

January 2014

**Notice to Members No. 26 2013/2014**

NOTICE is hereby given that an Extraordinary General Meeting of Class 1 Members of the Association will be held at 1000 hours on Wednesday, 5 February 2014 in the Hotel Le Bristol, 112 rue du Faubourg Saint-Honore, Paris, France for the purpose of considering and, if thought fit, passing the following SPECIAL Resolution:

**SPECIAL RESOLUTION**

THAT alterations to certain Rules of Class 1 (as hereafter set out with commentary) be made to take effect from noon GMT on 20 February 2014:-

**INTRODUCTION**

Unless stated otherwise, those parts of the 2013 Rules where it is proposed that changes are made are attached with the changes marked. A proposed deletion from the 2013 Rules is identified by striking through the text to be deleted. Proposed additions are underlined. 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 2014 policy year.

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**The West of England Ship Owners Mutual Insurance Association (Luxembourg)**  
R.C.S. Luxembourg B 8963

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## TEXT OF CHANGES – CLASS 1

### 1. RULE 2 SECTION 20 – SALVORS' EXPENSES UNDER STANDARD FORMS OF SALVAGE AGREEMENT

It is proposed that reference to older versions of LOF no longer in use be deleted and the most recent version added. The reference to SCOPIC clauses has also been made more generic.

The proposed change is as follows:

#### **Section 20 – Salvors' expenses under standard forms of salvage agreement**

Liability of the Member to reimburse a salvor of the insured vessel for:

- (i) his "reasonably incurred expenses" (together with any increment awarded thereon) under the exception to the principle of "No cure - No pay" contained in Clause 1(a) of the Lloyd's Standard Form of Salvage Agreement (1980);
- (ii) the "Special Compensation" to which a salvor may be entitled under the exception to the principle of "No cure - No pay" contained in Article 14 of the International Convention on Salvage 1989 or the Special Compensation P. & I. Clauses (SCOPIC) ~~and (SCOPIC 2000)~~ where they are incorporated into the Lloyd's Standard Form of Salvage Agreements ~~(1990)~~, ~~(1995)~~ ~~or~~ (2000) ~~or~~ (2011), or incorporated in the terms of a Standard Salvage Agreement approved by the Association.

### 2. RULE 6 - DEDUCTIBLES

It is proposed to increase the deductible contained in the Rules from US\$7,000 to US\$8,000.

The proposed change to Rule 6 reads as follows:

#### **6 Deductibles**

Unless otherwise agreed in writing between a Member and the Managers as part of the terms upon which a vessel is entered in the Association, the Member's recovery from the Association shall be subject to the following deductibles:-

##### **(1) Cargo claims and cargo's proportion of General Average**

In respect of liabilities, costs and expenses referred to in Rule 2 Sections 16 and 17 and any costs and expenses incurred in connection therewith under Rule 2 Section 24 the first US\$~~7~~8,000 in respect of one insured vessel in respect of each cargo voyage.

##### **(2) All other Claims**

In respect of the liabilities costs and expenses referred to in Rule 2 Sections 1 to 14 inclusive and 18 to 23 inclusive and any costs and expenses incurred in connection therewith under Rule 2 Section 24 the first US\$~~7~~8,000 in respect of one insured vessel in respect of each incident.

*PROVIDED THAT:-*

Where two or more claims on the Association have arisen out of the same incident and are subject to more than one deductible by reason of this Rule or by reason of any special terms agreed with the Member, the Member's recovery shall be subject to the highest only of such deductibles.

### 3. RULE 17 – SPECIALIST OPERATIONS

It is proposed that the section of this Rule relating to exclusion of liabilities, costs and expenses arising out of salvage operations be amended to make it clear that the exclusion similarly applies to wreck removal operations undertaken by (not of) an entered vessel.

The proposed change is as follows:

#### 17 Exclusion of Certain Liabilities, Costs and Expenses of Salvage Vessels, Drilling Vessels, Dredgers and Others, Specialist Operations, Diving and Other Risks

Without prejudice to Rule 4, unless special cover shall have been agreed in writing between a Member and the Managers, there is no cover in respect of:-

(A)

(i) liabilities, costs and expenses arising out of salvage operations conducted by an insured vessel or provided by a Member, other than liabilities, costs and expenses arising out of salvage operations (and which for the purposes of this Rule shall include wreck removal operations) conducted by an insured vessel for the purpose of saving or attempting to save life at sea; and

(ii) liabilities, costs and expenses incurred by an Insured Owner (being a professional salvor) which are covered by a special agreement between that Insured Owner and the Association or Reinsured Entity, and which arise out of the operation of, and in respect of that Insured Owner's interest in an insured vessel.

