

No. 18 - Amendment to the Bye-Laws - Class 1 - Oil Pollution Limit of Cover Clause

February 2000

Dear Sirs

Amendment to the Bye-Laws - Class I - Oil Pollution Limit of Cover Clause

To give effect to the agreement reached between the International Group Clubs that the limit of oil pollution cover for owner's entries shall be increased from US\$500 million to US\$1 billion from noon on 20th February 2000, the Board has decided that the Bye-Laws shall be amended so that with effect from that date all terms of entry, other than charterers' entries under special terms in accordance with Rule 3 and 3A, shall contain the following clause:

Oil Pollution Limitation of Cover Clause

(Effective as regards claims arising out of events occurring after noon, G.M.T., 20th February, 2000).

In this clause:

Oil pollution means loss, damage or contamination caused by or incurred in consequence of the discharge or escape of oil (or the threat of such escape or discharge) from any vessel (including the insured vessel) or from any other property whatsoever or the cost of any measures taken at any time by any person for the purpose of preventing or reducing any such loss, damage or contamination and/or a fine or civil penalty imposed in connection with an actual or threatened escape or discharge of oil as aforesaid.

Oil Pollution Claims means claims for liabilities, costs and expenses (including fines) arising out of or in connection with oil pollution and includes liabilities, costs and expenses incurred for the purpose of avoiding or minimising such claims.

Incident means any one incident or occurrence, save in the case of cargo claims and claims in respect of cargo's proportion of general average or salvage when it shall mean any one cargo voyage.

Entry means the insurance in respect of any one insured vessel of all parties insured under any one contract of insurance (with one Certificate of Entry) between the Association and a Member (other than a Reinsured Club) or between a Reinsured Club and its Assured. If more than one person is named as an insured in the Certificate of Entry, the provisions of Rule 36(vi) and the proviso thereto shall apply.

Owner's Entry means an Entry which insures (inter alia) as a Member or a Co-Assured, an owner, owner in partnership, owner holding separate shares in severalty, part owner, trustee or demise charterer of an insured vessel, any manager or operator having control of the operation and employment of an insured vessel (being such control as is customarily exercised by a ship owner) and any other person in possession and control of an insured vessel, provided that no charterer (other than a charterer co-assured) is insured under the same Entry.

Charterer's Entry means an Entry which insures, inter alia, (as Members or Co-Assureds) charterers (other than demise charterers) not being a charterer co-assured under an Owner's Entry.

Charterer co-assured under an Owner's Entry means a charterer which is affiliated to or associated with persons insured under an Owner's Entry and which is named in the terms of the Owner's Entry as a Co-Assured and is only covered by the Entry for the risks, liabilities and expenses in respect of which the affiliated or associated persons insured under such Owner's Entry are covered.

Reinsured Club means a Member which is an insurer of protection and indemnity risks which has directly reinsured such risks with the Association.

1. Limitation of Liability for Oil Pollution - General Provisions

The Association's liability to a Member and/or Co-Assured, whose cover with the Association is not otherwise limited to a lesser sum, shall be limited in respect of oil pollution claims, which arise out of an incident and under an Owner's and/or Charterer's Entry in respect of any one insured vessel, as follows:-

(i) For an Owner's Entry, including a charterer co-assured under an Owner's Entry - as set out in paragraphs 2(a), 2(b) and 2(c), but subject always to paragraph 4.

(ii) For a charterer's entry as set out in paragraphs 3(a), 3(b) and 3(c), but subject always to paragraph 4.

2. Owner's Entries, including charterers co-assured under an Owner's Entry.

(a) The Association's liability in respect of all oil pollution claims under an Owner's Entry shall not exceed in the aggregate US\$1,000,000,000.

(b) The Association's liability for all oil pollution claims incurred by all charterers co-assured under an Owner's Entry shall not exceed in the aggregate the amount to which, had he been liable for such oil pollution claims and not been denied the right to limit, the registered owner could have limited his liability.

