



# **The General Rules of the Association**

**Edition 2018**

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**RULE 1 DEFINITIONS**

In these Rules the following words and phrases shall have the following meanings unless the context otherwise requires.

**Articles**

The Memorandum and Articles of the Association.

**The Association**

Edinburgharian PANDI Association Limited, is referring to the Association.

**Association Year**

The period from noon GMT on any 20<sup>th</sup> February to noon GMT on the next following 20<sup>th</sup> February.

**Certificate of Entry**

This expression includes every endorsement to a Certificate of Entry.

**The Clauses**

Class I - Protection and Indemnity

Class II - Freight, Demurrage and Defense

Class III - Hull and Machinery

Class IV - Charterers' Liability

Class V - Crew Injured Liability

Class VI - Crew Injured Medical Liability

**Class Rules**

The Rules, regulations and bye-laws for the time being in force concerning any Class of the Association.

**The Committee**

The Committee constituted under the Articles in respect of the Class concerned.

**The Directors**

The Board of Directors for the time being of the Association.

**Discretion**

The sole, absolute and unfettered discretion of the Managers or Directors (as the case may be).

**Entered Ship**

The ship which has been entered for insurance in the Association by the Member.

**General Rules**

The General Rules for the time being of the Association.

**Joint Member**

This expression has the meaning given to it in General Rule 6.

**Limited Member**

A Member with limited rights and obligations as defined in General Rule 6.4.

**The Managers**

The Managers for the time being of the Association.

**Member**

A person who has a ship, vessel, unit or craft entered into one or more classes of Edinburghian PANDI Association Limited and/or is entered on the registry of Members of Maritime Mutual Association Limited and/or is a beneficiary of the Maritime Mutual Trust.

**Policy Period**

Unless otherwise agreed or provided, a period beginning at noon GMT on any 20<sup>th</sup> February and ending at noon GMT on the next following 20<sup>th</sup> February.

**Register**

The Register of Members of the Association.

**Rules**

The General Rules and the relevant Class Rules.

**Ship**

In the context of a ship entered or proposed to be entered into any Class of the Association the word ship shall mean any ship, boat, hovercraft or other description of vessel (even when still under construction) used or intended to be used for any purpose whatsoever in navigation or otherwise on, under, over or in water or any part thereof or any proportion of the tonnage or any share therein.

**Ship Manager**

A ship manager or other managing agent acting on behalf of the owner of an entered ship.

**Tonnage**

The gross tonnage of a ship as certified or stated in the Certificate of Registry or other official documents relating to the registry of the ship and 'ton' refers to the unit of such tonnage.

Writing shall include facsimile, telex, printing, typewriting, lithography and any other permanent mode or modes of representing or reproducing words in a visible form and includes e-mail.

Words importing the singular shall include the plural and vice versa.

Words importing the masculine shall include the feminine and vice versa.

Words importing persons shall include bodies corporate and vice versa.

**RULE 2 ENTRY**

1. Any person who wishes to enter a ship for insurance in any Class of the Association shall apply on the application form in current use by the Association giving the full particulars therein required together with all material information and any other information specifically requested by the Managers.

2. The information given in any application form together with any other information given in the course of applying for insurance or renewal or negotiating changes in the terms of the insurance shall, if the entry of the relevant ship be accepted renewed or modified, be deemed to form part of the contract of insurance between the Member and the Association. It shall be a condition precedent of such information was true and complete so far as the Member knew or could with reasonable diligence has ascertained. If no application form is signed or if an application form cannot be produced at any time but nevertheless it appears that the Member has requested cover and the Association has accepted the risk, the absence of an application form shall not prejudice the rights and obligations of the Member or the Association.

3. As soon as reasonable practicable after accepting any application for the entry if the ship in any Class of the Association, the Managers shall issue a Certificate of Entry in such form as shall be in use by the Association at the time of issue which (subject to any special terms upon which such ship may be entered) shall state:

- (a) that the person entering such ship has been or will be entered on the Register of Member of the Association as the case maybe,
- (b) the risk against which such ship has been entered for insurance in the Association,
- (c) the date and time when the entry of such ship is to commence,
- (d) the advance call in respect of such ship for each Class, and
- (e) any special terms agreed pursuant to General Rule 3.

4. The terms and conditions upon which a ship is accepted for entry, including the nature and extent of the risks covered and the contribution payable by the Member, shall be those set out in the Rules but subject to such variations as may have been agreed In writing between the Member and the Managers.

5. If at any time the Managers and the Member agree to vary the terms and conditions upon which a ship is entered, the Managers as soon as reasonable practicable thereafter shall issued an endorsement stating the nature of such variation and the date and time from which such variation is to be effective.

6. Every Certificate of Entry issued shall be presumed correctly to reflect the terms of the insurance.

7. The Managers may in their discretion and without giving any reason refuse an application by any person for, or decline an application for renewal or variation of an entry of a ship in any Class whether or not that person is already a Member.

8. If a Member is entered in more than one Class, his entry in each Class shall be deemed to be a completely separate contract from his entry in any other Class.

### **RULE 3 SPECIAL ENTRIES**

1. The Managers may, notwithstanding the provisions as to contribution in these Rules, accept entries on special terms as to contribution, as to the nature and extent of risks covered or otherwise. Such entries shall otherwise be subject to the Rules.

2. The Managers may, in their discretion, decline to insure certain risks normally covered by the Association. In such circumstances or otherwise, the Managers may on their own account independently assist the Member in arranging for the risk to be covered with other Associations or insurers. In such cases, the Member concerned will be so advised.

### **RULE 4 REINSURANCE ENTRIES**

The Managers may accept entries by way of reinsurance of direct insurers.

**RULE 5 REINSURANCE**

The Managers may reinsure the whole or any portion of the risks assumed by the Association upon such terms and in such manner as they may think fit.

**RULE 6 JOINT ENTRIES**

1. If an entry is made in the name or on behalf of more person than one, they shall be deemed to be Joint Members. Joint Members shall be jointly and severally liable to pay all contributions due to the Association in respect of such entry.

2. If an application is made for entry in the Association of two or more ships forming part of a fleet through a ship manager with a view to obtaining terms which would not have been available had the ships been offered for entry separately, such entries may be accepted on the basis that the ship manager shall also sign the appropriate application form and shall together with the respective person be jointly liable as Members.

3. Applications for entry may be made and accepted in respect of ships of which the beneficial ownership is separate on terms that the ships concerned shall be deemed (for these purposes only) to form part of a specified fleet, on the basis that the Association shall deal with the entries of such ships in combination and not individually.

In consideration for such an entry all Members within each such fleet entry shall agree to accept joint and several liability to pay all amounts due to the Association by way of calls or otherwise in respect of all ships within that fleet entry. In such cases, the ship manager shall also sign the appropriate application form and shall together with the respective persons be jointly liable as members.

4. Application may be made and accepted on such terms as the Managers in their discretion may propose to be Limited Member. Limited Membership shall only be available at the request of the Member and is related to the entered ship. The Association shall only be liable to the Limited Member to the extent that it would have been liable to the Member had the claim in question been brought and enforced against the Member. The Limited Member shall not be liable for calls except to the extent that the Certificate of Entry so provides, but the Limited Member shall otherwise be in the same position as a Joint Member and subject to all obligations to the Association as though he were a Member.

5. As regards entries made under General Rules 6.1, 6.2 or 6.4 above, the receipt by any such Joint Member of any payment by the Association shall be deemed to be the receipt by all such fellow Joint Members jointly and shall fully discharge the obligations of the Association in respect of the liability in respect of which such payment was made.

6. Failure by any Joint Member belonging to such fleet to disclose material information within his knowledge shall be deemed to have been the failure of all such fellow Joint Members.

7. Conduct (including misrepresentation or non-disclosure) by or on behalf of any Joint Member belonging to such fleet which would have entitled the Association to decline to indemnify him shall be deemed the conduct of all such fellow Joint Members.

