazione SpA

N Aksoy, Turkey
Turkish Cargo Lines

L D'Amato, Italy
Fratelli D'Amato SpA

A Bensler, Canada
Teekay Shipping (Canada) Ltd

A Broomhead,
Pacific Basin Shipping Ltd

R Clarke, Canada
BC Ferry Services

P Clerici, Italy
Coeclerici SpA

M J Cox, United States
Matson Navigation Co Inc

H Deeble, United Kingdom
P&O Ferries Ltd

A J Groom, United Kingdom

B Harinsuit, Thailand
Harinsuit Transport Co Ltd

N Hadjioannou,
Alassia Holdings Inc

B J Hurst-Bannister, United Kingdom
Independent Director

G Jaegers, Germany
Reederei Jaegers GmbH

E L Johnsen, United States
International Shipholding Corporation

D C C Koo, Hong Kong
Valles Steamship Co Ltd

E Lauro, Monaco
Scorpio Tankers Inc

D G Marock, United Kingdom
Manager

A Martinos, Greece
Minerva Marine Inc

R Menendez Ross, Argentina
Ultrapetrol SA

J B Rae-Smith, Hong Kong
Swire Pacific Offshore Ltd

J Reinhart, United States

S Rosina, Italy
Premuda SpA

P Senkbeil, Monaco
SBM Offshore N.V.

M Sørensen,
Maersk Drilling A/S

S S Teo, Singapore
Pacific International Lines (Pte) Ltd

The Standard Club Europe Ltd

Directors

A J Groom, United Kingdom
Chairman

R M Jones, United States
Deputy Chairman
CSL Group Inc

R Clarke, Canada
BC Ferry Services

M J Cox, United States
Matson Navigation Co Inc

B J Hurst-Bannister, United Kingdom
Independent Director

D G Marock, United Kingdom
Manager

R Menendez Ross, Argentina
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02

Fixed Premium Rules

The Managers

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03

Fixed Premium Rules

The Rules

SECTION A: INSURANCE

- 1.1** The rules, which are subject to the articles, contain the terms upon which P&I cover is given by the club.
- 1.2** The standard 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 the rules.
- 1.3.3** The managers may reinsure any such 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 the rules.
- 1.5** The 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 any statutory modifications unless such Act or modification may have been excluded by the rules or by any term of such contract.
- 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 6.16.

SECTION B: SCOPE OF COVER

- 2.1** The liabilities in respect of which a member is insured by the club must have arisen by reason of the member's interest in the ship, out of events occurring during the period of the ship's entry in the club and in connection with the operation of the ship. 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** Under a charterer's entry, a member is entitled to recover for his liability to indemnify another person in respect of the risks set out in rule 3.
- 2.3** 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 rule 5, or have been approved by the managers.
- 2.4** 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.
- 2.5** 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** **3.1.2.1** Liabilities in respect of crew repatriation.
- Exclusion to rule 3.1.2.1**
- Liabilities arising out of the termination of any agreement, or the sale of the ship, or any other act of the member in respect of the ship, unless the board considers that such termination or other act was necessary in the interests of the safety of the ship or crew, or the proper running of the ship.
- 3.1.2.2** Liabilities in respect of repatriation under Guideline B2.5 of Regulation 2.5 of the 2006 Maritime Labour Convention (MLC 2006) or domestic legislation by a state party implementing MLC 2006.
- 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 ship.
- Port expenses** **3.1.6** Port and other charges as set out in rule 3.4 incurred in relation to crew.
- Passengers** **3.2.1** Liabilities in respect of the injury, illness or death of a passenger.
- 3.2.2** Liabilities to passengers arising out of a casualty while they are on board the ship. For the purpose of this rule ‘casualty’ means collision, stranding, explosion, fire or any other cause affecting the condition of the ship so as to render her incapable of safe navigation to her intended destination; or a threat to the life, health or safety of passengers.
- 3.2.3** Loss of or damage to a passenger’s baggage or effects, excluding valuables.
- 3.2.4** In respect of any liabilities arising under rule 3.2, the passenger contract must relieve the member of liability to the maximum extent permitted under the applicable law.

Exclusions to rule 3.2

- (1) Liabilities arising out of the carriage of a passenger by air unless they occur:
 - a during repatriation of an injured or sick passenger, or following a casualty to the ship; or
 - b during excursions from the ship, subject to exclusion (2) below.
- (2) Contractual liabilities arising in respect of a passenger while on an excursion from the ship in circumstances where either:
 - a a separate contract has been entered into by the passenger for the excursion, whether or not with the member; or
 - b the member has waived any rights of recourse against any sub-contractor or other third party in respect of the excursion.

