

January 2007

**Notice to Members No. 7 2006/2007**

**Notice to All Class 1 Members**

NOTICE is hereby given that an Extraordinary General Meeting of the Members of Class 1 of the Association will be held at 1000 hours on Wednesday 7 February 2007 in the One&Only Royal Mirage Hotel, Dubai for the purpose of considering and, if thought fit, passing the following SPECIAL Resolution:

**SPECIAL RESOLUTION**

THAT alterations to certain of the Rules of Class 1 (as hereafter set out with commentary) be made to take effect from noon GMT on 20 February 2007:-

## INTRODUCTION

Those parts of the 2006 Rules where it is proposed that changes are made are attached with the changes marked. A proposed deletion from the 2006 Rules is identified by striking through the text to be deleted. Proposed additions are bold and underlined except where changes are proposed to Rule headings where the change is identified with ordinary text. All proposed changes are accompanied by a vertical mark in the margin for ease of identification. Pages headers and page numbering of the Rules will be adjusted once the changes are adopted and prior to printing for the 2007 policy year.

## TEXT OF CHANGES

### 1. RULE 2 – SECTION 16 (e) AND (h) - CARGO

The proposed changes align the Rules with the International Group Pooling Agreement.

#### Rule 2 - Section 16 (e) and (h) Cargo

##### (e) Certain exclusions from cover.

Unless the Committee shall otherwise determine, there is no cover in respect of any liabilities, costs and expenses arising from:-

- (i) the issue of a Bill of Lading, Waybill or other document containing or evidencing the contract of carriage, with a description of the cargo or its condition which the Member, or the Master of the insured vessel, knew to be incorrect,
- (ii) short delivery of cargo where a Bill of Lading, Waybill or other document containing or evidencing the contract of carriage, is signed for a greater quantity of cargo than is known by the Member, or Master or Chief Officer of the insured vessel to have been shipped or received for shipment,
- (iii) the issue of a Bill of Lading, Waybill or other document containing or evidencing the contract of carriage, which contains any fraudulent misrepresentation,
- (iv) the issue of an ante-dated or post-dated Bill of Lading, Waybill or other document containing or evidencing the contract of carriage, that is to say a Bill of Lading, Waybill or other document recording the loading or shipment or receipt for shipment on a date prior or subsequent to the date on which the cargo was in fact loaded, shipped or received as the case may be,
- (v) delivery of cargo carried under a negotiable Bill of Lading or similar document of title without production of that Bill of Lading or document properly endorsed, except where cargo has been carried on a Member's insured vessel under the terms of a non-negotiable Bill of Lading, Waybill or other non-negotiable document, and has been properly delivered as required by that document, notwithstanding that that Member may be liable under the terms of a negotiable Bill of Lading or other similar document of title issued by or on behalf of a party other than that Member providing for carriage in part on that Member's vessel and in part upon another vessel, **or by another mode of transport.**
- (vi) delivery of cargo carried under a Waybill or similar non-negotiable document to a party other than the party nominated by the shipper as the person to whom delivery should be made,
- (vii) discharge of cargo at a port or place other than in accordance with the contract of carriage, except where such cargo is so discharged with the consent in writing of the Managers,
- (viii) late arrival or non-arrival of the insured vessel at a port or place of loading, or failure to load any particular cargo, other than liabilities, loss and expense arising under a Bill of Lading already issued, or
- (ix) any deliberate breach of the contract of carriage on the part of the Member or his manager.

**(h) Value declared on Bill of Lading.**

There is no cover in respect of liabilities, costs and expenses in respect of goods carried under an ad valorem bill of lading, waybill or other document containing or evidencing the contract of carriage and where the value per unit, piece or package has been stated to be in excess of US\$2,500 (or the equivalent in any other currency) to the extent that such liabilities, costs and expenses exceed US\$2,500 per unit piece or package. [Where the value of any cargo is declared upon the Bill of Lading or other document of title at a figure in excess of US\$2,500 (or the equivalent in the currency in which the declared value is expressed) per unit, piece or package, the liability of the Association under this Section shall not exceed US\$2,500 per unit, piece or package unless the Managers have agreed in writing on such terms as they think fit, to the Association providing cover up to that higher declared value.]

