

TEXT OF CHANGES

Rule 2 Section 11 – Pollution

Subject to the provisions of Rule 15 the liabilities, loss, damage, costs and expenses set out in paragraphs (A) to (E) below when and to the extent that they arise out of or are incurred in consequence of the discharge or escape from the insured vessel of oil or any hazardous substance, or the threat of such discharge or escape:-

- (A) Liability for loss, damage, contamination, costs and expenses.
- (B) Any loss, damage or expense which the Member incurs, or for which he is liable, as a party to any agreement in respect of pollution approved by the Committee, including the costs and expenses incurred by the Member in performing his obligations under such agreements.
- (C) The costs of any measures reasonably taken for the purpose of avoiding or minimising pollution or any resulting loss or damage together with any liability for loss of or damage to property caused by measures so taken.
- (D) The costs of any measures reasonably taken to prevent an imminent danger of the discharge or escape from the insured vessel of oil or any hazardous substance.
- (E) The costs or liabilities incurred as a result of compliance with any order or direction given by any government or authority for the purpose of preventing or reducing pollution or the risk of pollution, provided always that such costs or liabilities are not recoverable under the Hull Policies of the insured vessel.

PROVIDED THAT:-

- (a) If the discharge or escape from the insured vessel causes loss, damage or contamination to property belonging wholly or in part to the Member, he shall have the same rights of recovery from the Association as if such property belonged wholly to different owners.
- (b) Without prejudice to Rule 18 (Double Insurance) in the event that a Member is insured by any other Association or insurer against any or all the liabilities, loss, damage, contamination, costs and expenses set out in this Section or any other Section of this Rule 2, the Association shall not indemnify such Member to any extent whatever against any such liabilities, loss, damage, costs and expenses (or similar risks) up to the limits of such other insurance.

In the event that the limits of such other insurances are less than the Association's limits under the Association's Rules and Bye-Laws, the Association's limit of cover shall be restricted to the amount by which such liabilities, loss, damage, costs and expenses (or similar risks) exceed the limits of such other insurance and then only up to the Association's said limits and no pro-rating, allocation or replacement of cover shall be provided.

Furthermore, there shall be no recovery from the Association in respect of liabilities insured under any other insurance, nor shall the Association provide pro-rated or allocated cover, on the basis of double insurance or otherwise, nor will the Association's cover replace any other insurance where (for whatever reason) that other insurance does not or is not able to respond to a claim thereunder.

- (c) Where any liability for loss, damage, contamination, costs and expenses arises under the terms of any contract or indemnity and would not have arisen but for those terms, that liability is only covered if and to the extent that those terms have previously been approved in writing by the Managers.

(d) A Member insured in respect of a vessel which is a relevant ship as defined in the Small Tanker Owners' Oil Pollution Indemnification Agreement 2006 (STOPIA 2006) shall, unless the Association otherwise agrees in writing, be a party to STOPIA 2006 for the period of entry of that vessel in the Association. Unless the Managers have agreed in writing or unless the Committee otherwise determines there is no cover under this Rule 2 Section 11 in respect of such vessel so long as that Member is not a party to STOPIA 2006.

(e) A Member insured in respect of a vessel which is a relevant ship as defined in the Tanker Oil Pollution Indemnification Agreement (TOPIA) shall, unless the Association otherwise agrees in writing, be a party to TOPIA for the period of entry of that vessel in the Association. Unless the Managers have agreed in writing or unless the Committee otherwise determines there is no cover under this Rule 2 Section 11 in respect of such vessel so long as that Member is not a party to TOPIA.

Rules 3 and 3A - Special Cover and Special Cover for Charterers and Related Parties

These Rules shall be deleted in their entirety and replaced with the following new Rule 3

Rule 3 Special Cover and Charterers Risks

(A) General

- (1) Subject to the Constitution and save in so far as expressly prohibited by these Rules the Managers may accept entries on behalf of the Association of vessels on terms which afford cover against any special or additional risks not set out in Rule 2, whether or not in the nature of Protection and Indemnity Cover. The nature and extent of the risks and the terms and conditions of insurance incorporating any such special terms shall be as agreed in writing between the Member concerned and the Managers.
- (2) The Association shall be at liberty to reinsure in whole or in part any of the risks insured under this Rule 3 and to the extent that the risks covered under or by virtue of this Rule, including the risks covered under Rule 2, are reinsured by the Association, the Member and any Co-Assured shall only be entitled to recover from the Association the net amount actually recovered by the Association under such reinsurance in respect of his claim, together with that portion (if any) of the cover retained by the Association.
- (3) Notwithstanding Rule 2(a) a Member may be insured on the special term that the risks insured may arise otherwise than in respect of any insured vessel or otherwise than in connection with the operation of an insured vessel provided always that this shall have been expressly agreed in writing between the Member and the Managers.
- (4) Unless otherwise expressly agreed, any special insurance as described in subparagraphs (1) and (2) and (3) of this paragraph (A) shall be subject to all the warranties, conditions, exceptions, limitations and other terms contained in these Rules.