8. Unless the Managers have otherwise agreed in writing, the contents of any communication from or on behalf of the Association to any Joint Member belonging to such fleet shall be deemed to have come to the knowledge of all such fellow Joint Members. Any communication from any Joint Member or intended for the Association or the Managers shall be deemed to have been made with the full knowledge approval and authority of such fellow Joint Members.

9. The Association shall in no case be liable for any costs, liability and expenses incurred in connection with any claims or disputes or proceeding between Joint Members or any of them. If the Association shall incur any cost, liabilities or expenses in such circumstances, the Association shall be entitled to an indemnity from the Members concerned in respect thereof.

10. Any limitation of the Association's liability to a Member, whether in the Rules or in an agreed special term, shall be construed as a limitation on the aggregate amount payable to all Joint Members. In such cases the claim of the registered owner of the entered ship concerned shall be preferred to the claims of fellow Joint Members, which shall rank *pari passu* among themselves as to any balance;

**PROVIDED ALWAYS** that in such cases the Directors may in their discretion take into account the possibility of further claims against the Associations being made by the Joint Members or any of them, and may withhold such sums from distribution as they think fit in order to meet those claims.

11. If the insurance of any Joint Member is cancelled in accordance with General Rule 33, the insurance of all fellow Joint Members shall be cancelled at the same time.

12. If the insurance of any Joint Member terminates or ceases otherwise than under General Rule 33, the Managers shall be entitled, but not obliged, to treat the insurance of fellow Joint Members as simultaneously ceasing or terminating or to treat such insurance as continuing on such terms as they shall in their discretion propose.

#### **RULE 7 CONTRIBUTION AND ADVANCE CALLS**

1. Any entry for a period identical to an association year shall be allocated to the association year concerned. Any other entry shall be allocated to the association year in which the relevant Policy Period incepts. Unless otherwise provided, all contributions or calls in respect of any entry shall be allocated to the relevant class of the relevant association year.

2. Subject to the exercise of the power of the Managers set out in General Rule 3 to accept entries upon special terms and subject to General Rule 6.4, Members who have entered ships for insurance in any Class of the Association in any association year shall pursuant to the Articles and the Rules mutually insure each other as hereinafter set out against liability, loss, cost and expense which they or any of them may suffer, become liable to pay or may incur in respect of such entered ships. For this purpose the said Members shall contribute to the Association the advance call due from them in respect of that class. Such advance call shall be such sum which, when taken in conjunction with other advance call due, will provide for the Association such funds as are in the opinion of the Directors from time to time required to meet, as regards the class and association year concerned:

(a) the losses, claims, expenses and other outgoings (whether incurred, accrued or anticipated) which in the opinion of the Managers necessarily and properly fall upon it,

(b) such transfers to reserves or provisions as the Managers in their discretion consider it expedient to make, including transfers to reserves and provisions in respect of any deficiency which has occurred or which they consider may occur in respect of any closed policy year of the same class,

(c) the proportion attributable to it of such sums as the Association may by any applicable law be obliged to set aside in order to establish and/or maintain an adequate solvency margin and/or guarantee funding in respect of any association year or otherwise. Contributions from Members to such sums shall be calculated *pro rata* to the advance call in the relevant association year,

(d) any sums which any person is called upon but failed to pay in full to the Association,

(e) the cost of reinsurance effected by the Association pursuant to General Rule 5 and of maintaining an equalization reserve,

(f) Such of general expenses of the Association as the Directors may from time to time in their discretion consider fit to charge against the business of the Association in respect of such class and association year.

3. The Directors may create and maintain an equalization reserve for the purpose of contributing to the cost of exceptional claims in any class or classes that may arise from any occurrence whether past or future. For this purpose, the Directors may, in their discretion, make such transfers from the funds attributable to any association year to the equalisation reserve. In the event of exceptional claims, the Directors may make such transfers to any class or association year affected by such claims as in their discretion they consider fit.

4. Before the start of each policy period the Directors shall decide for each entry or proposed entry in each class the advance call which they propose to levy on each Member or proposed Member in respect of the coming policy period (subject to any special terms upon which such ships may be entered). In fixing the advance call rate of any ship the Directors may take into account all matters which they consider to be relevant including, without prejudice to the generality of the foregoing, the degree of risk which is in their opinion estimated to be involved in the proposed insurance.

#### **RULE 8 SUPPLEMENTARY CALLS**

The Directors may at any time during or after end of each policy period (but not after the relevant association year has been closed) direct that in respect of any specified class and association year a supplementary call shall be paid for the benefit of the class concerned by each Member in respect of ships entered in such class in such association year of such amount as the Directors in their discretion may determine. Unless the Directors in their discretion otherwise decide, all supplementary calls so made, except any special referred to in General Rule 9, shall be calculated pro rata to advance call levied on the Member concerned in respect of the class and association year concerned.

#### **RULE 9 SPECIAL CALLS**

Notwithstanding anything in the Rules, the Directors may in their discretion at any time levy on any Member of the class concerned a special call, which shall be calculated pro rata to the advance call or the original estimated total call (at the discretion of the Directors) levied, on each person who was a Member entered in the class concerned during the association year during which the incident giving rise to the liability, loss, cost and expenses and other outgoings for which the special call is made or in relation to which there is a deficiency or shortfall. Such special calls shall be levied on and payable by all such persons unless the Certificate of Entry concerned specifically excludes liability to contribute to any Special Call.

#### **RULE 10 RELEASE CALLS**

On the cesser of insurance in respect of an entered ship for any reason, the Managers may, on their own initiative or at the request of the Member, release the Member from liability for further calls in respect of such ship upon such terms (including the payment of a Release Call) as the Managers in their discretion may consider to be appropriate in all the circumstances. A release call in respect of such ship and the amount of such assessment shall be payable in full by the Member on demand without any set-off by the Member.

#### **RULE 11 PAYMENT OF CALLS**

Every Advance, Supplementary, Release or Special call shall be payable in such installments and on such dates as the Managers shall specify. No claims of any kind whatsoever against the Association shall constitute set-off against any call or other sum of whatsoever nature due to the Association or shall entitle any person to withhold or delay payment of any such sums.

**RULE 12 SECURITY FOR CALLS**

1. The Managers may at any time require, as condition of entry or continued entry of a ship, that a Member shall provide security for the payment of calls or other amounts due to the Association in the form of a bank guarantee in a wording and for an amount specified by the Directors, and given by a bank approved by the Managers.

2. This insurance is a contract of marine insurance of the entered ship. It is acknowledge by the Member as being necessary for carrying on his business as ship owner and for the operation of his ship in national and/or international trade in connection with contracts for the carriage of goods or passengers in his ship. The Member confirms that he entered this hip as agent and on behalf of the entered ship.

3. The Member recognizes and grants to the Association an express maritime lien against the entered ship and loading freights to secure all obligations running from the Member to the Association under this contract of insurance. The Association may execute its maritime lien on the entered ship by appropriate process in any Court of any country having general admiralty and maritime jurisdiction.

**RULE 13 LATE PAYMENTS**

Without prejudice to the rights and remedies of the Association under these Rules, particularly General Rules 12, 31 and 33, if any call or premium or part thereof or any sum of whatsoever nature due from any Member to the Association is not paid on or before the date specified for payment thereof, such Member shall pay interest on the amount not paid from and including the date so specified down to the date of payment at the rate prescribed in England to be charged on unsatisfied judgments, but the Managers may in their discretion waive payment of such interest in whole or in part.

**RULE 14 DEBTOR MEMBERS**

If any contribution or other payment due from a Member to the Association is not paid and if the Mangers consider that payment cannot economically be recovered, the sum required to make good any resulting shortfall or deficiency in the funds of the Association shall be deemed to be an expenses of the Association for the purpose of contribution under General Rule 7.

**RULE 15 CLOSING OF ASSOCIATION YEARS**

1. The Directors may, with effect from such date after the end of each association year as they may in their discretion decided, declare that the association year for any class shall be closed.

2. The Directors may declare that any such association year is closed notwithstanding that it is known or anticipated that there are in existence or may in the future arise claims, expenses or out-goings in respect of such association year which have not yet accrued or whose validity, extent or amount has not yet been established.