**2. RULE 2 SECTION 21 – FINES**

It is proposed to amend this Rule to enable the Committee to decline to cover costs incurred in connection with a fine arising out of any incident or activity which, in the opinion of the Committee, the Member disregarded or failed to take reasonable steps to prevent.

**Section 21 Fines**

Liability for fines imposed in respect of the insured vessel by any court, tribunal or authority:-

- (a) for short or over delivery of cargo or for failure to comply with regulations relating to declaration of goods or to documentation of the cargo of the insured vessel;
- (b) for smuggling;
- (c) for breach of any law or regulation relating to immigration;
- (d) in respect of the accidental discharge or escape of oil or any hazardous substance from the insured vessel;
- (e) arising for any other reason, but only to such extent as the Committee shall determine.

*PROVIDED THAT:-*

- (a) Subject to paragraph (b) of this proviso, no fine is covered under this Section unless it was imposed on the Member.
- (b) A fine imposed on any other party may only be covered under this Section if:-
  - (i) the Member has been compelled to pay such fine by law or under the terms of a contract or indemnity approved by the Managers; or
  - (ii) the Member has reasonably paid such fine in order to prevent the arrest of the insured vessel or any other vessel or property belonging to the Member or in order to secure its release from arrest; or
  - (iii) the Committee shall otherwise determine.
- (c) The Committee may determine that the Association shall not indemnify a Member wholly or in part in respect of any fine or any costs arising in connection with such fine arising out of any incident or activity which, in the opinion of the Committee, the Member disregarded or failed to take reasonable steps to prevent.
- (d) The Committee shall have power from time to time to make bye-laws imposing restrictions, surcharges, exclusions, limits or any other conditions whatsoever in respect of or in relation to any particular country, area, port or place in connection with fines insured under this Section.

### 3. RULE 14 (2) – LIABILITY EXCLUDED FOR WAR RISKS

It is proposed to change Rule 14 (2)(e)(i) to align the Rules with the International Group Pooling Agreement which contains a general exclusion in respect of biological as well as chemical, biochemical or electromagnetic weapons.

#### Rule 14 (2) – Liability Excluded for War Risks

A Member shall be covered in respect of the risks set out in Rule 2 which would otherwise not be covered by reason of paragraph 1 of this Rule in the following terms:

- a) Such cover shall be subject to an excess of the greater of either:
  - i) The fully insured value of the entered vessel as defined in Rule 12, which for the purposes only of this Rule 14 shall be deemed to be not less than US\$50,000 and not more than US\$100 million; or
  - ii) The amounts recoverable under any War Risk Protection and Indemnity insurance (other than provided under the Member's terms of entry or under these Rules other than under Rule 3 (6)) including but not limited to Hull and Machinery and Crew War Risk insurance and including any Protection and Indemnity inclusive clauses attached thereto, which for the purpose of this Rule 14 shall be deemed both to exist and to have provided the Member with a full recovery.
- b) Such cover shall be subject to a limit of US\$500 million each vessel, any one accident or such limit as may be applicable to the claim under the Member's terms of entry with the Association.
- c) The limit under sub paragraph (b) of this paragraph 2 shall not in any case exceed US\$500 million in respect of all the Member's entries (whether as an owner or a charterer or otherwise) in the Association or any other party to the Pooling Agreement.
- d) Where the Association reinsures in whole or in part any risk covered under this paragraph 2, the Member shall be entitled to recover from the Association only the net amount recovered under any reinsurance together with that proportion (if any) of the cover retained by the Association.
- e) Save as provided in sub-paragraph (f) of paragraph 2 and in paragraph 3 of this Rule 14 but otherwise notwithstanding anything to the contrary in this or any other of the Association's Rules there is no cover for any liability, loss, damage, cost or expense directly or indirectly caused by or contributed to by or arising from:
  - i) any chemical, **biological**, biochemical or electromagnetic weapon; or
  - ii) the use or operation, as a means of inflicting harm, of any computer virus.
- f) The Committee may determine to pay one or more Members up to US\$65 million in the aggregate in respect of any liability, loss, damage, cost or expense which is not covered by reason of sub paragraph e) of this paragraph 2.
- g) The Committee may at any time whatsoever determine that any port, place, countries, zones or areas (whether of land or sea) be excluded from the cover provided under this Rule 14.

