



SHIPOWNERS

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▶ **THE SHIPOWNERS' MUTUAL PROTECTION AND INDEMNITY ASSOCIATION (LUXEMBOURG)**

NOTICE OF EXTRAORDINARY GENERAL MEETING – 11TH JANUARY 2024 AT 11.45 HOURS.

TO ALL MEMBERS

30th November 2023

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of The Shipowners' Mutual Protection and Indemnity Association (Luxembourg) will be held on Thursday 11th January 2024 at 11.45 hours at The Shipowners' Mutual Protection and Indemnity Association (Luxembourg), 16, Rue Notre-Dame, L-2240 Luxembourg, for the purpose of considering and if thought fit, passing the following as a SPECIAL RESOLUTION.

SPECIAL RESOLUTION

THAT the Rules be amended as set out hereafter, the amendments to be effective as from 20th February 2024.

The proposed amendments to the Rules, with explanations, follow overleaf on pages 1 to 21.

By order of the Board
Pascal Herrmann
General Manager
30th November 2023

Note: A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and on a poll to vote instead of him/her. A proxy need not be a Member of the Association. The proxy must be in the form published on our website and signed by the appointing member or its legal representative(s). Members are encouraged to utilise their proxy voting form.

SMP BOARD – Rules 2024

Agenda Item number 7

November 2023













RULES 2019



RULES 2020



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SMP BOARD – Luxembourg



Introduction to Rules

The Rules of the Club set out the risks covered, the limitations and exclusions to the cover and claims procedures. Risks covered are a combination of 'standard risks' contained in Rule 2 and 'special cover' provided for in Rule 3. The standard risks are common to all International Group Clubs and form the basis of poolable cover, as set out in the Pooling Agreement.

In addition, the Rules deal with a number of other sections relating to membership of the Club, cessation of membership, financing of the Club, management of its investments, respective powers of the Board and managers of the Club as well as dispute resolution. In a sense the Rules are an unusual combination of forming the policy terms as well as setting out the 'corporate' relationship between the Members and the Club.

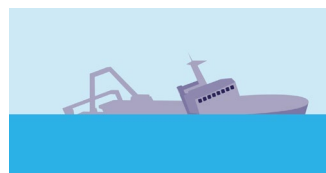


The Rules are revised and updated each year. Changes to the Rules can be prompted for a number of reasons ranging from claims experiences to the ratification of an International Convention. Provided the Rule changes are approved by the Board, they are presented to the Membership for approval in January each year, ahead of renewal in February when they will take effect for the following policy year.

Track Changes Explained

Changes to these Rules have been made using track changes. Please see an example below:

RULE 2	STANDARD COVER
7	Collision with other vessels <div><div><p><i>New text inserted</i></p></div><div><p>The liabilities, set out in paragraphs A, B and C below, to pay damages to any other person as a consequence of a collision between the insured vessel and any other vessel, but only if and to the extent that such liabilities are not recoverable under the hull policies of the insured vessel. <u>Liabilities, costs and expenses incurred as a result of a collision between an insured vessel and any other vessel as set out at paragraphs A-D below.</u></p></div><div><p><i>Old text deleted</i></p></div></div>



Rule Changes 2024

Part 1 – INTRODUCTORY



RULE 1	BASIS OF COVER
1	<p>All contracts of insurance afforded by the Association to its Members incorporate all the provisions of these Rules and Regulations made hereunder.</p> <p><u>If, in the opinion of the Association, there is a substantial change of risk, as a result of new legislation or for any other reason, the Association may make such amendments to the Rules as the situation may require, giving at least seven days' notice on the Association's website.</u></p>
EXPLANATION	
<p>This amendment allows the Association to introduce amendments to Rules in the middle of the policy year in case of a special need. All amendments will still be approved by the Board in accordance with the Association's Constitution.</p>	

Rule Changes 2024

Part 2 – P&I RISKS COVERED



RULE 2 STANDARD COVER

9 Pollution

Subject to Rule 21A, the liabilities, losses, damages, costs and expenses set out in paragraphs A to E below when and to the extent that they are caused or incurred in consequence of the discharge or escape [from the insured vessel](#) of oil or any other substance, or the threat of such discharge or escape.