3. If upon the closing of any such association year or at any time thereafter it shall appear to the Directors that the whole of the contributions, premiums and other funds received in respect of that association year (and of all the transfer from general reserves and provisions made for the credit of or in respect of such policy year) are unlikely to be required for the purposes referred to in General Rule 7.2, the Directors may decide to dispose of any excess which in their opinion is not so required by transferring the excess or any part thereof to the general reserve or operating funds of the Association, to be available for all purposes of the Association irrespective of class and association year, or to the equalization reserve.

4. The Directors may apply the general reserves of the Association by transferring to the credit of any association year for any class such proportion of the general or equalization reserves of the Association as they see fir, in order to ensure that the

association year of the class concerned is adequately funded.

5. If any time after an association year for any class has been closed it shall appear to the Directors that the funds required in respect of such association year for the purposes referred to in General Rule 7.2 exceed or are likely to exceed the totality of the contributions, premiums and other receipts in respect of such association year (including all transfers from reserves and provisions made for the credit of or in respect of such policy year) then the Directors may decide to provide for such deficiency in any one or more of the following ways:

- (a) by transferring funds from the general reserves or operating funds of the Association.
- (b) by transferring funds standing to the credit of any other closed association year of the class concerned,
- (c) by levying an advance or supplementary contribution on an open association year for the class concerned for the purpose of meeting the whole or a part of such deficiency,
- (d) by levying a Special Call
- (e) If the Directors shall resolve as set out in General Rule 15.5(c) the Manager shall so inform the Member entered for such policy year on or before the time that payment is demanded.

6. At any time after any association year has been closed, the Directors may resolve to amalgamate the accounts of any two or more closed association years for any class and to pool any amount standing to the credit of the same. If the Directors shall so resolve then such closed association years concerned shall for all purposes be treated as though they constituted a single closed association year.

#### **RULE 16 LAID UP RETURNS**

1. Subject to any class rules and to any terms and condition which may have been agreed between a Member and the Managers in accordance with the provisions of the Rules, if an entered ship shall be and remain continuously in any safe port or anchorage approved by the Managers for a period of thirty or more consecutive days after finally mooring there (such period being computed from the day of arrival to the day of departure, one day only being excluded) and the said entered ship shall be completely free of cargo and not under repair, the Member shall be allowed a return of the advance call payable in respect of such ship for the said period, such return being calculated at the rate of 50 percent on a pro rata daily basis. If during such period the ship is also without crew the return shall be calculated as aforesaid but at the rate of 95 percent provided that if a skeleton crew is on board the Managers may fix such rate of return as in their discretion they consider appropriate in the circumstances. The return of calls referred to herein shall be subject to the deduction of such amount for reinsurance and administrative expenses as the Managers may from time to time determine. No returns of calls shall be made by the Association unless the Managers receive written notification within twelve months of the end of the period in respect of which the returns are claimed. The Managers may in their discretion allow a lesser return in respect of any such period when the ship is under repair.

2. The Managers may at any time in their discretion notify a Member that a port or anchorage is no longer to be regarded as safe for the purpose of this Rule in which event no return of call shall be allowable in respect of any mooring at such port or anchorage which begins after the giving of such notice or in respect of any mooring at such port or anchorage that continues more than 15 days beyond the giving of such notice.

3. If any other Agreements and/or Clauses in Certificate of Entry set forth special provisions on the Laid Up Returns, such provisions shall prevail.

#### **RULE 17 SURVEYS OF SHIPS**

1. The Managers may at any time in their discretion appoint a surveyor or such other person as they may think fit to inspect an

entered ship on behalf of the Association. The Member shall afford such facilities as may be required by the Managers for such inspection, and shall promptly comply with such recommendations as the Managers may make following such inspection.

2. Unless and to the extent that the Directors in their discretion otherwise decide, a Member who commits any breach of his obligations referred to above shall not be entitled to any recovery from the Association in respect of any claim caused or occurring during the period after such breach is committed and before the Member has complied with his obligations above arising out of such breach.

3. Unless and to the extent that the Managers otherwise decide, a satisfactory condition survey shall apply to every entry and/or renewal of every ship, the concerned survey shall be performed by a Surveyor approved by the Association at the Member's expense within the periods that the Association agree; Association reserves the right to reject any claim for assistance or reimbursement where a loss giving rise to a claim was caused or contributed to by any one or more of the defects or recommendations listed by the Surveyor in their reports; Association reserves the right to reject any claim for assistance or reimbursement in the event of a claim arising, where the cause is due to Member non-compliance of Surveyor's recommendation(s); If, upon receipt of the Surveyor's reports, Association is of the opinion that the ship is not in a fit and proper condition, Association reserve the right to terminate Certificate of Entry and/or other related, similar Certificates from the date of inception or any other date; Association reserve the right to reject any claims for assistance or reimbursement where a loss giving rise to a claim was caused or contributed to by any one or more of the defects or recommendations listed in the survey report above mentioned.

4. In the event of non-compliance with this Survey warranty, Association will reject any claim including any liabilities/claims arising from the Certificate of Entry and related or similar Certificates, Blue Cards, and including but not limited to the International Convention on Civil Liability for Bunker Oil Pollution Damage 2001, as amended, The International Convention on Civil Liability for Oil Pollution Damage 1969/1992, as amended, International Convention on Limitation of Liability for Maritime Claims 1976, as amended and the Wreck Removal Liability pursuant to Nairobi International Convention on the Removal of Wrecks, 2007. Meanwhile Association has the right to cancel the present Certificate from the renewal or to extend it by written consent at their discretion.

5. Any claim(s) which arises out of defects or defaults which would reasonably have been noted as a remark or recommendation in a condition survey carried out by an independent surveyor are excluded from cover until the ship has been surveyed and approved by the Association.

**RULE 18 ASSIGNMENT AND SUBROGATION**

1. No person shall assign his cover with the Association or the benefits thereof:

(a) to charterers, or

(b) to any other person whatsoever except as provided in sub-rule 3.

No such purported assignment shall bind the Association in any way whatsoever.

2. No benefit of this cover shall accrue directly or indirectly to any other person through subrogation.

3. No assignment of any interest under these Rules shall have any effect unless and until the Assignor shall have notified the same to the Managers in writing fully identifying the Assignee and his address and the Managers shall in their discretion have approved the assignment in writing. On receipt of notice of such assignment the Association shall be entitled to cancel the entry in respect of which such Assignment has been made by giving fourteen days notice in writing to the Assignor and Assignee and upon expiry of such notice the cover afforded in respect of the ship shall cease. In any event the Association

shall be entitled, in settling any claim presented by an Assignee, to deduct or retain such amount as the Managers may then estimate to be sufficient to discharge any liability of the Assignor existing at the time of the assignment or which has arisen or is likely to arise thereafter.

4. When a claim is paid by the Association whether under these Rules or otherwise the Association shall be subrogated to all rights and remedies in respect of that claim which the Member may have against any third party. The Association shall be entitled to use the name of the Member in bringing, defending, enforcing or settling legal proceedings (including proceedings in any arbitration) and the Member shall give all necessary information and assistance and produce and forward all documents to enable the Association to substantiate, settle or resist any claim. If the Associate uses the name of the Member, it shall indemnify him against all cost, charges, expenses and liabilities incidental thereto arising therefrom.

5. The Member shall, if requested by the Association, execute forthwith a formal assignment of all or any of the Member's such rights and remedies to the Association or execute a formal deed of subrogation.