Such cover shall cease in respect of such ports, places, countries, zones or areas at midnight on the seventh day following the date of issue by the Association to the Members of Notice of such determination.

Unless the Committee otherwise determines there shall be no cover in respect of any claim howsoever arising out of any event, accident or occurrence within such ports, places, countries, zones or areas after such time and date.
- h) Whether or not Notice has been given under sub-paragraph (g) of this proviso, cover provided under this Rule 14 shall cease immediately:-
  - i) in respect of any vessel, in connection with the cover provided under this paragraph 2 of Rule 14, in the event of such vessel being requisitioned either for title or use.

- ii) upon the outbreak of war (whether declared or not) between any of the following countries:

the United Kingdom, The United States of America, France, the Russian Federation, the Peoples Republic of China; and

there is no cover for any liability, loss, damage, cost or expense arising from such outbreak of war.

- i) Notwithstanding any other term or condition of cover provided under this paragraph 2 the Committee may determine to cancel such cover upon giving 7 days notice to Members such notice becoming effective on the expiry of 7 days from midnight of the day on which it was given; and the Committee may at any time after such notice is given resolve to reinstate such cover on such terms and conditions and with such limits as it may determine.

#### **4. RULE 15 – LIABILITY EXCLUDED FOR NUCLEAR RISKS AND IN RESPECT OF POLLUTION BY WASTE AND THE CARRIAGE OF LIVE ANIMALS**

The change is required to align the Rules with the new Nuclear Exclusion in the Pooling Agreement.

##### **Rule 15 - Liability Excluded For Nuclear Risks and in Respect of Pollution by Waste and the Carriage of Live Animals**

Notwithstanding the provisions of Rule 15, unless either (1) the Committee otherwise determines or (2) it is otherwise agreed in writing between the Member and the Association, there is no cover in respect of any liability, cost or expense (irrespective of whether a contributory cause of the same being incurred was any neglect on the part of the Member or his servants or agents) when the loss or damage, injury, illness or death or other accident in respect of which such liability arises or cost or expense is incurred, was directly or indirectly caused by or arises from:-

- (a) ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel
- (b) the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof
- (c) any weapon of war or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter
- (d) the radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter

other than liabilities, costs and expenses arising out of carriage of excepted matter (as defined in the Nuclear Installations Act 1965 of the United Kingdom or any regulations made thereunder) as cargo in an Insured Vessel.

~~[Unless either (1) the Committee otherwise determines or (2) it is otherwise agreed in writing between the Member and the Association, there is no cover in respect of any liabilities, costs or expenses directly or indirectly caused by or contributed to by or arising from:-~~

- ~~(a) ionising radiations from, or the radioactive, toxic, explosive or other hazardous or contaminating properties of~~
  - ~~(i) any nuclear fuel or any nuclear waste or the combustion of nuclear fuel, or~~
  - ~~(ii) any nuclear installation, reactor or other nuclear assembly or nuclear component thereof, or~~

- ~~(b) any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter, or~~
- ~~(c) the radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter~~
- ~~other than liabilities, costs and expenses arising out of carriage of "excepted matter" (as defined in the Nuclear Installations Act 1965 of the United Kingdom or any regulations made thereunder) as cargo in an Insured Vessel.]~~

- (e[d]) The intended or actual carriage of live animals.
- (f[e]) The discharge or escape, or the threat of discharge or escape, or the presence of any substance, material, product, or waste determined or deemed to be hazardous, from or in any dump, site, storage or disposal facility, whether or not such substance, material, product or waste was previously carried on an entered ship as cargo, fuel or stores and whether at any time mixed or combined in any way in whole or in part with any other substance whatsoever.