(c) If any of the persons eligible for insurance under an Owner's Entry are separately entered with the Association, or with the Association and any other Association which participates in the Pooling Agreement (as defined in Rule 60) and/or in the International Group of Protection and Indemnity Associations' General Excess Loss Reinsurance Contracts, under separate Certificates of Entry in respect of an insured vessel, the Association's liability to all such persons insured under Owner's Entries in the Association and/or such other Association shall be limited to the aggregate amount set out under paragraph 2(a) above, and where more than one Association are liable for claims in excess of the aggregate amount under paragraph 2(a) above, the liability of the Association shall be limited to that proportion of the amount under paragraph 2(a) above that each claim recoverable from the Association bears to the aggregate of the claims recoverable against the Association and such other Association(s).

3. Charterer's Entries

(a) The Association's liability in respect of oil pollution claims under each Charterer's Entry shall not exceed in the aggregate the lesser of US\$50,000,000 in excess of the amount to which, had he been liable for such oil pollution claims and not been denied the right to limit, the registered owner could have limited his liability and US\$100,000,000 and shall not exceed in the aggregate US\$300,000,000 in respect of all Charterer's Entries be they with the Association or with the Association and any other Association which participates in the Pooling Agreement (as defined in Rule 60) and/or in the International Group of Protection and Indemnity Associations' General Excess Loss Reinsurance Contracts.

(b) Where charterers are separately insured under Charterer's Entries with the Association, or with the Association and any other Association which participates in the aforesaid Pooling Agreement or aforesaid General Excess Loss Reinsurance Contracts, and oil pollution claims under more than three Charterer's Entries total in excess of the aggregate amount of US\$300,000,000 referred to in paragraph 3(a) above the liability of the Association shall be

limited to that proportion of US\$300,000,000 that each oil pollution claim recoverable from the Association bears to the aggregate of the oil pollution claims recoverable against the Association and such other Association(s) if any.

(c) Where there is a claim otherwise than in respect of oil pollution in addition to an oil pollution claim arising out of an incident the amount of US\$50,000,000 specified in 3(a) above shall apply to the aggregate of all claims, whether or not in respect of oil pollution, arising out of such incident. Accordingly the said amount of US\$50,000,000 is a single amount which applies to the aggregate of all claims whatsoever under this Oil Pollution Limitation of Cover Clause and the Charterer's Limitation of Cover Clause (otherwise than in respect of oil pollution).

4. Salvage - Owner's Entries and Charterer's Entries

Without prejudice to the provisions of Rule 4, where the insured vessel provides or attempts to provide or engages or attempts to engage in salvage operations (as defined in Rule 60) to or in respect of another vessel following a casualty, oil pollution claims under an Owner's Entry, or as the case may be, a Charterer's Entry, in the Association arising out of the provision or attempted provision of or the engagement or attempted engagement in such salvage operations shall be aggregated with all oil pollution claims by any other vessels similarly engaged in connection with the same casualty when such vessels are either (i) insured by the Association in respect of oil pollution or (ii) covered for those risks with any other Association which participates in the Pooling Agreement (as defined in Rule 60) and/or in the International Group of Protection and Indemnity Associations' Excess Loss Reinsurance Contracts. In these circumstances, the limit of liability of the Association shall be such proportion of the aggregate limit of US\$1,000,000,000 referred to in paragraph 2(a) above in respect of an Owner's Entry in the Association and the aggregate limit of US\$300,000,000 in paragraph 3(a) above in respect of a Charterer's Entry in the Association as the claims under an Owner's Entry, or as the case may be, a Charterer's Entry in the Association bear to the aggregate of all such claims under all Owner's Entries or as the case may be under all Charterer's Entries of all vessels insured with all or any of the Associations.

Without prejudice to anything elsewhere contained in this Clause in the event of legislation coming into force anywhere in the world affecting a Member's liability in respect of oil pollution the Association shall have the right to increase such Member's basic rate of contribution or to charge an additional premium.

Yours faithfully

**The West of England Ship Owners
Insurance Services Limited**
(As Managers)

R J B Searle
(Director)