

## No. 13 - Contracts (Rights of Third Parties) Act 1999

February 2001

Dear Sirs

### Contracts (Rights of Third Parties) Act 1999

This Act came into force in England recently. The Act provides an exception to the principle of privity of contract between contracting parties and confers a right on a third party in certain circumstances to enforce the terms of a contract to which he is not a party. The parties to the contract may, however, agree that the Act shall not apply.

So far as the relationship between the Club and Members are concerned, the Act could in certain circumstances confer rights on third parties which neither the Club, Association nor the Member intended nor would wish to be so conferred. Equally, the Act does not appear to provide any benefit to either Club or the Member because the Rules and the Terms of Entry specify the persons (including Members, joint Members, Co-Assureds and others) who by agreement between the Club and Member are intended to benefit from cover and the extent to which they should do so.

Accordingly, the following clause will be included in all Terms of Entry from 20 February 2001: -

"Notwithstanding the provisions of the Contracts (Rights of Third Parties) Act 1999 or other similar legislation, the Rules of the Association and these Terms of Entry are not, unless they expressly so provide, intended to confer any benefit or right on any third party."

Other Clubs whose contracts of insurance are governed by English law have also, as a matter of prudence, taken steps to include similar terms.

If Members need any further information about the new Act, the Managers would be pleased to provide it.

Yours faithfully

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

**R J B Searle**  
Director