## 5. RULE 20B – SURVEYS

It is proposed to change the Rule so that the Managers may modify or terminate cover between the date they have required a survey of an insured vessel and the date such survey is performed.

### Rule 20(B) – Surveys

- (1) The Managers may as a condition of acceptance or continuation or renewal of entry in the Association require a prospective Member or as the case may be a Member to submit any vessel to be entered by him or as the case may be any insured vessel already entered by him in the Association to be surveyed by a surveyor nominated by the Managers at the Member's or the prospective Member's expense on a date and at a place satisfactory to the Managers, ~~and U[+] unless and until~~ such survey has taken place or until any repairs or other action recommended by the surveyor have been carried out to the satisfaction of the Managers ~~[within the time prescribed by the surveyor or the Managers],~~ the entry will not be accepted or continued or renewed save on such ~~[special]~~ terms as the Managers may, in their discretion, agree. Furthermore, the Managers shall be empowered, as a condition of the acceptance, continuation or renewal of the entry of any insured vessel, to amend the terms of entry in the light of such survey.
- (2) Without prejudice to the provisions of Rule 20A and 20C ~~[the Managers may at any time require a Member to submit any insured vessel entered by him in the Association to be surveyed on a date and at a place satisfactory to the Managers by a surveyor nominated by the Managers, but at the expense of the Member, within such period as may be specified by the Managers.]~~ ~~[N]~~ no claim for recovery from the Association arising from any incident whatsoever arising between the time of the Managers' requirement for survey and the time such survey repairs or recommended actions have been carried out ~~[arising after the expiry of the said period]~~ shall be allowed save as determined by the Committee or the Managers if the vessel shall not have been ~~[made available]~~ submitted for survey or repaired as aforesaid ~~[in the period specified]~~.
- (3) Without prejudice to the provisions in paragraph (1) and (2) of this Rule 20(B) ~~[+]in the light of [the] such survey or any other survey or inspection of the insured vessel~~ and any recommendations by ~~[the]any~~ surveyor or the Managers as to repairs or other action to be taken by the Member, the Managers shall have the power, in their discretion, to:
- (a) terminate the Member's entry forthwith whereupon the Member shall cease to be insured and shall be allowed a return of premium pro rata for the period in respect of which the insurance has ceased.
- (b) amend or vary the terms of entry in such manner as they think fit.

- (c) impose conditions in the terms of entry in such form as they think fit including, without limitation, the exclusion of all or part of the risks specified in Rule 2 unless and until the Member has complied with the recommendations of the survey as to repairs or the action to be taken by the Member within such time as may be specified by the Managers to the satisfaction of the Managers and their surveyor.

~~[(4) Notwithstanding the above, any recommendations of the surveyor appointed under the provisions of this Rule as to repairs or other action to be taken by the Member must be carried out forthwith, or within such times as may be specified by the Managers, to the satisfaction of the Managers and their surveyor and, until such time, no claim for recovery from the Association shall be allowed for any loss, damage, liabilities, costs, or expenses caused or contributed to by the condition of the vessel which gave rise to such recommendations, save as determined by the Committee.]~~

~~(4[5])~~The Member shall promptly notify the Managers of any incident or condition including, without limiting the generality of the foregoing, any casualty or intervention or direction of State or Port regulatory or supervisory authority which might give rise to repairs or other action to be taken by the Member or give rise to a request by the Managers for a condition survey or further condition surveys. The Member shall provide the Managers with any information or documents requested at any time by the Managers relating to the condition, maintenance and operation of the insured vessel or her whereabouts.

## 6. RULE 35 – INCEPTION OF MEMBERSHIP AND RULE 36 – JOINT ENTRIES

It is proposed to change this Rule and Rule 36 in order to more closely align the current Rules with the Pooling Agreement so that the scope of cover provided and definition of Joint Members and Co-Assureds more precisely reflect the terms of that agreement.