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|---|--------------|---|
| Third parties | 3.3 | Liabilities in respect of the injury, illness or death of any person other than crew or passengers. |
| Stowaways and refugees: port charges | 3.4 | Port and other charges solely incurred for the purpose of landing stowaways or refugees, or others saved at sea, 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. |
| Life salvage | 3.5 | Sums due to a third party because he has saved or attempted to save the life of any person on or from the ship. |
| Collision with other ships | 3.6.1 | One-fourth, or such other proportion agreed by the managers, of the liabilities arising out of a collision other than those set out in rule 3.6.2. |
| | 3.6.2 | The liabilities arising out of a collision relating to: <ol style="list-style-type: none">(1) the raising, removing, destroying, lighting or marking of wrecks, cargo or other property(2) damage done by such other ship to any property not being another ship or any cargo or other property therein(3) loss of or damage to cargo or other property being carried in the ship; if the cargo is the property of the member, it is deemed to be fully insured, and the member is entitled only to recover from the club the amount by which such indemnity exceeds the sum recoverable under such insurance(4) the injury, illness or death of any person on board such other ship(5) pollution liabilities as may be covered under rule 3.8. |

Damage to other ships (other than by collision)
Pollution

- 3.6.3** 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 ship in those policies. However, the board may determine the proper value (being the market value of the ship without commitment) for which the ship 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 ship had been insured thereunder at such value.
- 3.6.4** 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.
- 3.6.5** If both ships are 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.
- 3.7** 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, any other ship or any cargo or other property therein caused other than by collision with the ship.
- 3.8.1** Liabilities arising out of the discharge or escape from the ship of any substance.
- 3.8.2** The costs of any measures reasonably taken after the discharge or escape of any substance from the ship 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.
- 3.8.3** The costs of any measures reasonably taken to prevent an imminent danger of the discharge or escape from the ship of any substance.
- 3.8.4** Extraordinary liabilities incurred as a result of complying with any order or direction given or any measures taken by any authority in connection with the ship or her cargo for preventing or reducing pollution or the risk thereof by the escape from the ship of any substance, excluding any permanent structural alteration to the ship.
- 3.8.5** Liabilities under a salvage agreement to compensate salvors for work done or measures taken to prevent or reduce pollution or the risk thereof by the escape from the ship of any substance.
- 3.8.6** Liabilities incurred after the ship has become a wreck arising from the discharge or escape from such wreck of any substance.
- 3.8.7** Liabilities in respect of pollution where such liabilities arise under rules 3.6, 3.7, 3.9, 3.10, 3.11 and 3.20.

Exclusions to rule 3.8

Unless the board otherwise determines, there shall be no recovery in respect of:

- (1) liabilities which but for the terms of any contract of carriage would have been allowed in general average adjusted under the unamended York Antwerp Rules 1994
- (2) liabilities, 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 ship whether as cargo, fuel, stores or waste and whether at any time mixed in whole or in part with any other substance whatsoever.

Damage to property (other than by pollution)

- 3.9** Liabilities for loss of or damage to, or interference with rights in relation to, any property not being any 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 ship.

Towage of the ship

- 3.10.1** Liabilities under the terms of a contract for the towage of the ship which:
- (1) relate to the risks set out in the other paragraphs of rule 3;
 - (2) arise under a contract for towage undertaken in the ordinary course of trading for the purpose of entering, leaving or manoeuvring within a port; or
 - (3) arise under a contract for the towage of cargo barges; or
 - (4) arise under a contract which has been approved by the managers.

Towage by the ship

- 3.10.2** Liabilities under the terms of a contract for, or arising out of, the towage by the ship of any ship or object where:
- (1) such liabilities relate to the risks set out in the other paragraphs of rule 3; and
 - (2) the towage is undertaken for the purpose of saving life or property at sea; or
 - (3) the ship is towing under a United Kingdom, Netherlands or Scandinavian standard towage contract, the current Lloyd's standard form of salvage agreement – no cure no pay, Towcon, Towhire standard forms, all in materially unamended form, or any other standard form towage contract containing equivalent or better protection than the said standard conditions or standard forms, or to which the managers may, on such terms as they require, agree in writing.

