

## Class 2 – Freight, Demurrage and Defence

### Rule 1. Introductory.

- (1) All contracts of insurance effected by the Association incorporate all the provisions of these Rules, save insofar as those provisions are varied by any special terms which may have been agreed pursuant to the powers of the Association as set out in the Constitution.
- (2) A person by whom or on whose behalf an application is made for the insurance or reinsurance by the Association of any vessel shall be deemed to have agreed not only on his own behalf but also on behalf of himself, any and all Co-Assureds and his or their successors and each of them that both he and they will in every respect be subject to and bound by any contract of insurance with the Association, including the provisions of these Rules incorporated as aforesaid.

**The provisions of these Rules govern a contract of insurance between the relevant Member (or joint Member) and the Association alone: for the avoidance of any doubt membership of the Association does not create any contractual or other legal relationship between any one Member and any other.**

- (3) These Rules and all contracts between a Member and the Association relating to the insurance afforded by the Association or otherwise shall be subject to the Constitution.
- (4) These Rules and all contracts between a Member and the Association relating to the insurance afforded by the Association or otherwise shall be governed by English law, and, subject to the arbitration provisions set out in Rule 54 thereof, shall constitute an irrevocable submission by the Association and its Members and Co-Assureds to the jurisdiction of the English courts.
- (5) In the event of any conflict between the English text of these Rules and any text thereof written in any other language the English text shall prevail.
- (6) If any provision of these Rules is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions shall, nevertheless, continue in full force without being impaired or invalidated in any way.

*(NOTE: the definitions of "Association", "Member", "Co-Assured", "Managers", "Committee", "Vessel" and other terms used in these Rules are set out in Rule 55).*

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

Dear Sirs

**Vessel:**

**Voyage:**

**Date:**

**Casualty:**

**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 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. 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.
5. 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.
  6. That in addition to the 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.
  7. 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 its absolute discretion cause the above bail or security to be cancelled or released.
  8. That this agreement shall be governed by English law 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

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