#### **RULE 19 CLAIMS, LAWYERS, DEDUCTIBLES AND RELATED MATTERS**

1. (a) Every claim or circumstances which may give rise to a claim in respect of which the Member is or may be insured by the Association shall be notified to the Managers immediately. Without prejudice to the obligation to give such notification, if the Managers are not so notified in writing of a claim or circumstance which may give rise to a claim within one year after the Member has or should have knowledge thereof, or fails to submit a claim in writing to the Managers for reimbursement of any liability, loss, cost or expense within one year after discharging the same, the claim against the Association shall be extinguished and the Association shall be under no further liability in respect thereof, unless the Directors in their discretion shall otherwise determine,

(b) the Member shall promptly notify the Managers of every survey or opportunity to survey in connection with any claim or circumstance which may give rise to a claim,

(c) the Member shall at all times promptly notify the Managers of any information, documents or reports in his or his agents' possession, custody, power or knowledge relevant to any claim or circumstances which may give rise to a claim and permit the Managers or their agents to examine and if necessary record or obtain copies of the said information, documents or reports,

(d) the Member shall permit the Managers or their agents to interview any servant, agent, manager or other person who may have been employed by the Member at the material time or at any time thereafter or whom the Managers may consider likely to have any direct or indirect knowledge of the matter or who may have been under a duty at any time to report to the Member in connection therewith.

(e) the Member shall not, without the prior written consent of the Managers, compromise or admit liability for any claim in respect of which he may be insured by the Association,

(f) the Managers shall have the right to control or direct the conduct of any claim or legal or other proceedings relating to any liability, cost or expense in respect of which the Member is or may be insured in whole or in part, and to recommend that the Member settle, compromise or otherwise dispose of such claim or proceedings on such terms as the Managers consider to be appropriate. The Managers shall not proceed to settle any claim or proceedings without the Member's consent. If the Member refuses to consent to any such recommendation made by the Managers and elects to contest or continue any claim or legal proceedings, the Association's liability to reimburse the Member shall not exceed the amount for which the claim or proceedings could have been so settled, plus the costs and expenses incurred with the Managers' consent up to the date of such refusal.

Notwithstanding anything else in this Rule 19 (1)(f), the consent of the Member shall not be required where the Association has provided bail, security for costs, deposits or other security for the Member on terms that give the Association the sole right to settle, compromise or dispose of any associated claim or proceedings.

(g) if the Member commits any breach of his obligations referred to in subparagraphs (a) to (f) of this Rule, or if the Member

shall willfully or negligently withhold or knowingly conceal any relevant information, document or evidence, or shall make any false statement with a view to obtaining payment of any claim or the support of the Association in any matter, or if the Member shall cause or knowingly permit any other person so to act, the Directors may in their discretion reject in whole or in part any claim by the Member against the Association arising out of the casualty, dispute, event or matter concerned, or reduce the sum payable by the Association in respect thereof by such amount as they may in their discretion determine.

2. (a) Without prejudice to any other provisions of these Rules and without waiving any of the Association's rights hereunder, the Managers may in their discretion and at any and all times appoint and employ on behalf of a Member upon such terms as they may think fit lawyers, surveyors or other persons (whether or not lawyers, surveyors or other persons have already been appointed or employed by the Member) for the purpose of dealing with any matter liable to give rise to a claim by the Member upon the Association including, but not limited to, investigating or advising upon any such matter and taking or defending legal or other proceedings in connection therewith. The Managers may in their discretion at any time discontinue such employment as they may think fit.

(b) the cost and expense incurred in connection with a particular matter shall only be recoverable from the Association on condition that all lawyers, surveyors, and other person employed in the case are appointed with the prior consent of or by the Managers,

(c) all lawyers, surveyors and other persons appointed by the Managers on behalf of the Member or appointed by a Member with the prior consent of the Managers shall at all times be and be deemed to be appointed and employed on the terms:

(i) that (without prejudice to their right to retire from the matter on any other grounds) they shall be entitled to retire from the matter if either the Managers or the Member so requests or if any of them considers that a conflict of interest has arisen or may arise between the Member and the Association so that he ought to retire from the matter;

(ii) that they have been instructed by the Member at all time (both while so acting and after having retired from the matter) to give advice and to report to the Managers in connection with the matter without prior reference to the Member;

(iii) that they are to produce to the Managers without prior reference to the Member any document or information in their possession or power relating to such matter,

as if such person had been appointed to act and had at all times been acting on behalf of the Association and notwithstanding that any such advice, reports, documents or information would, as against the Association, otherwise be the subject of legal or any other form of privilege.

3. The Directors shall meet as often as may be required for the settlements of claims which shall be paid by the Association as the Directors may determine in accordance with these Rules, but the Directors may from time to time delegate to the managers the power to agree and to effect payment of claims without prior reference to the Directors. No Director shall act as such in the settlement of any claim in which he is directly or indirectly interested as claimant.

4. Without prejudice to any other provision of these Rules, unless the member has obtained from the Managers their prior written approval of such cesser or failure, the Directors shall have power in their discretion to reject a claim or reduce the sum payable by the Association in respect thereof it,

(a) the entered ship in respect of which the claim is submitted has ceased, before the incident which gave a rise to the claim, to be fully classed by a classification society approved by the Managers, or

(b) if the Member has failed fully and timeously to comply with all the rules, recommendations and requirements of such society

5. In no circumstances whatsoever shall a Member be entitled to be paid interest on his claim against the Association or to recover any loss of profit or consequential loss from the Association.

6. Claims shall be limited to the amount by which they exceed agreed deductibles, but subject to the agreed limits.

Deductibles to be applied to particular claims will be on the basis agreed between the Member and the Association as part of the terms and conditions upon which the entry of the ship is accepted or continued. In the absence of contrary notification from the Association, the deductibles and limits applicable to any particular entry at the end of any policy year shall continue to apply to that entry in the next policy year.

**RULE 20 SUE AND LABOUR**

1. Upon the occurrence of any incident, event, dispute or circumstances which may give rise to a claim by the Member upon the Association, it shall be the duty of the Member and his servants and agents to take and continue to take all such steps as may be reasonable for the purpose of averting or minimizing any liability, loss or expense in respect of which he may be insured by the Association.

2. The duty imposed on the Member, his servants and his agents hereunder shall be to take such steps as could reasonably be expected be taken by a competent and prudent uninsured owner in the same or similar circumstances. No account shall be taken of any circumstances specific to the Member such as (without limitation) his lack of any relevant resources.

3. If a Member, his servants or agents, commits any breach of his obligation, the Directors may in their discretion reject any claim by him against the Association arising out of the incident, event or circumstance concerned, or reduce the sum payable by the Association in respect thereof by such amount as they may in their discretion determine.

**RULE 21 SET-OFF**

1. Without prejudice to any other provisions contained in the Rules, the Association shall be entitled to set off any amount due from a Member to the Association against any amount due to such Member from the Association.

2. No claim of any nature whatsoever by a Member against the Association shall constitute any set-off against any call or other sums of any nature whatsoever due to the Association, nor shall any such claim entitle the Member to withhold or delay payment to the Association at any time.

**RULE 22 BAIL**

1. The Association is under no obligation to provide bail, security for coast, deposits or any other security whatsoever on behalf of any Member in any circumstances whatsoever. If however, the same is provided, it shall be on such terms (including as to payment of sums owed to the Association, deductible and confirmation of class) and manner as may be proposed by the Managers in their discretion. Unless otherwise agreed in writing, the Association shall be entitled to a commission from the Member of 1% per annum of the amount of the bail or security provided in addition to the cost of providing the same. The provision of bail or security shall not constitute any admission of liability by the Association for the claim in respect of which the bail or other security is given. In circumstances where the Association does agree to provide bail or other security, the Manager may at any time require the Member to provide an indemnity or third party guarantee acceptable to the Managers. The need for and acceptability of such an indemnity or guarantee both as to form and as to the guarantor will be in the discretion of the Managers.

2. No costs, expenses or charges incurred by a Member in connection with the provision of bail or other security to obtain the release of or prevent the arrest or attachment of an entered ship or any other property or assets whatsoever of that Member shall be recoverable from the Association.

### **RULE 23 UNUSUAL VOYAGES**

In the event of the entered ship sailing (with or without cargo) with an intention of being broken up or being sold or prepared for breaking up or sailing for any purpose other than normal trading activities, no claim shall be recoverable from the Association in respect if any incident occurring subsequent to such sailing unless prior notice has been give in writing to the Managers by the Member, any amended terms of entry and additional advance all required by them have been agreed and paid and any requirements for or of survey complied with.