Wreck liabilities

- 3.11.1** Liabilities for or incidental to the raising, removal, destruction, lighting or marking of the wreck of the ship. The value of the wreck and all stores and materials saved must be deducted from any reimbursement and only the balance is recoverable.
- 3.11.2** Liabilities resulting from the actual or attempted raising, removal or destruction of the wreck of the ship, cargo or any other property on board.
- 3.11.3** Liabilities resulting from the presence or involuntary shifting of the wreck of the ship, cargo or any other property on board caused by the casualty which led to the loss of the ship, cargo or any other property on board. Unless the board otherwise determines, a member is not entitled to be reimbursed by the club in respect of any liability incurred more than two years after the ship, cargo or any other property on board became a wreck.
- 3.11.4** Liabilities for or incidental to the raising, removal, destruction or disposal of cargo or any other property which is being, or has been, carried on the ship. The value of all cargo or any other property saved accruing to the member must be deducted from any reimbursement and only the balance is recoverable.

Exclusions to rule 3.11

- (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 ship became a wreck
- (2) There shall be no recovery unless the raising, removal, destruction, lighting or marking of the wreck, or the raising, removal, destruction or disposal of cargo or any other property, was compulsory by law 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, or raise, remove, destroy or dispose of cargo or any other property
- (4) 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
- (5) 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 ship unless the ship 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.

Quarantine expenses

- 3.12** Expenses incurred as a direct consequence of an outbreak of infectious disease on the ship, including quarantine and disinfection expenses, and the net loss to the member in respect of fuel, insurance, wages, stores, provisions, cargo handling and port charges.

Exclusion to rule 3.12

There shall be no recovery if at the time the ship was chartered to, or was under orders from the member or her managers to, proceed to a port it was known, or should in the board's view reasonably have been anticipated, that she would be quarantined.

Cargo liabilities

- 3.13.1** Liabilities for loss or shortage of, or damage to, or other responsibility in respect of, cargo or other property intended to be, or being, or having been carried in, on or by the ship arising out of any breach by the member, or by any person for whose acts, neglect or default he may be legally liable, of his obligation properly to load, handle, stow, carry, keep, care for, discharge and deliver such cargo or property, or out of unseaworthiness or unfitness of the ship.

- 3.13.2** The extra costs incurred by the member:

- (1)** in the actual discharge or disposal of damaged or worthless cargo, provided that he can only recover such costs if he has no recourse to recover them from any other party; or
- (2)** as a direct consequence of the failure by cargo interests to collect or remove cargo from the place of discharge or delivery, provided that he can only recover such costs to the extent they exceed the proceeds of the sale of the cargo and he has no recourse to recover them from any other party.

- 3.13.3** Liabilities for loss of or damage to or responsibility in respect of cargo or other property being carried by means of transport other than the ship, for which the member may be liable under a contract of carriage, approved by the managers, providing for carriage partly to be performed by the ship.

Exclusions to rule 3.13

Unless the board otherwise determines, there shall be no recovery in respect of liabilities arising out of:

Hague and Hague-Visby rules

(1) the carriage of cargo on contractual terms more onerous to the carrier than those of the Hague or Hague-Visby Rules, or equally wide exemptions of the carrier from liability, save where it is on such terms solely by reason of the incorporation by law of the Hamburg Rules or parts thereof, to the extent that the liabilities exceed those which would have been incurred had the contract been on the Hague, Hague-Visby or Hamburg terms as applicable, unless the contract has been approved in advance by the managers

Deviation

(2) a deviation, or as a consequence of a deviation, from the contractually agreed voyage, which may deprive the member of the right to rely on defences or rights of limitation which would otherwise have been available to him, unless the managers have agreed that cover may continue unprejudiced

Loading

(3) the failure to arrive or late arrival of the ship at a port of loading, or the failure to load or delay in loading any particular cargo other than under a bill of lading already issued

Discharge

(4) the discharge of cargo at a place other than that stipulated in the contract of carriage

Documentation and delivery

(5) the delivery of cargo carried under a negotiable document of title without production of that document by the person to whom delivery is made except where the cargo has been carried under the terms of a non-negotiable document, and has been properly delivered as required by that document, notwithstanding that the member may be liable under the terms of a negotiable document of title issued by or on behalf of a party other than the member providing for carriage in part upon the ship and in part upon another ship or by another mode of transport

(6) delivery of cargo carried under a non-negotiable document without production of such document by the person to whom delivery is made, where such production is required by the express terms of that document or the law to which that document, or the contract of carriage contained in or evidenced by it, is subject, except where the member is required by any other law to which he is subject to deliver or relinquish custody or control of the cargo, without production of such document

(7) the issue of a document containing or evidencing the contract of carriage recording the loading or shipment or receipt for shipment on a date other than the date on which the cargo was in fact loaded, shipped or received

