

Notices to Members

No. 1 - Bye-laws

February 2003

Dear Sirs

BYE LAWS - (1) BAIL

(2) INTEREST ON CALLS AND OTHER SUMS DUE TO THE ASSOCIATION

At its meeting on Wednesday 5 February 2003 the Board passed the following Bye-Laws in connection with the Rules of Classes 1 and 2:-

BAIL

Any special agreement between the Association and a Member to provide bail shall, where appropriate, include counter security terms which are a modification of the B3 wording in the Second Schedule to the Rules of Class 1 and the First Schedule to the Rules of Class 2 and which are set out as Appendix 1 to this Notice.

INTEREST ON CALLS AND OTHER SUMS DUE TO THE ASSOCIATION

Interest at the rate of 7.5% per annum shall be payable by each Member on any Calls and other sums due from him to the Association as from the due date of payment. Any interest payable as aforesaid shall accrue from day to day.

These Bye-Laws will take effect from noon GMT on 1st April 2003.

Yours faithfully

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

R J B Searle
Director

APPENDIX 1 (To download this document in Word format click [here](#) Counter Security Terms)

COUNTER SECURITY TERMS

NOTE: This undertaking should bear the date on which application for bail or security was made to the Association.

To: The West of England Ship Owners Mutual
Insurance Association (Luxembourg)

Dear Sirs

Vessel:
Voyage:
Date:
Casualty*/Incident*:
Bills of Lading*:
Nature of Claim:

We hereby request you (either personally or through your agents) to provide bail or other security for the above claim in the sum of which bail or security is now being requested and/or is now required in order to avoid the arrest or detention of MV or in order to secure her release from arrest.

In consideration of your providing such bail or security (hereinafter called "the bail or security") we hereby agree as follows:-

1. To pay immediately upon any liability being incurred by you or your agents under or in connection with the bail or security a sufficient sum to discharge such liability in full and generally to take all such measures as may be necessary to ensure that such liability is discharged in full without delay as soon as it may be incurred and that neither you nor your agents shall be required to make any payment whatsoever to discharge such liability save out of the funds (hereinafter called "the funds") which we shall have provided.

Provided that, subject to having first complied with the previous paragraph in all respects, we reserve our right to claim repayment of any sums we may pay hereunder which we believe are recoverable in accordance with your Rules and

2. To indemnify you and hold you harmless in respect of any loss or damage whatsoever which may result from your giving the bail or security and to reimburse to you at any time upon your demand any sum or sums of money which you may be called upon to pay under or in connection with the bail or security.

3. To pay on demand all your costs, expenses, charges and commission (as specified in your Rules) in connection with the provision of the bail or security.

4. To reimburse you immediately upon your written demand in respect of any claim(s) or judgements which you may pay under the bail or security together with all costs and expenses whatsoever that you have incurred in handling, processing or defending such claim or judgement. You may at your absolute discretion and without our agreement or authority: (a) defend, negotiate, settle, pay or otherwise dispose of any and all such claims, and (b) appeal or comply with any and all such judgements.

5. Without prejudice to the foregoing, in the event that, in breach of our obligation under Clause 1 above, we fail to provide the funds and you are obliged nevertheless to incur or, notwithstanding that you have no such obligation, you elect to incur any such liability, loss, damage, costs, expenses, charges or commission, then

a. you shall be entitled to demand from us immediate payment of the amount of any such liability, loss, damage, costs, expenses, charges or commission;

b. in the event that, in breach of our obligations hereunder, such payment is not immediately made, we will pay to you interest thereon or on any part thereof for the time being outstanding at the rate of 2 per cent per annum above the offered rate between prime banks in the London Inter Bank Euro-dollar Market for 3 month deposits (the rate being determined monthly on the first day of the appropriate month) until such payment is made.

6. That in relation to our obligations as to payment and indemnity to the Association hereunder all or any sums due from us to the Association shall be paid by us in full, without discount set-off or counter claim of any kind whatsoever.
7. That in addition to this letter of undertaking we shall upon your first demand provide you with such additional counter security as you may from time to time require. Should we fail to provide such additional counter security to you on such demand, we shall immediately pay to you the amount for which we hereby request you to provide the bail or security.
8. That, by providing any of the bail or security, you shall incur no obligation whatsoever to provide any further bail or security in connection with the above claim and that you may at any time in your absolute discretion cause the above bail or security to be cancelled or released.
9. That this agreement shall be governed by English law and the Association's Rules and that, without prejudice to your rights to institute proceedings in any other jurisdiction, the High Court of Justice in London shall have jurisdiction to hear and determine any action brought by you in connection herewith.

Yours faithfully

**Delete whichever is inapplicable.*