### **RULE 24 OTHER INSURANCES**

The Association shall not cover liabilities, losses, costs or expenses which would have been recoverable under any other insurance:

1. Where a Member is insured elsewhere in any manner or to any extent whatsoever, against any of the liabilities, losses, or expenses which would otherwise have been recoverable under the Rules, there shall be no contribution by the Association to such liabilities, losses or expenses on the basis of double insurances or otherwise, the intention being that all other insurances shall pay first and that this insurance shall cover only in excess of all other insurances.

2. The Association shall not cover liabilities, losses, costs or expenses recoverable under any other insurance or which would have been so recoverable:

- (i) apart from any term in such other insurance excluding or limiting liability on the ground of double insurance: and
- (ii) if the Vessel had not been entered in the Association with cover against the risks set out in these Rules.

### **RULE 25 IMPRUDENT OR IMPROPER TRADES**

The Association shall not insure a Member against any liabilities, looses or expenses arising out of or consequent upon an entered ship carrying contraband, blockade running, being employed in unlawful trade or performing any voyage or being employed in any trade if the Managers having regard to all the circumstances consider, in their discretion, that the carriage, trade or voyage was imprudent, unsafe, unduly hazardous or improper.

### **RULE 26 WARRANTIES, CLASSIFICATION AND STATUTORY REQUIREMENTS**

**This Rule shall be paramount and shall override anything contained in this insurance inconsistent therewith, unless otherwise agreed in writing between the Member and Managers:**

1. Unless otherwise agreed in writing between the Member and Managers the following shall apply to every entry of every ship:

- (a) it is warranted that every entered ship and its cargo shall, at all times, be properly documented and shall not carry false papers;
- (b) it is warranted that it a ship is entered in the Association on the basis that she is registered in a particular country and sails under a particular flag and/or management, she shall remain continuously so registered in that country and be managed and continuously sail under that flag, unless the Managers have given their prior written consent to the contrary;
- (c) it is warranted that every entered ship is and shall remain throughout the period of entry fully classed with a Classification Society approved by the Managers, and that any change of Classification Society shall forthwith be notifies to the Managers in writing; it is further warranted that every ship entered shall at all material times be crewed or manned in accordance with the laws, regulations and directions applying to that ship by virtue of its registry or flag and shall comply with laws, regulations or decrees relating to crewing or manning in each port to which such ship visits, whether or not in the course of its employment;

(d) unless the Managers in their discretion waive compliance for such period and such terms as in their discretion they think fit, the Member shall fully and timeously comply with all rules, recommendations and requirements of the Classification Society and will promptly report to the Classification Society and to the Managers any incident or condition in connection with the entered ship,

- (i) that might result in the Classification Society making recommendations for repair or some other action; or
- (ii) that according to the rules of the Classification Society, should have been reported to it.

The Member irrevocably authorizes the Managers to inspect and copy information relating to the maintenance of Class either in the Member's possession or in the possession of any Classification Society with which the ship is or has at any time been classes and will at the request of the Managers confirm in writing that the Managers are entitled to inspect and copy such records of the Classification Society for whatever purpose the Managers deem necessary;

(e) it is warranted that during the period of entry an entered ship shall be classes and maintained in class without any extensions or postponements from the Classification Society of their survey dates. It is further warranted that any recommendations by the Classification Society in relation to an entered ship will be complied with immediately they are notified to the Member and not during any period of grace that the Classification Society may allow;

(f) it is warranted that the Member will at all times comply with all statutory requirements of the State of the ship's flag relating to the construction, adaptation, condition, fitment, equipment, crewing and documentation of the entered ship and will likewise maintain the validity of such statutory certificates as are issued by or on behalf of the State of the shop's flag in relation to such requirements;

(g) it is warranted the Member will at all times comply with the requirements of the International Convention for the Safety of Life at Sea, 1974, and any revisions or amendments thereof: the International Convention on Standards of Training, Certification and Watch keeping for Seafarers, 1978, and any revisions or amendments thereof: the International Convention on Standards of Training, Certification and Watch keeping for Fishing Personnel, 1995, and any revision or amendment thereof: and any other Conventions, Codes of Practice and Regulations as may from time to time be adopted by the Members of the International Maritime Organization and which shall have entered into force.

The Directors may, in their discretion, waive a defense of breach of warranty if, in their opinion, the breach of warranty concerned did not cause the claim concerned.

2. Unless otherwise agreed in writing between the Member and Managers, during the period of Certificate of Entry and/or related similar Certificates, the Association have no obligation to check whether following warrantees and/or conditions were fitted by the Members, and the Member shall warrant by themselves:

- (a) ISM, ISPS, SOLAS, MARPOL, LLC, MLC Compliant and compliance maintained, if applicable;
- (b) No logs or other timber cargo shall be carried on deck;
- (c) Warranted vessel to be insured for Hull and Machinery including 4/4 Collision Liability, with a value of no less than her actual market Hull value;
- (d) Terms and provisions of the Crew contract of employment to be approved by the Association in written;
- (e) If vessel(s) is tanker transporting liquid cargoes, warranted vessel to comply with the standard tank cleaning procedure and the use of appropriate cleaning agents in respect of loading of different grade of cargoes and/or products. Otherwise the Club reserves the right to reject in whole or in part, any claims arising therefrom;
- (f) Warranted the records of inspection of the outside of the ship's bottom shall comply with SOLAS and IACS; As an alternative of this warranty, satisfied reason(s) of postponing inspection or alternative inspection arrangement shall be approved by the Association;
- (g) Warranted IMSBC Code Compliant and compliance maintained for every voyage, if applicable;
- (h) Warranted clean loss record of the Assured(s) and Insured Vessel for last three years.

3. Unless otherwise agreed in writing between the Member and Managers, it is noted and agreed that the vessel(s) is/are Classed compliance maintained. Any change of Certification and Class arrangements shall be notified to the Managers forthwith, upon which the Managers shall have the right to amend the agreed terms and conditions or cancel the cover during

the period. If the change isn't notified to the Association/Managers in advance, the Association has the right to refuse all claims caused by this change including any liability/claim arising from the Certificate of Entry and related or similar Certificates, Blue Cards, and including but not limited to the International Convention on Civil Liability for Bunker Oil Pollution Damage 2001, as amended, The International Convention on Civil Liability for Oil Pollution Damage 1969/1992, as amended, International Convention on Limitation of Liability for Maritime Claims 1976, as amended and the Wreck Removal Liability pursuant to Nairobi International Convention on the Removal of Wrecks, 2007.

4. Notwithstanding the Association have issued or will issue Blue Cards to the Members according to related International Conventions, the Association has the right to refuse all claims caused by breaking any warranties of Members which were indicated in the Certificate of Entry and/or related similar Certificates and/or Rules of the Association, including any liability/claim arising from the Certificate of Entry and related or similar Certificates, Blue Cards, and including but not limited to the International Convention on Civil Liability for Bunker Oil Pollution Damage 2001, as amended, The International Convention on Civil Liability for Oil Pollution Damage 1969/1992, as amended, International Convention on Limitation of Liability for Maritime Claims 1976, as amended and the Wreck Removal Liability pursuant to Nairobi International Convention on the Removal of Wrecks, 2007.

#### **RULE 27 CARRIAGE OF RADIOACTIVE MATERIALS**

1. The coverage granted to the Member by the Association shall not insure the Member against any loss, damage, liability, expenses or costs arising directly or indirectly out of or in consequence of the emission of ionizing radiation from, or the toxic, explosive or other hazardous properties of nuclear fuels or radioactive products or waste carried in an entered ship; nor shall the coverage granted extend to the direct or indirect consequences of such substances begin on board an entered ship.

2. Subject to all the rules except General Rule 27.1, the coverage granted shall however extend to the carriage only of pure radio-isotopes which are used or are intended to be use for any agriculture, medical or scientific purposes. It is a condition precedent of such cover that all such material is listed in the International Maritime Dangerous Goods Code ("IMDG") and that such material is carried in full compliance with all the requirements of the IMDG Code and all the requirements of the International Maritime Organization.