(B) liabilities, costs and expenses incurred in respect of a drilling vessel or barge or any other vessel or barge employed to carry out drilling or production operations in connection with oil or gas exploration or production, including any accommodation unit moored or positioned on site as an integral part of any such operations, to the extent that such liabilities, costs or expenses arise out of or during drilling or production operations.

For the purposes of this paragraph B a vessel shall be deemed to be carrying out production operations if (inter alia) it is a storage tanker or other vessel engaged in the storage of oil, and either;

(i) the oil is transferred directly from a producing well to the storage vessel; or

(ii) the storage vessel has oil and gas separation equipment on board and gas is being separated from oil whilst on board the storage vessel other than by natural venting.

(C) liabilities, costs and expenses incurred by a Member during the course of performing specialist operations including but not limited to dredging, blasting, pile-driving, well-stimulation, cable or pipelaying, construction, installation or maintenance work, core sampling, depositing of spoil, professional oil spill response or professional oil spill response training and tank cleaning (otherwise than on the insured vessel) (but excluding fire-fighting) to the extent that such liabilities, costs and expenses arise as a consequence of:

(i) claims brought by any party for whose benefit the work has been performed, or by any third party (whether connected with any party for whose benefit the work has been performed or not), in respect of the specialist nature of the operations; or

(ii) the failure to perform such specialist operations by the Member or the fitness for purpose or quality of the Member's work, products or services; or

(iii) any loss of or damage to the contract work.

Provided always that this exclusion shall not apply to liabilities, costs and expenses incurred by a Member in respect of:

(a) loss of life, injury or illness of crew and other personnel on board the insured vessel; or

(b) the wreck removal of the insured vessel; or

(c) oil pollution emanating from the insured vessel or the threat thereof but only to the extent that such liabilities, losses, costs and expenses are covered under Rule 2.

(D) liabilities, costs and expenses incurred by a Member in connection with any claim brought against it arising out of:

(i) waste incineration or disposal operations carried out by the insured vessel (other than any such operations carried out as an incidental part of other commercial activities, not being specialist operations); or

(ii) the operation by the Member of submarines, mini-submarines or diving bells; or

(iii) the activities of professional or commercial divers where the Member is responsible for such activities, other than

(a) activities arising out of salvage operations being conducted by an insured vessel where the divers form part of the crew of that insured vessel (or of diving bells or other similar equipment or craft operating from the insured vessel) and where the Member in respect of the insured vessel is responsible for the activities of such divers; and

(b) incidental diving operations carried out in relation to the inspection, repair or maintenance of the insured vessel or in relation to damage caused by the insured vessel; and

(c) recreational diving activities.

(E)

(a) personnel (other than marine crew) on board the insured vessel (being an accommodation vessel) employed otherwise than by the Member when there has not been a contractual allocation of risks as between the Member and the employer of the personnel which has been approved by the Association; and,

(b) hotel and restaurant guests and other visitors and catering crew of the insured vessel when the insured vessel is moored (otherwise than on a temporary basis) and is open to the public as a hotel, restaurant, bar or other place of entertainment.

## **RULE 58 - DEFINITIONS**

In the light of a decision by the International Group Clubs to exclude from Pooling units or vessels constructed or adapted for the purpose of carrying out drilling operations in connection with oil or gas exploration or production, it is proposed that the definition of "vessel" set out in Rule 58 be modified as follows:

*(NB the other provisions of Rule 58 – which remain unaltered – are not reproduced here for the sake of brevity)*

### **58 – Definitions**

"VESSEL" (in the context of a vessel entered or proposed to be entered in the Association) means any ~~ship, boat or other description of vessel (including a lighter, barge, or like vessel howsoever propelled) or hovercraft, rig or structure (including any ship, boat, vessel, hovercraft, rig or structure under construction) used or intended to be used for any purpose whatsoever in navigation or otherwise on, under, over or in water (including inland waters of any description), or any part thereof or any proportion of the tonnage thereof or any share therein~~ ship, boat, hydrofoil, hovercraft or other description of vessel (including a lighter, barge or similar vessel howsoever propelled but excluding (a) a unit or vessel constructed or adapted for the purpose of carrying out drilling operations in connection with oil or gas exploration or production and (b) a fixed platform or fixed rig) used or intended to be used for any purpose whatsoever in navigation or otherwise on, under, over or in water or any part of

such ship, boat, hydrofoil, hovercraft or other description of vessel or any proportion of the tonnage thereof or any share therein.

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

January 2014

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 to 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.