(8) a document containing or evidencing the contract of carriage issued with the knowledge of the member or his master with an incorrect description of the cargo or its quantity or condition

Finished steel products

- (9) the carriage of finished steel products, unless the member has arranged for a preloading survey to be carried out by a club-approved surveyor at each port of shipment, and the bills of lading have been claused in accordance with the findings of the surveyor as to the condition of cargo at the time of loading

Deck cargo

- (10) loss of, damage to or responsibility in respect of cargo carried on deck unless it is carried under a contract of carriage which permits it to be carried on deck and the contract states that it is being so carried and either it exonerates the member from all liability in respect of such cargo or it applies the Hague or Hague-Visby Rules to such cargo, or it is customary to carry such cargo on deck, or such carriage has been approved by the managers

Valuables

- (11) the carriage of valuables

Value declared on bill of lading

- (12) goods carried under a document containing or evidencing the contract of carriage where the value per unit, piece or package has been stated to be in excess of US\$2,500, or the equivalent in any other currency, which may deprive the member of the right to rely on defences or rights of limitation which would otherwise have been available to him, to the extent that such liabilities exceed that sum.

Unrecoverable general average contributions

3.14 The proportion of general average, special charges or salvage which the member is or would be entitled to claim from cargo or from another party which is not recoverable solely by reason of a breach of the contract of carriage.

Exclusions to rule 3.14

- (1) If the contribution is irrecoverable by reason of a deviation, rule 3.13 exclusion (2) applies to any claim under rule 3.14
- (2) The board may reject or reduce a claim if the contract of carriage under which the cargo was being carried did not include Article IV Rule (2)(a) of the Hague Rules, as amended by the Hague-Visby Rules, or an equally wide exemption from liability.

Ship's proportion of general average

3.15 Ship's proportion of general average, special charges or salvage not recoverable under the hull policies by reason of the value of the ship being assessed at a sound value in excess of the insured value under the hull policies. The board may determine the proper value (being the market value of the ship without commitment) for which the ship should have been insured under the hull policies, and the club shall pay only the amount of the ship's proportion of general average which would not have been recoverable under the hull policies, if the ship had been insured thereunder at such value.

Fines

- 3.16** Fines imposed on the member or upon any other person whom he reasonably reimburses or is legally liable to indemnify:
- 3.16.1** for short or over delivery of cargo, or for failure to comply with regulations concerning the declaration of goods or the documentation of cargo.
- 3.16.2** for smuggling or breach of any customs or immigration law or regulation.
- 3.16.3** in respect of the accidental escape or discharge of any substance, so long as the member is insured for pollution liabilities by the club subject to his terms of entry and the relevant limit of liability.
- 3.16.4** 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 3.16

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

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

Enquiry expenses

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

Interference by lawful authorities

- 3.18** Costs and expenses incurred in protecting a member's interests in cases of interference by any lawful authority of any country, 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.

Confiscation of ship by customs authorities

- 3.19** Loss of the ship following its confiscation by any legally empowered body in respect of the infringement of any customs law or regulation but only if and to the extent that, notwithstanding rule 5.1, the board decides that the member shall recover from the club.

Exclusions to rule 3.19

- (1)** The amount recoverable shall not exceed the market value of the ship at the date of the confiscation
- (2)** The member must have satisfied the board that he took all such steps as appear to the board to be reasonable to prevent the infringement of the customs law or regulation giving rise to the confiscation
- (3)** No claim will be considered by the board until the member has been deprived of his interest in the ship.

Sue and labour 3.20

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 3.20

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

3.21

Any liabilities which the board may determine to be within the scope of club cover, but only:

- (1)** to the extent that it decides that the member shall recover from the club; and
- (2)** with the express agreement of reinsurers in respect of such sums which exceed that portion of the risk retained by 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 ship 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 to the extent that the ship was fully insured to a proper value (being the market value of the ship without commitment) under a P&I war risks policy including piracy risks. The board may determine the proper value for which the ship 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 ship had not been entered in the club with cover for the risks set out in the 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 detention (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 ship 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.

**Radioactive
Contamination**

4.4 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.

**Guarantees,
undertakings
and certificates**

4.5 Notwithstanding the exclusions in rules 4.3 and 4.4, 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 4bis of the Athens Convention Relating to the Carriage of Passengers and Their Luggage by Sea 2002; or,
- (4)** any other guarantee, certificate or undertaking issued by the club pursuant to any statute, convention, treaty or law.

4.6 The member shall indemnify the club to the extent that any payment under any such guarantee, undertaking or certificate is or would have been recoverable in whole or in part under a standard P&I war risks policy had the member complied with the terms and conditions thereof.