(B) Cover for Charterers and related parties.

Without prejudice to the generality of this Rule 3, where an entry of a vessel in the Association is in the name of or on behalf of a charterer (other than a bareboat charterer or charterer by demise), the charterer may be covered as a Member, and any cargo interests wholly owned or controlled by such charterer or in the same ownership or control as him may be covered as a Co-Assured, upon such terms and conditions as the

Managers of the Association may require in respect of the liabilities, losses, costs and expenses set out in Rule 2 and in respect of one or more of the liabilities, losses, costs and expenses set out in sub-paragraphs (1) to (6) of this paragraph (B), namely:

- (1) Liability as charterer to indemnify the owner or disponent owner of the insured vessel in respect of the risks set out in Rule 2.
- (2) Liability as charterer to pay freight, charter hire, demurrage or damages to the owner or disponent owner of the insured vessel as a result of loss of or damage to the vessel for which the Member is responsible, but to the extent (and no more) that cover would otherwise be excluded by virtue of Rule 16(i) to (ix) and Proviso (a)(i) to Rule 2, Section 10.
- (3) Liability as charterer to contribute to general average, special charges or salvage in respect of freight and any property, other than cargo, carried on board the insured vessel and owned or leased by the Member.
- (4) Loss of or damage to fuel oil, stores and supplies belonging to the Member or for which he is responsible.
- (5) Where the Member and the Co-Assured is covered in the capacity of cargo owner, the liabilities, losses, costs and expenses set out in Rule 2, Section 11 where they arise out of an incident occurring at a time when the Member or the Co-Assured:
 - (a) owned all or part of the cargo being carried on the insured vessel; and
 - (b) where the Co-Assured owned all or part of such cargo the Co-Assured was wholly owned or controlled by, or was in the same ownership or control as, the Member and where such liabilities, losses, costs and expenses arose by virtue of the relationship between the Member and the Co-Assured.
- (6) Liabilities, losses, costs and expenses incurred as a charterer and covered under Rule 2 and under this paragraph (B) for which cover would otherwise be excluded by Rule 14, provided that:-
 - (a) cover against such liabilities, losses, costs and expenses may be terminated by the Association on 7 days' notice;
 - (b) there is no cover for liabilities, losses, costs and expenses arising otherwise than from the operation, ownership, management or chartering of a vessel, or in respect of cargo otherwise than in the ordinary course of transit as provided for in the Joint Cargo Committee Termination of Transit Clause (Terrorism) JC 2001/056;
 - (c) there is no cover in respect of the risks set out in clause 5 of the Institute War and Strike Clauses, Hulls-Voyage 1/11/95, and
 - (d) such cover shall terminate automatically in the circumstances and manner described in clause 6.2 of the Institute War and Strike Clauses, Hulls-Voyage 1/11/95.
 - (e) without prejudice to its general limit of liability under this paragraph (B) of Rule 3, the Association's liability under such cover in this sub-paragraph 6 in respect of all parties insured in respect of one vessel in respect of one incident shall not exceed in the aggregate the amount of US\$100,000,000 inclusive of interest and costs. For the purposes of this proviso, claims in respect of loss of or damage to cargo on the same cargo carrying voyage (including claims in respect of cargo's contribution to general average payable by the Member solely by reason of a breach of the contract of carriage) shall be deemed to have arisen out of the same incident and that incident shall be deemed to have occurred at the earliest of:

- (i) the first place of discharge or port at which such loss or damage was ascertained and at the time of such ascertainment; and
- (ii) if such loss or damage was ascertained after discharge of the cargo from the insured vessel, at the time and place of discharge; and
- (iii) where the Member sold the insured vessel (or otherwise disposed of the interest in the insured vessel in respect of which he has been insured) during the cargo carrying voyage, at the time when last entry for the insured vessel terminated and at the place where the insured vessel was at that time.

and a reference in this proviso to a cargo carrying voyage shall include, in cases where cargo is carried under a contract for carriage partly in the insured vessel and partly by other means of transport, the entire through or combined transport of that cargo under that contract.

