

RULE 43. RELEASES.

- (1) If a Member ceases to be insured in respect of an insured vessel for any reason whatsoever, the Managers may at any time after termination of insurance of that vessel calculate and notify such Member of the estimated amount of his liability for further Calls which the Association may levy in respect of such vessel, according to the Release formula determined from time to time by the Committee, together with the amount of all other sums due by such Member to the Association.
- (2) In determining the Release formula to be used for estimating the amount of liability of Members for further Calls the Committee may take into account any contingencies and other special considerations which it may determine are relevant for this purpose (including but not limited to matters such as inflation and currency fluctuations).
- (3) The amounts calculated and notified by the Managers under paragraph (1) of this Rule shall be a Release and shall be payable by such Member ~~immediately or in such instalments and~~ on such date or dates as the Managers may require, in either case without deduction.
- (4) When a Member has paid his Release in full in accordance with paragraph (3) of this Rule he shall be under no further liability for any further Calls which the Association may levy after the date of such notification and shall have no right to share in any return of an excess or any part thereof which the Committee may thereafter determine in accordance with Rule 46(4).
- (5) The Managers may, at any time prior to payment of a Release in full in accordance with paragraph (3) of this Rule, recalculate such Release in accordance with the Release formula referred to in paragraph (1) of this Rule and notify the relevant Member thereof, whereupon such Member shall become liable to pay such recalculated Release in accordance with this paragraph (5), credit being given against such recalculated Release for any part or instalments of a Release paid to the Association in respect of such vessel.
- (6) Until a Member has paid his Release in full in accordance with paragraph (3) of this Rule, he shall remain liable to pay all Calls levied in respect of such vessel after the date of such notification, credit being given against such further Calls for any part or instalments of a Release paid to the Association in respect of such vessel.
- (7) A Member shall have no right to dispute any Release save that, after payment thereof in full to the Association or after payment of all instalments required by the Managers, the Member shall be entitled to claim repayment thereof in whole or in part using the procedure set out in Rule 54.

RULE 51. BAIL.

In no circumstances shall the Association be obliged to provide bail or other security to obtain the release of, or to prevent the arrest or attachment of an insured vessel or any other vessel, property or assets (including freight or monies due) in the same or associated ownership or management as the insured vessel, or to obtain the release of or prevent the arrest of any seaman of such vessels. The Association may agree to provide such bail or security in a particular case on such terms as it may consider necessary; if it does so agree, then ~~subject to any special agreement between the Association and the Member-~~ subject to any variation of any of (a) to (e) below by specific agreement between the Association and the Member:-

- (a) the Association shall be entitled to recover from the Member the expenses incurred in connection with providing such bail or security;
- (b) the Association shall be entitled to a commission from the Member of 1% per annum on the amount of the bail or security provided, or such other sum as may be considered appropriate by the Managers;
- (c) the Member shall upon the Association providing the bail or security, sign and forward to the Association an undertaking in the form set out in the First Schedule;

(d) the Member shall on such date or dates as the Association determines pay the Association the amount of any deductible which the Association determines may apply to any liability, loss, cost or expense in respect of which the bail or other security has been provided and in respect of which the Member may be insured.

(e) whether or not the Member has given such undertaking, if the Association does provide bail or security then the provision of such bail or security shall be upon the terms as between the Association and the Member that the terms and conditions contained in that form of undertaking shall be binding on the Member as if such undertaking had been duly given by him to the Association.

The Association shall in no circumstances provide cash deposits.

The First Schedule

COUNTER SECURITY TERMS (FORM B3)

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.*