4.7 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.

**Unlawful
sanctionable
and hazardous
trades**

- 4.8** No claim is recoverable if it arises out of or is consequent upon the ship 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.

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 ship or any part thereof, save as provided for in rule 3.19.
- Equipment Damage** **5.2** Loss of or damage to any equipment, containers, lashings, stores, or fuel on board the ship 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 ship or any charges or expenses in connection therewith save as provided for in rules 3.14 and 3.15.
- 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 ship, unless such loss, with the agreement of the managers, forms part of a claim for liabilities in respect of cargo.
- Detention** **5.5.1** Loss arising out of demurrage on, detention of, or delay to the ship or, except as provided for in rules 3.1.6 and 3.4, running costs of the ship, unless such costs, with the agreement of the managers, form part of a claim for liabilities in respect of cargo.
- 5.5.2** Liabilities arising out of arrest or detention of or delay to the ship 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 ship.
- Bad debts** **5.7** Loss arising out of irrecoverable debts or the insolvency of any person.
- Pollution** **5.8** Liabilities arising out of the actual, or threatened, escape or discharge of any substance save as provided for in rule 3.8.
- Salvage** **5.9** Salvage or other services in the nature of salvage provided to the ship, and any liabilities in connection therewith, other than such as may be covered under rules 3.5, 3.8.5, 3.14 or 3.15.
- 5.10** Liabilities arising out of salvage operations (including wreck removal) conducted by the ship or provided by a member other than liabilities arising out of salvage operations conducted by the ship for the purpose of saving or attempting to save life at sea.

Specialist operations

5.11 Liabilities incurred during the course of performing specialist operations including but not limited to dredging, blasting, pile-driving, well stimulation, cable or pipe laying, construction, installation or maintenance work, core sampling, depositing of spoil, professional oil spill response or professional oil spill response training and tank cleaning (other than on the ship), but excluding fire-fighting, to the extent that such liabilities arise as a consequence of:

- (1) claims brought by any party for whose benefit the work has been performed, or by any third party (whether connected with any party for whose benefit the work has been performed or not), in respect of the specialist nature of the operations; or
- (2) the failure to perform such specialist operations by the member or the fitness for purpose or quality of the member's work, products or services; or
- (3) any loss of or damage to the contract work including, but 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 ship is working, or to be used up or consumed in the completion of such project.

This exclusion does not apply to liabilities incurred in respect of:

- a injury, illness or death of any person on board the ship
 - b wreck removal of the ship
 - c oil pollution emanating from the ship or the threat thereof
- but only to the extent that such liabilities are covered by the club in accordance with these rules.

Drilling and production operations

5.12.1 Liabilities incurred in respect of the ship, being a drilling ship or any other ship employed to carry out drilling or production operations in connection with oil or gas exploration or production, including any accommodation ship moored or positioned on site as an integral part of any such operations, to the extent that such liabilities arise out of or during drilling or production operations.

5.12.2 A ship shall be deemed to be carrying out production operations if, inter alia, it is a storage tanker or other ship engaged in the storage of oil, and either the oil is transferred directly from a producing well to the storage ship; or the storage ship has oil and gas separation equipment on board and gas is being separated from oil while on board the storage ship other than by natural venting.

- Heavy lift Ships** 5.13 Loss of or damage to or wreck removal of cargo carried on a semisubmersible heavy lift ship or any other ship designed exclusively for the carriage of heavy lift cargo, save to the extent that such cargo is being carried under the terms of a contract on Heavycon terms or any other terms approved by the managers.
- Submarines and divers** 5.14 Liabilities incurred in connection with any claim arising out of:
- (1) the operation by the member of submarines, mini submarines or diving bells; or
 - (2) the activities of professional or commercial divers where the member is responsible for such activities, other than:
 - a activities arising out of salvage operations being conducted by the ship where the divers form part of the crew of that ship (or of diving bells or other similar equipment or craft operating from the ship) and where the member is responsible for the activities of such divers; and
 - b incidental diving operations carried out in relation to the inspection, repair or maintenance of the ship or in relation to damage caused by the ship; and
 - c recreational diving activities.
- Non-marine personnel** 5.15 Liabilities incurred in respect of:
- (1) personnel (other than marine crew) on board the ship (being an accommodation ship) employed other than by the member where there has not been a contractual allocation of risks between the member and the employer of the personnel approved by the managers;
 - (2) hotel and restaurant guests and other visitors and catering personnel of the ship when she is moored (other than on a temporary basis) and is open to the public as a hotel, restaurant, bar or other place of entertainment.
- Waste Disposal** 5.16 Liabilities incurred in connection with any claim brought against the member arising out of waste incineration or disposal operations carried out by the ship, other than any such operations carried out as an incidental part of other commercial activities, not being specialist operations.
- Paperless Trading** 5.17 Liabilities and losses arising from the use of any electronic trading system, other than an electronic trading system approved by the managers, to the extent that such liabilities and losses would not (save insofar as the managers otherwise determine) have arisen under a paper trading system.