3. The Directors may in their discretion, be Regulation extend or reduce the coverage given by General Rule 27.2 to such further materials as they may in writing approve. The Managers may, in their discretion, extend the coverage given by General Rule 27.2 to individual consignments on such terms as they think fit.

#### **RULE 28 RADIOACTIVE EXCLUSION**

This rule shall be paramount and shall override anything whatsoever to the contrary contained in this insurance.

In no case shall this insurance cover liabilities, losses, damages or expenses directly or indirectly caused by or contributed to or arising from:

1. Ionizing radiation from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion or decay of nuclear fuel.

2. The radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof.

3. Any weapon or war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter.

**RULE 29 SPECIFIC EXCLUSION**

**This Rule shall be paramount and override anything to the contrary contained in this insurance, except**

- (a) new Clauses agreed in writing between the Member and Managers**
- (b) any reference in the Certificate of Entry that, by specific reference to General Rule 29, modifies the effect of this General Rule.**

The Association shall not be liable to any Member in respect of any liabilities, losses, damages or expenses directly or indirectly caused by or contributed to by:

- (a) war (actual or threatened), act of war, piracy, terrorism, war-like operations, civil war, revolution, rebellion, insurrection, martial law, state of emergency, civil strife or any hostile act by or against a belligerent power, and/or related perils and liabilities, and/or steps taken to prevent, suppress, control or reduce the consequences of any actual, attempted, anticipated, threatened, suspected or perceived terrorism;
- (b) occupation by armed or unarmed fighting forces whether of a regular or irregular nature;
- (c) a person acting maliciously or in the name or at the instigation of a political or terrorist organization or grouping;
- (d) capture, seizure, arrest, restraint or detainment (barratry and piracy excepted), and the consequences thereof or any attempt thereat;
- (e) strikers, locked-out workmen, or persons taking part in labour disturbances, riots or civil commotions;
- (f) confiscation or expropriation;
- (g) mines, torpedoes, bombs, rockets, shells or similar weapons of war, (save for those liabilities, losses or expenses which arise solely by reason of the transport of any such weapons whether on board the entered ship or not) but PROVIDED ALWAYS that this exclusion shall not apply to the use of such weapons, whether As a direct result of Government order of with the agreement of the Directors or Liabilities, losses or expenses which would otherwise fall within the cover given by the Association;
- (h) blockades or threatened blockades of whatsoever nature.
- (i) kidnap and ransom and all claims arising from kidnap and ransom attempts, and/or related perils and liabilities, and/or steps taken to prevent, suppress, control or reduce the consequences of any actual, attempted, anticipated, threatened, suspected or perceived terrorism;
- (j) claims recoverable under any social scheme and/or workman act in the country from which a crewmember originates.
- (k) all claims insofar covered under the Hull & Machinery policy provided by the PICC P&C Hull Insurance Clauses 1986, All Risks – and Institute War and Strikes Clauses - Hull - 1.11.95, whether or not has covered or recoverable by the Assured.
- (l) all covers in respect of transport of crude oil or petroleum products originating or shipped from Countries or Regions which are sanctioned by UN, America, Europe, the United Kingdom and so on;
- (m) carriage of persistence oil products;
- (n) all covers in respect of transport of cargoes that may liquefy;

**RULE 30 SANCTIONS**

1. The Association shall in no circumstances cover any liability, loss, damage, cost or expense:-

- (a) where the provision of cover or any payment in respect thereof exposes or may expose the Association or the Managers to the risk of being of becoming subject to any sanction, prohibition or adverse action in any form whatsoever by any state, international organization or other competent authority which the Directors in their sole discretion determine may materially affect the Association in any way whatsoever.
- (b) which is not recovered by the Association in full or in part from reinsurers or parties under any reinsurance contract by reason of any sanction, prohibition or adverse action against them by any state or international organization or the risk thereof if payment were to be made by such reinsurers or parties.

2. The Association shall be deemed not to provide cover and the Association shall not be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose the Association to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

3. The Member shall in no circumstances be entitled to recover from the Association that part of any liabilities, costs or expenses which is not recovered by the Association under any reinsurance(s) arranged by the Association because of a shortfall in recovery from such reinsurers by reason of any sanction, prohibition or adverse action against them by a competent authority or government or the risk thereof if payment were to be made by such reinsurers.

4. For the purposes of this Section, "Shortfall" includes, but is not limited to, any failure or delay in recovery by the Association by reason of the said reinsurers making payment into a designated account in compliance with the requirements of any competent authority or government.

### **RULE 31 CALLS**

1. If any events specified in paragraphs 1-3 of General Rule 32 shall occur in relation to a Member or to an entered ship, then in every such case (provided that notice in writing is given to the Managers within one month after the date thereof) the Member or former Member shall be liable to pay only calls in respect of such ship for the relevant policy period on a pro rata basis, namely the proportion of such calls applicable to the period beginning at the commencement of that policy period and ending at noon on the date of the happening of such event.

2. The Association shall remain entitled to levy calls on any former Member as though he had remained a Member but only as regards the entered ship and the association years in which it was entered.

### **RULE 32 CESSER OF INSURANCE**

1. A Member shall cease to be insured by the Association in respect of any and all ships entered by him or on his behalf upon the happening of any of the following events:

(a) if a Member is an individual

(i) upon his death;

(ii) if a receiving order is made against him;

(iii) if a petition in bankruptcy is presented in respect of him or any analogous proceedings are commenced against him in any jurisdiction outside the United Kingdom, or he makes any compromise, scheme or arrangement with his creditors generally in order to avoid or prevent the presentation of such a petition or such analogous proceedings;

(iv) if he shall become bankrupt or make any composition or arrangement with his creditors;

(v) if he shall become incapable by reason of mental disorder of managing and administering his property and affairs;

or if an event having a similar effect under any system of law shall occur in relation to that individual;

(b) if a Member is a corporation,

(i) upon the passing of any resolution for voluntary winding up;

(ii) upon its commencing proceedings under any bankruptcy or insolvency laws to seek protection from its creditors or to reorganize its affairs;

(iii) upon its making any compromise, scheme or voluntary arrangement with its creditors or upon its commencing proceedings under any bankruptcy or insolvency laws to seek protection from its creditors or to reconstruct or readjust its debts or to reorganize its affairs;

(iv) upon a receiver, administrator or Manager of all or part of the corporation's business or undertaking being appointed;

(v) upon an order being made for appointment of an Administrator, Receiver or Liquidator or for compulsory winding up;

(vi) upon dissolution;

or if an event having similar effect under any system of law shall occur in relation to that corporation;

(c) if the Member's insurance is cancelled under General Rule 34.2

2. Unless otherwise agreed in writing by the Managers, a Member shall cease forthwith to be insured by the Association in respect of a ship entered by him or in his behalf upon the happening of any of the following events in relation to such ship:

(a) if the Member shall part with or assign the whole or any part of his interest in the ship, whether by Bill of Sale or other formal document or agreement or shall cease to have an interest in the ship or shall part with or transfer the entire control or possession of the ship, whether by demise charter or any other way whatsoever,

(b) if the ship is mortgaged or otherwise hypothecated without an undertaking or guarantee approved by the Managers being given to pay all contributions due to or become due in respect of the entered ship, unless the Managers exercise their discretion in any particular case to dispense with such an undertaking or guarantee,

(c) if any person having given an undertaking or guarantee under the preceding paragraph fails to discharge his liability thereunder upon demand by the Managers.

(d) in the case of any entry by a time charterer, if the time charter ends or is terminated,

(e) if the entry of the ship is terminated in accordance with any Class Rule,

(f) if the management of the ship is transferred or the flag of the ship is changed, where a ship is entered for insurance through an agent (not being an insurance broker), such agent shall for the purposes of this paragraph in this Rule be deemed to be the manager of the entered ship unless at the time of the ship's entry for insurance the Managers were furnished with the name of the management of the ship to be insured.