### 35 Inception Of Membership

If the Managers on behalf of the Association accept an application for the entry of a vessel for insurance in the Association from a person who is not already a Member of the Association, then unless he is to be a Co-Assured that person may, if agreed with the Association or the Managers on its behalf, as from the commencement of the period of insurance of that vessel, be and become a Member or joint Member of the Association and his name shall be entered in the Register of Members of the Association.

**Without prejudice to the provisions of Rule 31 the Managers may accept an application from a Member for another person or persons to become Joint Members or Co-Assured insured in respect of an insured vessel and to provide cover for such persons upon the terms set out in Paragraphs A to E of Rule 36**

**The Member who makes such application shall be deemed to have full power and authority to act in the name of and on behalf of the Joint Member and the Co-Assured and neither the Association nor the Managers shall be liable in any manner whatsoever to any Member, Joint Member or Co-Assured in the event that the Member did not, in fact, have such power and authority.**

**A Joint member shall become a Member of the Association, shall be named in the Certificate of Entry and his name shall be entered in the Register of Members of the Association. He shall, unless otherwise agreed in writing with the Managers, be jointly and severally liable to the Association with all other Members insured in respect of such entry and in particular shall be jointly and severally liable with such other Members to pay all amounts due to the Association in respect of such entry.**

A Joint Members

- (1) Any Member who has made an application as described in Rules 31 and 35 warrants that he is, in relation to the insured vessel, either the owner, owner in partnership, owner holding separate shares in severalty, part owner, trustee, charterer (whether bareboat, demise or otherwise) of the entered ship, a manager or operator having control of the operation and employment of the insured vessel (being such control as is customarily exercised by a shipowner), or any other person in possession and control of the insured vessel.
- (2) In relation to any such application from a Member for any person or persons to become a Joint Member the Member and each Joint Member warrants that the Joint Member is, in relation to the insured vessel, either:
- (i) interested in the operation, management or manning of an insured ship; or
  - (ii) the holding company or the beneficial owner of the person identified in the Certificate of Entry as the Member or of any person interested in the operation, management or manning of the insured vessel; or
  - (iii) a mortgagee of the insured vessel; or
  - (iv) the charterer of the insured vessel.
- (3) The cover afforded to a Joint Member shall extend only to risks, liabilities and expenses arising out of operations and/or activities customarily carried on by or at the risk and responsibility of shipowners (or, in the case of a Charterer's Entry, charterers) and which are within the scope of the cover afforded by the Rules and any special terms set out in the Certificate of Entry

B Co-Assured - Charterer

A Co-Assured insured under this Paragraph B shall not be a Member of the Association but shall be named in any Certificate of Entry and shall be a charterer of the insured Vessel, being a charterer which is affiliated to or associated with the Member. Such Co-Assured charterer shall only be covered for the risks, liabilities and expenses in respect of which the affiliated or associated Member has cover.

C Co-Assured –Other than a contractor or charterer

A Co-Assured insured under the terms of this Paragraph C shall not be a Member of the Association but shall be named in any Certificate of Entry and shall not be a contractor or sub contractor of the Member for the provision of services by or to the insured vessel or a charterer of all or any part of the insured vessel.

Notwithstanding the fact that such Co-Assured is named in the Certificate of Entry, the cover of the Association will only extend insofar as the Co-Assured may be found liable to pay in the first instance for loss or damage which is properly the responsibility of the Member or any Joint Member in respect of the entry and there is no cover in respect of any amount which would not have been recoverable from the Association by the Member or Joint Member had the claim in respect of such loss or damage been made or enforced against them. Once the Association has made indemnification under such cover it shall not be under any further liability and shall not make any further payment to any person or company whatsoever, including any Member or Joint Member insured, in respect of that loss or damage.