For the purpose of this rule:

- (1)** an electronic trading system is any system which replaces or is intended to replace paper documents used for the sale of goods and/or their carriage by sea or partly by sea and other means of transport and which:
 - a** are documents of title; or
 - b** entitle the holder to delivery or possession of the goods referred to in such documents; or
 - c** evidence a contract of carriage under which the rights and obligations of either of the contracting parties may be transferred to a third party.
- (2)** a 'document' shall mean anything in which information of any description is recorded including, but not limited to, computer or other electronically-generated information.

**Direction of
the board**

- 5.18** The liabilities set out in rule 5 may be recoverable to the extent that they may be treated as expenses arising under rule 3.20, or are approved by the board.

SECTION F: SCOPE OF RECOVERY AND LIMITS

Net loss

- 6.1** 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

- 6.2.1** Unless and to the extent the board otherwise determines, under no circumstances shall the recovery by any person exceed:

- (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)** any other limit contained in these rules or set out in the member's certificate of entry;
- (3)** if less than the full tonnage of the ship is entered in the club, such proportion of the amount referred to in rule 6.1, or the limits referred to in paragraphs (1) and (2) above, as the entered tonnage bears to the full tonnage of the ship.

- 6.2.2** 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 rules or 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 6.2.2(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 6.2.2(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.

- 6.2.3** 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 rules or in the certificate of entry, the managers may defer payment of a claim or any part thereof.
- 6.2.4** Where a guarantee, undertaking or certificate provided for in rule 4.5 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 rules or 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 guarantee, undertaking or certificate have been or can be satisfied within such limit.
- 6.3** Any limits on the cover provided by the club apply in the aggregate to all insured parties and affiliated or associated companies.
- 6.4** Subject to any lower limits of cover contained in the rules or set out in the member's certificate of entry, the liability of the club to all insured parties for all claims, costs and expenses arising under any one owner's entry, shall be limited in the aggregate to US\$500 million any one event.
- Member's property**
- 6.5** If a claim arises following a collision involving two ships belonging to the same member, he is entitled to recover from the club, and the club has the same rights, as if the ships had belonged to different owners.
- 6.6** If a claim arises under rules 3.7 or 3.9 following loss of or damage to any ship, cargo or other property or object belonging to the member in respect of whose ship 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 other property or object 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 other property or object.
- 6.7** If the cargo in respect of which a claim arises under rule 3.13 is the property of the member, he is entitled, subject to the exclusions to rule 3.13, to recover such liabilities as would have been recoverable if that property belonged to a third party and that third party had concluded a contract of carriage with the member.
- Amounts owing to the club**
- 6.8** 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 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.

- Interest** **6.9** In no case is interest payable on sums due from the club.
- Pay to be paid** **6.10** 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.
- Crew claims**
- 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, or repatriation under rule 3.1.2.2, the club shall discharge or pay such claim on the member's behalf directly to such crewmember or dependant thereof.
- 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.
- 6.11.3** Subject to rule 6.11.4, 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 the rules and his terms of entry.
- 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.
- 6.11.5** The member agrees that, save to the extent that any such sum would have been recoverable by the member under rule 3.1.2.1 or any other paragraph of rule 3, any payment by the club under rule 3.1.2.2 shall be by way of loan and he shall both indemnify the club in respect of such payment and assign 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 insured or third party.
- Deductibles**
- 6.12** Any sum recoverable shall be subject to such deductible as has been agreed by the managers or, if not so agreed, shall be subject to the standard deductibles determined by the board from time to time. Unless otherwise agreed, deductibles shall apply any one event.
- 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.

Wilful misconduct	6.14	No claim is recoverable in respect of any liabilities which in the opinion of the club has been incurred owing to the privity or wilful misconduct of an insured party.
Obligation to sue and labour	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.
Waiver of subrogation	6.16	Where a 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 other party.
Sanctions	6.17	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 6.17 “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.

