

## No. 12 - Class 1: Rule Changes for 2002

January 2002

### Notice to All Class 1 Members

NOTICE is hereby given that an Extraordinary General Meeting of the Members of Class 1 of the Association will be held on Wednesday, 6 February 2002 at 1000 hours or as soon thereafter as the business of the Extraordinary General Meeting of the Members of all Classes of the Association has been completed, in the Beau-Rivage Palace, CH-1006 Lausanne, Switzerland, for the purpose of considering and, if thought fit, passing the following SPECIAL Resolution:

### SPECIAL RESOLUTION

THAT alterations to certain of the Rules of Class 1 (as hereafter set out with commentary) be made to take effect from noon GMT on 20 February 2002:-

### CLASS 1 - RULE CHANGES FOR 2002

#### COMMENTARY

#### INTRODUCTION

There are both major and minor changes proposed to the Rules for 2002. Major changes or re-drafting of a whole Rule are covered by a full commentary. Where there is a minor change comment is brief.

Legal advice on major changes has, where appropriate, been taken.

#### FORMAT

Those parts of the 2001 Rules where it is proposed that changes are made are attached with the changes marked. A proposed deletion from the 2001 Rules is identified by striking through the text to be deleted. Proposed additions are marked in bold type, except where changes are proposed to Rule headings, where the change is identified with ordinary text. All proposed changes are accompanied by a vertical mark in the margin for ease of identification. Page headers and number of the Rules and pages will be adjusted once changes are adopted and prior to printing for the 2002 policy year.

#### CHANGES TO SPECIFIC RULES:

1. **Rule 1 (2)** – This Rule is to be amended by adding an additional paragraph which makes it clear that membership of the Association does not create any contractual or other legal relationship between any one Member and any other, so that, among other things, one Member is not jointly liable to third parties with another Member by reason of his membership of the Association.

2. **Rule 2 section 2A – Injury, Illness and Death of Passengers.** It is proposed to widen the cover so that liability to passengers for injury, illness or death occurring before or after embarkation or during excursions from the vessel are covered.
3. **Rule 2 section 16 - Paperless Trading.** At its meeting in February 1999 the Board agreed that all terms of entry should contain the paperless trading endorsement. This endorsement excluded from cover liabilities, losses, costs and expenses arising from use of electronic documents, principally electronic bills of lading. The endorsement was intended as a temporary measure, anticipating that the BOLERO paperless trading system and similar systems would progress rapidly and gain wide acceptance. The endorsement could then have been removed on the basis that wide use of electronic systems could properly be regarded as a mutual risk. In view of the slow rate of adoption of electronic systems, it is proposed that the exclusion contained in the endorsement be incorporated into the Rules, but qualified to allow the Club on a case by case basis to agree to approve specific electronic systems (including BOLERO) for the purposes of Club cover.

The change will be effected through a proviso to Rule 2 section 16.

4. **Rule 3A – Special Cover for Charterers and Related Parties** – see commentary on Rule 14.
5. **Rule 14 – Liability Excluded for War Risks** - for 2002, reinsurers who participate in the Group's Pool excess of loss reinsurance programme have made it clear that they will not respond for any loss caused by any act of terrorism in addition to any war risk which is already subject to the Club's Rule 14 exclusion. For this reason all Group Clubs are amending the terms of their war risk exclusion rule for 2002 to expressly exclude all acts of terrorism  
In the event of a dispute as to whether an act is an act of terrorism the amendment to Rule 14 provides that the decision of the Committee shall be final. Likewise, reinsurers of the special cover for charterers and for related parties (Charterer's Comprehensive Cover) are no longer prepared to provide cover for P and I war risks on the terms contained in Rule 3A(3) and hence cover provided under Rule 3A will also be subject to the exclusions contained in Rule 14.
6. **Rule 15 – Liability excluded for nuclear risks in respect of pollution by waste and the carriage of live animals** – So far as pollution by waste is concerned, the International Group Club Managers have proposed a re-drafting of the restriction on cover for pollution from landfill sites so that Rule 15(d) excludes liability for escape of pollutants from landfill sites, but allows the Club Board to admit such a claim in its discretion.
7. **Rule 19 – Year 2000 and Date Compliance & Exclusion of Cover if Adventure Illegal, Hazardous or Improper** – It is proposed to remove the references to Year 2000 in this Rule.
8. **Schedule 2 – form B3** - certain changes to the Club's standard form of counter security where the Club provides bail are proposed. A copy of the new form is annexed. The most significant change is the inclusion of an obligation on the counter securor, who may be a Member, to provide cash counter security if called upon by the Club at any time to do so.

[link to detailed changes in Adobe Acrobat format](#)

By order of the Board

P A Aspden  
Secretary  
33 Boulevard Prince Henri  
1724 Luxembourg

9 January 2002

A member entitled to attend and vote is entitled to appoint a proxy (who need not be a Member of the Association) to attend and on a poll vote instead of him. The instrument appointing a proxy shall be left with the Secretary not less than 48 hours before the holding of the Meeting.