D Co-Assured - Contractor

A Co-Assured insured under this Paragraph D shall not be a Member of the Association but shall be named in any Certificate of Entry and shall be a contractor or sub contractor of a Member for the provision of services by or to the insured vessel, provided that:



- (a) the contract has been approved by the Association with which the insured vessel is entered; and
- (b) the contract provides that each party should be similarly responsible for any loss or damage to its own (or its sub-contractors') property and loss of life or personal injury to its own (or its sub-contractors') personnel.
- (c) the Co-Assured shall only be covered for liabilities, costs and expenses which are to be borne by the Member under the terms of the contract and would, if borne by the Member, be recoverable by the Member from the Association.

#### E Co-Assured - Affiliates and Associates

Unless otherwise agreed by the Managers the Association provides cover to any person associated or affiliated to a Member provided that the cover afforded to such person is restricted whereby should a claim in respect of which a Member named in the Certificate of Entry is insured by the Association be made or enforced through a person or company affiliated or associated with such Member, the Association shall if so requested by the Member indemnify such person or company against any loss which as a consequence thereof such person or company shall have incurred in that capacity provided always that there is no cover for any amount which would not have been recoverable from the Association by the Member had such claim been made or enforced against him. Once the Association has made such indemnification it shall not be under any further liability and shall not make any further payment to any person or company whatsoever, including the Member, in respect of the loss or damage in respect of which the claim was brought.

#### The following provisos shall apply to this Rule 36

- (i) The receipt by the Member or any Joint Member or Co-Assured of any sums paid by the Association in respect of such an entry shall be sufficient discharge by the Association for the same;
- (ii) Any provision of these Rules by which a Member or Joint Member or Co-Assured ceases to be insured or ceases to be entitled to recover from the Association in respect of any liability, loss or damage to which he might be entitled under these Rules shall be deemed to apply to all Members and all Joint Members and all Co-Assureds. Failure by the Members or any one of the Joint Members or Co-Assureds to comply with any of the obligations under these Rules is deemed to be the failure of the Members and all the Joint Members and all the Co-Assureds. Conduct of a Member or any one Joint Member or Co-Assured which would have entitled the Association to decline to indemnify it shall be deemed to be the conduct of all Members and all Joint Members and Co-Assureds;
- (iii) The contents of any communication between the Member or any Joint Member or Co-Assureds and the Association or the Managers, their servants or agents, shall be deemed to be within the knowledge of the Member and all Joint Members or Co-Assureds;
- (iv) The cover provided in respect of Members, Joint Members and Co-Assureds insured under the same entry shall not extend to any disputes of whatsoever nature or howsoever arising either among such Joint Members and Co-Assureds or with the Member;
- (v) The Managers shall not be bound to issue on behalf of the Association more than one Certificate of Entry in respect of each insured vessel or more than one Endorsement Slip and delivery of such Certificate of Entry or Endorsement Slip, as the case may be, to one of several jointly insured Members shall be sufficient delivery to each and all of such Members and any Co-Assured.
- (vi) Failure by any Member or Joint Member or any Co-Assured who is named in the same Certificate of Entry to disclose material information within his knowledge shall be

deemed to have been the failure of all the Members, Joint Members and all Co-Assureds:

(vii) No Member or Joint Member or Co-Assured shall recover any amounts from the Association save for those liabilities arising out of operations and/or activities customarily carried on by or at the risk of or responsibility of shipowners and which are within the scope of the Member's operations as a Member;

(viii) Unless otherwise agreed in writing with the Managers and recorded in the Certificate of Entry, where a charterer or other party is named as a Member, Joint Member or Co-Assured and a waiver of subrogation is required under a contract, rights of subrogation against such Joint Member or Co-Assured shall be waived only where the Managers have agreed such a waiver in writing. Any such waiver will apply only to those liabilities, costs and expenses which are borne by the Member or other Joint Member under the terms of the relevant contract and shall not apply to any liabilities, costs and expenses which are to be borne by the charterer or party under the terms of that contract.