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.
- 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 any 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 ship, 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 provide the managers with all material particulars and information together with any additional particulars and information as the managers may require.
- 10.2** The applicant warrants on his own behalf and on behalf of any other person that he has provided all material information and that all such information is, so far as he knows or could with reasonable diligence ascertain, true and complete, and will remain so throughout the period of insurance. The information so provided forms the basis of the contract of insurance between the applicant and the club.
- 10.3** The managers may, without giving any reason, refuse any application for the entry of a ship in the club.
- Entry**
- 11.1** Unless the managers otherwise decide, each person whose entry has been accepted under the 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 ship 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 rating or terms of entry, or terminate the entry in respect of such ship.
- 11.3** The member is bound by and must observe and perform the obligations under the 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 ship:
- (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.
- 11.5** Under a charterer's entry, the member warrants that he will, unless otherwise agreed with the managers, declare to the club all ships chartered by him.

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 ship 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** The member and each joint entrant warrants that the joint entrant is, in relation to the ship:
- (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; or
 - (4)** the charterer.
- 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 the member which, if the member has entered into a contract with the co-assured, means those liabilities which are to be borne by the member under such contract. Cover does not extend to any amount which would not have been recoverable from the club by the member 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 the 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 the 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 contents 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 and co-assureds does not extend to any liabilities or disputes either among such joint entrants and co-assureds, 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 ship 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 ship is part of a group rating agreement and assess premium accordingly.
- 13.15 One person 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 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 ships in the same group.

Breach of warranty

13.17 In the event of any breach of the warranties set out in rules 10.2, 11.4, 11.5 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 premium up to the time of the breach.

13.18 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 the 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: SHIP STANDARDS AND SURVEYS

Classification and condition of ships

15.1 Unless otherwise agreed by the managers, the following are conditions of the insurance of every ship:

- (1) the ship 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 ship 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 ship's class or approval, in the possession of any society/authority with which the ship 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 ship's flag state relating to the construction, adaptation, condition, fitment, equipment, manning and operation of the ship and must at all times maintain the validity of such statutory certificates as are required or issued by or on behalf of the ship's flag state, 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.

Entry surveys

15.3 The managers may, as a condition of acceptance or renewal of entry in the club, appoint a surveyor to inspect an applicant's or member's ship. In the light of such survey, the managers may decline the application, refuse to renew the entry or impose conditions on the terms of entry as they see fit.

Routine or claim surveys and 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 inspect a member's ship or undertake a review of the member's operations within a specified period. If the ship is not made available for survey, or 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 unless the board otherwise determines.

Surveys following lay-up

15.5 In the event that a member has laid the ship up for more than 90 consecutive days he must, unless otherwise agreed by the managers, notify them of his intention to trade the ship at least seven days before she resumes trading. The managers may then require the member to have that ship inspected by a surveyor appointed by them. In the event that the member does not notify the club of his intention to trade the ship, no claim for recovery will be allowed unless the board otherwise determines.

Effect on terms of entry

15.6 In the light of a survey or review the managers may:

- (1)** terminate the member's entry; 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 survey or review must be carried out within the time specified by, and to the satisfaction of, the managers and no recovery shall be allowed in respect of any incident arising after any such recommendations have been made until they have been complied with 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 the rules, the insurance provided by the club begins at the time stated in the member's certificate of entry, and continues for a period of 12 months, or other period as stated on the certificate of entry, unless terminated in accordance with the rules.
- 16.2** If a member does not wish to continue the insurance in respect of the ship 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 ship 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 ship, at any time and without giving any reason:
- (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.
- Pro-rata premium**
- 16.5** Subject to rule 18.2, a member is only liable for premiums in respect of the ship pro-rata for the period from the time stated in the member's certificate of entry until noon GMT:
- (1)** on the day ownership was legally transferred; or
 - (2)** on the day the ship 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.
- Cessation of insurance**
- 17.1** A member shall cease to be insured by the club in respect of any and all ships entered by him if:
- (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 ship entered by him if:

- (1) he sells or assigns the whole or any part of his interest in the ship, 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 ship 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 ship 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 ship, 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 ship 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 Where a member ceases to be insured in respect of any ship 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 ship was on risk, and previous policy years; 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 under rule 16.4 he remains liable for premium for the policy year in which the cessation occurs pro-rata only for the period beginning with the date of entry and ending with the date of termination.

17.7 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 3.8.6 and 3.11, and on such other terms as may be agreed by the managers.