(g) If the Member fails to provide a Bank Guarantee required to be furnished under General Rule 12.1 within 14 days of being called upon to do so.

3. Unless otherwise agreed in writing by the Managers and subject to Rule 33, a Member shall cease to be insured by the Association in respect of a ship entered by him or on his behalf upon the happening of whichever shall be earliest of the following events:

(a) if the ship shall be missing for ten days from the date she was last heard of or from her being posted at Lloyd's as missing,

(b) if the ship shall become an actual or total loss or shall be agreed by the Hull Underwriters (whether of marine or war risks) as constituting a constructive total loss or a compromised total loss or shall become a commercial total loss,

(c) if the Hull Underwriter (whether of marine or war risks) make a payment without commitment of a Member in respect of an unrepaired damage claim which exceeds the market value of the ship immediately prior to the casualty which gave rise to such claim,

(d) if the Managers in their discretion conclude that the ship is to be considered or deemed to be an actual or constructive total loss or otherwise commercially lost.

4. The Managers may, as condition of agreement that the insurance of the ship continue after the occurrence of any of the events or circumstances listed in this Rule impose such terms and conditions as they think fit for the continuation of the insurance.

**RULE 33 GENERAL EFFECTS OF TERMINATION, CESSER AND CANCELLATION OF INSURANCE OTHER THAN UNDER GENERAL RULE 34**

Where a Member's insurance in respect of any or all entered ships terminates, ceases or is cancelled otherwise than in accordance with General Rule 34, then:

- (a) if the cesser of insurance be occasioned by the death of an individual Member, the Association shall remain liable for claims, subject always to the Rules and to the terms and conditions of entry of the ship in the Association, in respect of all of such ships arising by virtue of an event which had occurred prior to the happening of the event giving rise to such cesser of insurance,
- (b) if the cesser of insurance be occasioned by circumstances as defined in General Rule 32.3 above, the Association shall, subject always to the Rules and to the terms and conditions of the entry of the ship in the Association, remain liable in respect of liabilities flowing directly from the casualty which has given rise to the actual or constructive or commercial loss of the ship,
- (c) such person, his estate, heirs, executors, receiver, administrator, personal and representatives, trustees in bankruptcy or liquidator as the case may be shall and remain liable for all contributions, premiums and any other sums whatsoever payable in respect of the policy period in which the insurance terminates, ceases or is cancelled and previous policy years, unless and except to the extent that General Rule 31 is brought into operation and/or the Members liability may have otherwise been limited under General Rule 10 and satisfied by payment thereof,
- (d) to the extent that any claim or potential claim against the Association has been or may be paid by the Association or may be pursued against the Association by the former Member all the provisions of the Member of the Association shall continue to apply to the former member as though he remained a Member.

**RULE 34 CANCELLATION FOR NON-PAYMENT**

1. Without prejudice to any other provision whatsoever of the Rules if the Association has not received from a Member, within the time permitted by the Association, payment in full of any amount (whether by the way of call contribution, deductible survey fee, premium, additional premium, interest or on any other sum whatsoever), which the Association has states to be due to it and has required the Member to pay, the Managers may give the Member notice in writing:

- (a) referring to his Rule,
- (b) requiring him to pay such amounts by the date specified in such notice, not being less than seven days from the date on which the notice is given, and
- (c) informing him that if he fails to pay such amount in full on or before the date so specified, his insurance in respect of any ship in relation to which payment of that amount was required, together with, if the Managers in their discretion so specify, his insurance in respect of any or all other ships entered in the Association by him or on his behalf in any Class, shall be cancelled forthwith at the end of the date so specified without further notice or other formality.

2. If a Member fails to comply with the requirements set out in any notice issued by the Managers in accordance with General Rule 34.1, the Member's insurance shall be cancelled as specified in such notice, irrespective of whether the insurance is current at the date of the cancellation or has by then ceased, been terminated or cancelled in accordance with any other provision of the Rules, and the remainder of this rule shall apply.

3. With effect from the date of cancellation the Association shall cease to be liable for any claim of whatsoever kind under the Rules in respect of any and all insurances specified in the notice under General Rule 34.1:

- (a) irrespective of whether such claim has occurred or arisen or may arise by reason of any event which has occurred at any time prior to the date of cancellation, including during previous policy years,
- (b) irrespective of whether such claim arises by reason of any event occurring after the date of cancellation,
- (c) irrespective of whether the Association may prior to such event have made payment of or accepted liability, either

expressly or by conduct or implication for such claim or appointed lawyers, surveyors or any other person to deal with such claim,

(d) irrespective of whether the Association at the date of or prior to the date of cancellation knew that such claims might or would arise,

and as from the date of cancellation any ability of the Association for such claim shall terminate retrospectively and the Association shall be under no liability whatsoever in respect of the insurances so specified.

4. When a Member's insurance has been cancelled in accordance with General Rule 34.1:

(a) in relation to the policy period to which the cancellation refers all

contributions, premiums and other sums payable in respect of such policy period shall be payable pro rata only for the period up to the date of cancellation,

(b) in relation to any policy period preceding that to which the cancellation refers, all contributions, calls, premiums and other sums of whatsoever kind shall be payable in full and non-returnable;

PROVIDED ALWAYS that:

(i) Without prejudice to the generality of General Rule 35 no act, omission, course of dealing, forbearance, delay or indulgence of any kind by or on behalf of the Association (whether express or implied) or acceptance of liability for or the recognition of any claim, and whether occurring before or after any such date of cancellation, shall derogate from the effect of General Rule 34 or be treated as any waiver of any of the Association's rights whatsoever thereunder;

(ii) the Directors may in their discretion, and upon such terms as they think fit, including, but not restricted to terms as to payment of calls, contribution, premium or other sum, admit either to terms as to payments of calls, contribution, premium or other sum, admit either in whole or in part any claim in respect of any ship entered by a Member for which the Association is under no liability by virtue of this Rule, whether such claim has arisen before or after the date of cesser or in their discretion, upon such terms they think fit, remit wholly or partly any payment of call, contribution, premium or other sum due to the Association.

5. This General Rule shall apply mutatis mutandis to a person who was, but is no longer, a Member.

#### **RULE 35 FORBEARANCE**

No act, omission, course of dealing, forbearance, delay or indulgence by the Association in enforcing any of the Rules or any of the terms and conditions of its contracts with Members, nor any granting of time by the Association shall prejudice or affect any of the rights and remedies of the Association under the Rules or under such contracts. No such matter shall be treated as any evidence of waiver of the Association's rights thereunder; nor shall any waiver of a breach by any Member if the Rules or contracts operate as a waiver of any subsequent breach thereof. The Association shall at all times and without any notice be entitled to insist on the strict application of the Rules and on the strict enforcement of its contracts with Members.

#### **RULE 36 MEMBERSHIP OF OTHER BODIES**

The Managers may cause the Association (in respect of such of the Members of the Association as are eligible to become a member of such organizations) to become a member of or affiliated to Chambers of Shipping or similar societies or organizations and for this purpose may authorize the payment by the Association to these bodies of such subscriptions or grants as the Managers in their discretion decide;

PROVIDED ALWAYS that where such membership is for the particular benefit of some Members of the Association rather than all the Members, the Managers may resolve that such subscription or grant as the case may be shall be met by the Members

who so benefit by way of additional calls upon those Members alone.

**RULE 37 BYE-LAWS AND REGULATIONS**

1. The Directors in their discretion may make, alter or revoke Bye-laws prescribing the conditions and/or the form of contracts of carriage generally or for use in any particular trade or for any particular port or place. Notice shall be sent by the Managers to all the Members upon the making of any such Bye-law which shall come into operation on the date stated in the notice and shall thereupon be deemed to be incorporated in these Rules. The accidental omission to give such notice or the non-receipt of such notice shall not invalidate such Bye-law or any alteration thereof. The Directors may further impose such terms upon the Member as they may think fit as a condition of the continuance of the entry of the Member's ship or ships in any class.