(ix) Without prejudice to the provisions of the Third Schedule any limitation of the Association's liability to a Member, whether in these Rules or in an agreed special term, shall be construed as a limitation on the aggregate amount payable to all Members and Co-Assureds insured in respect of one entry. In such cases the claim of the registered owner of the insured vessel shall be preferred to the claims of the other Members and any Co-Assureds, which shall rank in equal shares among themselves as to any balance provided that in such cases the Committee may take into account the possibility of further claims against the Association being made by the Members and Co-Assureds or any other party and may withhold such sums from distribution as it thinks fit in order to meet those claims.

~~— [Where a Certificate of Entry for an insured vessel records as parties insured thereunder more persons than one whether jointly or separately interested, any such persons who are not Members of the Association in respect of such vessel are hereinafter referred to as "Co-Assured" or "Co-Assureds". Where such persons are Members of the Association in respect of such vessel, they are hereinafter referred to as "joint Member" or "joint Members" and in such circumstances:—~~

~~— (i) the Managers shall not be bound to issue on behalf of the Association more than one Certificate of Entry in respect of each insured vessel or more than one Endorsement Slip and delivery of such Certificate of Entry or Endorsement Slip, as the case may be, to one of several jointly insured Members shall be sufficient delivery to each and all of such persons;~~

~~— (ii) the joint Members and each of them shall be jointly and severally liable to pay all Calls and other sums due to the Association in respect of such entry and the receipt of any one of such joint Members for any sums payable by the Association in respect of such entry shall be a sufficient discharge of the Association for the same;~~

~~— (iii) failure by any joint Member or any Co-Assured who is named in the same Certificate of Entry to disclose material information within his knowledge shall be deemed to have been the failure of all the joint Members and/or all Co-Assureds;~~

~~— (iv) conduct of any joint Member or any Co-Assured who is named in the same Certificate of Entry which would have entitled the Association to decline to indemnify him shall be deemed the conduct of all the joint Members and/or all Co-Assureds;~~

~~— (v) unless the Managers have otherwise agreed in writing the contents of any communication from or on behalf of the Association to any joint Member and/or Co-Assured shall be deemed to be within the knowledge of all the joint Members and/or Co-Assureds, and any communication from any joint Member and/or Co-Assured to the Association, the Managers, their servants or their agents shall be deemed to have been made with the full approval and authority of all the joint Members and/or Co-Assureds;~~

~~— (vi) any limitation of the Association's liability to a Member, whether in these Rules or in an agreed special term, shall be construed as a limitation on the aggregate amount payable to all joint Members and/or Co-Assureds. In such cases the claim of the registered owner of the insured vessel shall be preferred to the claims of the other joint Members and/or any~~

~~Co-Assureds, which shall rank pari passu among themselves as to any balance; provided that in such cases the Committee may take into account the possibility of further claims against the Association being made by the joint Members and/or Co-Assureds or any of them, and may withhold such sums from distribution as it thinks fit in order to meet those claims.]~~

## 7. THE THIRD SCHEDULE

In the Third Schedule to reflect the changes to Rule 36 and align with the Pooling Agreement an additional paragraph 1(e) shall be added to the **Limitation of Cover Clause for Oil Pollution and other Risks in Respect of (A) Owners' Entries and Charterers Co-Assured under an Owners' Entry (B) Charterers' Entries** as follows:

### (e) Consortia

Where the Member and all Joint Members and all others covered in respect of vessels forming part of a specified and particular fleet as provided for in Rule 31 has more than one ship employed under a consortium or joint service at the material time and one or more of those ships is entered with any other insurer which participates in the Pooling Agreement, the liability of the Club to the Member and all Joint Members and all others covered under the same such fleet shall be limited to such proportion of US\$300 million as the claims incurred by the Club in respect of the Insured vessels bear to the aggregate of all such claims incurred by the Club and any such other insurers.

By order of the Board  
P A Aspden  
Secretary  
33 Boulevard Prince Henri  
1724 Luxembourg

January 2007

A Member entitled to attend and vote is entitled to appoint a proxy (who need not be a Member of the Association) to attend and on a poll vote instead of him. The instrument appointing a proxy shall be left with the Secretary not less than 48 hours before the holding of the Meeting.