**Effect of
cancellation
of insurance**

17.8 When a member's insurance is cancelled under rule 17.3 then:

- (1)** if the cancellation occurs while the member is, but for the cancellation, insured, such member and his successors are, and remain, liable for all premium in respect of the policy year during which the date specified in the notice ('the date of cancellation') occurs pro-rata only for the period beginning with the date of entry and ending with the date of cancellation and in respect of previous policy years irrespective of whether or not notice has been given under rule 17.3;
- (2)** if the cancellation occurs after the member has ceased to be insured for some other reason, such member and his successors remain liable for all premium as provided for in rule 17.5(1);
- (3)** the club ceases to be liable for any claims in respect of any ships entered by such member:
 - a** which may arise by reason of any event occurring after the date of cancellation; or
 - b** 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
 - c** which may have accrued or arisen in any year other than one referred to in (3)b 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: PREMIUMS

- Premium** **18.1** A member who has a ship entered in the club shall pay a fixed premium in an amount agreed between the member and the managers.
- Laid-up returns** **18.2** If a ship is laid-up in a safe port without any cargo on board for 30 or more consecutive days after finally mooring there, the member is, subject to rule 18.3, allowed a pro-rata return of premium up to a maximum rate of 75%. Any lay-up return is reduced pro-rata for any period of shifting within the port during lay-up.
- Exclusions to rule 18.2**
- Unless otherwise agreed by the managers, there shall be no return if:
- a** there are crew on board the ship other than for security or for maintenance necessary for the safety of the ship; or
 - b** repairs are carried out other than for the safety of the ship.
- 18.3** If a member does not notify and submit his claim for reimbursement to the managers in writing within three months under rule 16.5, or within three months of the end of the policy year under rule 18.2, no allowance or return shall be made unless the managers otherwise determine.
- Payment** **18.4** 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.
- 18.5** 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.
- 18.6** 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** **18.7** The club is entitled to, and the member grants, a lien on the ship in respect of any amount owed by the member to the club.

Reserves

- 18.8** 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

- 18.9** The funds of the club may be invested in any way the board may determine.
- 18.10** Unless the board otherwise determines, all funds relating to any policy year or reserve shall be pooled and invested as one fund.
- 18.11** 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 the 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

- 20.5** All notices and documents required by the rules to be given to the club or to the managers must be in writing and addressed to the managers.
- 20.6** All notices and documents required by the 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 ship has been entered in the club.
- 20.7** 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

- 20.8** 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.

**Law and
jurisdiction**

- 21.1** 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.
- 21.2** If any other dispute between an insured party and the club arises out of or in connection with the 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.
- 21.3** 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.
- 21.4** If, after the board has given its decision, 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 the 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.
- 21.5** 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

22 In the rules the following words and expressions have the following meanings:

The rules: the Standard Fixed P&I 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 Europe Ltd.

Affiliated or associated charterer: where both the member or a joint entrant and the charterer are under common ownership or the member or a joint entrant or the charterer respectively either 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 ship 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.

Cargo: goods (other than a container supplied by or on behalf of a member) carried under a contract of carriage.

Certificate of entry: a document issued pursuant to rule 12.1 including any endorsement thereto.

Charterer's entry: an entry which has a charterer, not being a bareboat or demise charterer, as member.

Container: any device or receptacle in or on which cargo is carried and which is either designed to be, or expected to be, carried in the ship.

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

Demise or bareboat charterer: a charterer who has sole possession of the ship 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.

Hague Rules: the International Convention for the Unification of Certain Rules relating to Bills of Lading signed at Brussels on 25 August 1924.

Hague-Visby Rules: the Hague Rules as amended by the Protocol Convention signed at Brussels on 23 February 1968.

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

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

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, charterer, operator or manager, builder, insurer or reinsurer who enters a ship in the club or who is a joint entrant or co-assured.

Owner's entry: an entry other than a charterer's entry.

Passenger: any person carried or intended to be or having been carried on board the ship by virtue of a passenger contract.

Policy year: the year from noon GMT on the date the insurance commences to noon GMT on the same date the following year.

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

Ship: any ship, boat, hydrofoil, hovercraft or any other description of vessel, whether completed or under construction, (including a lighter, barge or similar vessel howsoever propelled but excluding a fixed platform or a fixed rig) used or intended to be used for any purpose whatsoever in navigation or otherwise on, under, over or in water or any part of such ship, or any proportion of the tonnage thereof or any share therein.

The ship: a ship which has been entered in the club for insurance.

Tonnage: the gross tonnage of a ship as stated in the Certificate of Registry or other official document relating to the registration of the ship.

Towage: any operation in connection with the holding, pushing, pulling, moving, escorting or guiding of or standing by a ship or object.

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 ship's flag state.

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

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.

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