2. The Directors may in their discretion make, alter or revoke Regulations affecting or restricting the employment or use of an entered ship including the warranties embodied in General Rule 26. On giving written notice thereof to the Members concerned, the same shall be and become binding upon and be observed by such Members. The accidental omission to give such notice or the non-receipt of such notice by any such Member shall not invalidate such Regulations or any alterations thereof.

3. If a Member shall commit a breach of such Bye-law or Regulation, the Managers may reject or reduce any claim made by the Member to the extent to which it would not have arisen if the Member had complied with the Bye-law or Regulation and the burden of providing in each case that liabilities, losses or expenses concerned ( or any part thereof) could not have been avoided by such a compliance shall be on the Member.

4. The Directors may in their discretion recommend the use of any particular form of contract of carriage in any particular trade. Members whose ships are engaged in such trade shall endeavour to use such forms of contract of carriage when the circumstances of the fixture or engagement of such ships permit.

**RULE 38 POWERS OF THE DIRECTORS**

1. The Directors may exercise all such powers of the Association and do on behalf of the Association all such acts as may be exercised and done by the Association and as are not by law, the Articles of the Association or the Rules, bye-laws or regulations required to be exercised or done by the Association in General Meeting.

2. The Directors may delegate any of their powers, duties or discretions to any Committee of the Directors consisting of such or their body as they think fit. Any Committee so formed shall in exercise of any power, duty or discretion so delegated conform to any direction that may from time to time be imposed on it by the Directors.

3. The Directors or, subject to any directions imposed as aforesaid, any Committee of the Directors may from time to time vest in the Managers such of the powers, duties and discretions by these Rules vested in the Directors or delegated to any Committee of the Directors (as the case may be ) as the Directors or any such Committee of the Directors shall think fit and any such powers, duties or discretions so vested may be made exercisable for such period upon such conditions and subject to such restrictions and generally upon such terms as the Directors or such Committee of the Directors (as the case may be) may determine.

4. Whenever any power, duty or discretion is conferred or imposed upon the Managers by virtue of these Rules, such power, duty or discretion may, subject to any terms, conditions or restrictions contained in these Rules, be exercised by any one or more of the Managers or by any servant or agent of the Managers to whom the same shall have been delegated or

sub-delegated.

5. If the Directors shall so decide or the Managers shall so request, any power exercisable under the Rules by the Managers may be exercised by the Directors.

6. If the Member so request, the Directors may in their discretion review, de novo or otherwise, any discretion that has been exercised by the Manager.

### **RULE 39 MARINE INSURANCE ACT**

The Rules and all contracts of insurance made by the Association shall be subject to and incorporate the provisions of the Marine Insurance Act, 1906, and any statutory modification thereof except insofar as such act or modification may have been excluded by these Rules or by any terms of such contracts.

**Notwithstanding any Rules and all contracts of insurance made by the Association and its Managers to the contrary, or whatever any Warranties and Provisions made by the Association and its Managers to the contrary, following rule shall be paramount and override anything to the contrary contained in this insurance.**

**(a) Whatever the limits of contracts of Insurance and Certificate of Entry are, shareholders of the Association and its management company are limited to their subscribed capital contribution to the Association and its management company bear the responsibility, the Association and its management company are limited to all of their assets shall undertake liability for the debts of the Association and its management company.**

**(b) Whatever the law the members and the Association and its management company choose, if the members agree to enter the Association, it means the members shall give up all rights of Suit and Arbitration to the Association and its management company absolutely and irrevocably.**

Although exist descriptions of Rule 41, Rule 42 and Rule 43, shall not affect the validity and paramount of Rule 39. Any disputes in any circumstances, Rule 41, Rule 42 and Rule 43 shall not be considered as the contrary of Rule 39.

### **RULE 40 NOTICES**

1. A notice or other document required under these Rules to be served on a Member may be served by sending it through the post in a pre-paid letter or by sending it by telegram, cable, radio-telegraph, facsimile, telex or e-mail addressed to such Member at his address as appearing in the Register. In the case of joint Members, notice shall be served on the joint Member whose name stands first in the Register and such service shall be sufficient upon all the joint Members.

2. For the purpose of the above sub-rules where for any reason the Association does not possess or has not been provided with or is uncertain of the address of a Member for entry in the Register of Members any notice or other document shall be deemed to be properly served if served upon any person, body, ship manager or intermediary of whatsoever nature through whom the application for entry ship in the Association appears to have been made on behalf of the Member.

3. (a) Any notice or other document sent by post shall be deemed to have been served 5 clear days after the day on which the letter containing the same was put in the post, and in proving such service it shall be sufficient to prove that the letter containing the notice was properly addressed and put into the post, pre-paid first class,

(b) any notice sent by telegram, cable or radio-telegraph shall be deemed to have been served on the day after it was handed into the telegraph, cable or radio-telegraph office and in proving such service it shall be sufficient to prove that such telegram, cable or radio-telegraph was duly handed in,

(c) any notice sent by facsimile, e-mail or telex shall be deemed to have been served on the day it was despatched and in

proving service, it shall be sufficient to prove that such telex, e-mail or facsimile was duly despatched.

4. The successor, representatives, receivers, legal curators, trustees in bankruptcy or liquidators or the like of any person who is or was at any time a Member of the Association shall be bound by a notice or other document served as aforesaid if sent to the last such address of such Member notwithstanding that the Association may have notice of the Member's death, disability, insanity, bankruptcy or liquidation.

#### **RULE 41 CHOICE OF LAW**

The Rules and any contract of insurance between the Association and a Member shall be governed by and construed in accordance with English Law in the Commercial Court of the High Court of Justice of London.

#### **RULE 42 RECOVERY OF DEBTS TO THE ASSOCIATION**

The Association may initiate proceedings against the Member in the Commercial Court of the High Court of Justice of London, to recover any sums which the Association may assert to be due to it from a Member. Without prejudice to the foregoing, the Association shall be entitled to commence and maintain any action to recover any sums which the Association may consider to be due to it from a Member in any jurisdiction. The Association may take Proceedings in any jurisdiction in order to obtain security for any claim it asserts.

#### **RULE 43 DISPUTES AND DIFFERENCES**

If any difference or dispute shall arise between a Member and the Association out of or in connection with the Rules or any contract between them or as to the rights and obligations of the Association or the Member thereunder or in connection therewith, such difference or dispute shall in the first instance be referred to and adjudicated upon by the Directors of the Association. Such reference and adjudication shall be on written submissions only.

If the Member concerned does not accept the decision of the Directors or if the Directors fail to make any decision within three months of the reference to them of the difference or the dispute, it shall be referred to the Meeting "Board of the Managers". The dispute shall be referred to two other unrelated Members or counsels or solicitors (one to be appointed by each of the parties) and the Meeting Holder to be appointed by the Managers.

Without prejudice to any other provisions of these Rules and without waiving any of the Association's rights hereunder, if the Member wishes to refer a dispute or difference to the Meeting "Board of the Managers" under these rules, it must do so within three months of a decision of the Directors following a reference of the difference or dispute to the Directors under this rule or, as the case may be, within six months of a reference of any dispute or difference to the Directors hereunder if the Directors have failed to make any decision upon the reference to them of the difference or dispute. In the event that the Meeting is not commenced by these time limits, the claim shall be barred and wholly extinguished.

The Meeting may conduct its proceedings in a mercantile manner without strict regard for legal technicalities regarding evidence. The Meeting may, if a point of law arises, obtain the opinion thereon of such counsel or solicitor as it may think fit, and may act upon any such opinion. Unless the Meeting otherwise directs, the cost of and incidental to its proceedings shall form part of the costs of the award. The cost of and incidental to any such reference and award shall be in the discretion of the Meeting which may determine the amount thereof, or direct the same to be taxed as between solicitor and client or otherwise, and may decide by whom and to whom and in what manner the same shall be borne and paid.

No Member shall be entitled to maintain any action, suit or other legal proceedings against the Association otherwise than in accordance with the procedures laid down in this Rule.