(f) in respect of such cover, the Member warrants to the Association that the insured vessel is chartered on terms not less favourable to the Member than the following:

- (i) the vessel's owners may decline any orders sending the vessel to any place which is dangerous through war risks (as defined in clauses 1.1 to 1.3 of the Institute War and Strike Clauses, Hulls-Voyage 1/11/95);
- (ii) the vessel's owners may insure their own interests against such war risks; and
- (iii) the Member is to reimburse any premium paid by owners for insurance against such war risks, and the Member shall further use his best endeavours to procure a term of the charterparty that he is not liable for any loss, damage or expense which is or which could be covered by available war risks insurance on normal commercial terms.

(g) in the event of an entered vessel sailing for, deviating towards, or being within the Territorial Waters of any countries or places described in such Excluded Areas as the Association may from time to time notify (including any port area that at the date of this notice constitutes part of such a country or place howsoever it may hereafter be described), additional premium shall be paid at the discretion of the Club's Managers.

Information of such voyage or deviation shall be given to the Managers as soon as practicable, but the absence of prior notice shall not affect the reinstatement of cover subject to the payment of additional premium to be agreed.

(h) in the event of the Member not requiring continuation of such cover for an entered vessel proceeding into or remaining in an excluded area, they shall so advise the Managers before the commencement of such voyage, deviation or period and Rule 14 shall apply. Such cover shall be reinstated once such an entered vessel leaves an Excluded Area.

Cover under sub-paragraphs (1) to (6) of this paragraph (B) is subject to the following provisos:-

- (a) If the Co-Assured has an interest in the cargo carried on board that vessel that interest shall constitute, for the duration of the voyage on which such cargo is carried, an interest in the vessel sufficient to constitute him a Co-Assured in respect of such vessel under Rule 36, and the provisions of paragraph (c) of the preamble to Rule 2 shall not apply.
- (b) The terms of each charterparty must be in all material respects in a form approved by the Managers.

- (c) There is to be no cover under sub-paragraph (4) of this paragraph (B) in respect of:
- (i) ordinary loss in weight or volume or ordinary degradation or deterioration of such fuel oil, stores or supplies;
 - (ii) loss, damage or expense caused by inherent vice or nature of such fuel oil, stores or supplies;
 - (iii) loss, damage or expense caused by delay, even where such delay is caused by a risk insured by the Association;
 - (iv) loss, damage or expense caused by a terrorist or any person acting from a political motive.

(d) In respect of the cover under sub-paragraph (4) of this paragraph (B) the Association waives any implied warranty of seaworthiness of the vessel.

(e) The provisions of Rules 7(2) and 8(3)(b) and of the Oil Pollution Limitation of Cover and Charterer's Limitation of Cover clauses in the Third Schedule to the Rules shall not apply, but the Committee shall have power under this Rule to make Bye-Laws from time to time providing for the limitation of or other restrictions upon the liability of the Association for claims under all paragraphs of this paragraph (B), including cover under Rule 2. In the absence of any such Bye-Law and save as provided in Rule 3(B)6(e), the Association's liability under all paragraphs of this paragraph (B), including cover under Rule 2 or otherwise, in respect of all parties insured in respect of any one vessel under any one contract of insurance in respect of any one incident shall not exceed in the aggregate the amount of US\$400,000,000 inclusive of interest and costs. For the purposes of this proviso, claims in respect of loss of or damage to cargo on the same cargo carrying voyage (including claims in respect of cargo's contribution to general average payable by the Member solely by reason of a breach of the contract of carriage) shall be deemed to have arisen out of the same incident and that incident shall be deemed to have occurred at the earliest of:-

- (i) the first place of discharge or port at which such loss or damage was ascertained and at the time of such ascertainment; and
- (ii) if such loss or damage was ascertained after discharge of the cargo from the insured vessel, at the time and place of discharge; and
- (iii) where the Member sold the insured vessel (or otherwise disposed of the interest in the insured vessel in respect of which he has been insured) during the cargo carrying voyage, at the time when last entry for the insured vessel terminated and at the place where the insured vessel was at that time.

and a reference in this proviso to a cargo carrying voyage shall include, in cases where cargo is carried under a contract for carriage partly in the insured vessel and partly by other means of transport, the entire through or combined transport of that cargo under that contract.

Rule 13A – Premium Tax and Other Excise Taxes

~~A Member shall indemnify and hold harmless the Association in respect of any loss, damage, liability, cost or expense which the Association may incur in respect of premium tax or any other excise tax for which such Member bears any liability.~~

The Member shall pay on demand to the Association or its order the amount of any premium tax or other excise tax for which the Association determines it or the Member has or may become liable and shall indemnify and hold harmless the Association in respect of any loss, damage, liability, cost or expense which the Association may incur in respect of such premium tax or other excise tax.