- A** Liability for loss, damage or contamination.
- B** Any loss, damage or expense which the Member incurs, or for which he is liable, as a party to any agreement approved by the Board, including the costs and expenses incurred by the Member in performing his obligations under such agreements.
- C** The costs of any measures reasonably taken for the purpose of avoiding or minimising pollution or any resulting loss or damage together with any liability for loss or damage to property caused by measures so taken.
- D** The costs of any measures reasonably taken to prevent an imminent danger of the discharge or escape from the insured vessel of oil or any other substance.
- E** The costs or liabilities incurred as a result of compliance with any order or direction given by any government or authority for the purpose of preventing or reducing pollution or the risk of pollution, provided always that such costs or liabilities are not recoverable under the hull policies of the insured vessel.
- F** A Member insured in respect of a vessel which is a 'relevant ship' as defined in the Small Tanker Owners Pollution Indemnification Agreement (STOPIA) 2006 (as amended 2017) shall, unless the Managers otherwise agree in writing, be a party to STOPIA 2006 (as amended 2017) for the period of entry of the vessel in the Club.
- G** A Member insured in respect of a vessel which is a 'relevant ship' as defined in the Tanker Oil Pollution Indemnity Agreement (TOPIA) 2006 (as amended 2017) shall, unless the Managers otherwise agree in writing, be a party to TOPIA 2006 (as amended 2017) for the period of entry of the vessel in the Club.

Unless the Managers have agreed in writing or unless the Board otherwise determine there shall be no cover under Rule 2 Section 9 in respect of such a vessel during a period the Member is not a party to TOPIA 2006 (as amended 2017)

Provided that

~~There shall be no right of recovery under this Section in respect of liabilities which arise under the terms of any contract or indemnity to the extent that they would not have arisen but for those terms.~~

EXPLANATION

This amendment is to ensure the Rules are aligned with the Pooling Agreement.



RULE 2

STANDARD COVER

14 Cargo liabilities

The liabilities and expenses set out in paragraphs A to D below when and to the extent that they relate to cargo intended to be or being or having been carried in the insured vessel.

A Loss, shortage, damage or other responsibility

Liability for loss, shortage, damage or other responsibility arising out of any breach by the Member or by any person for whose acts, neglect or default they may be legally liable, of their obligation properly to load, handle, stow, carry, keep, care for, discharge or deliver the cargo or out of unseaworthiness or unfitness of the insured vessel.

B Disposing of damaged cargo

The additional costs and expenses, over and above those which would have been incurred by them in any event under the contract of carriage, incurred by the Member in discharging or disposing of damaged or worthless cargo, but only if and to the extent that the Member is unable to recover those costs from any other party.

C Failure of consignee to remove cargo

The liabilities and additional costs incurred by a Member, over and above the costs which would have been incurred by them if the cargo had been collected or removed, solely by reason of the total failure of a consignee to collect or remove cargo at the port of discharge or place of delivery, but only if and to the extent that such liabilities or costs exceed the proceeds of sale of the cargo and the Member has no recourse to recover those liabilities or costs from any other party.

D Cargo carried either partly by the insured vessel, or other than on the insured vessel

a Through or transshipment bills of lading

Liability for loss, shortage, damage or other responsibility in respect of cargo carried by a means of transport other than the insured vessel, when the liability arises under a through or transshipment bill of lading, or other form of contract approved by the Managers in writing, which provides for carriage partly to be performed by the insured vessel.

b Consortium vessels

i Allocation of consortium claims

Where a vessel under an owners' entry and a vessel under a charterer's entry are both employed by the Member pursuant to a consortium Agreement at the time the event giving rise to the consortium claim occurs, the consortium claim of the Member shall for the purpose of this Rule 2, Section 14 D b), be treated as a claim arising in respect of the owners' entry of the Member.

ii Aggregation

Where the Member has more than one vessel employed pursuant to the consortium Agreement at the time the event giving rise to a consortium claim occurs, all such vessels shall be deemed to be an entry of one vessel. Where a Member employs one or more vessels pursuant to the

consortium Agreement at the time the event giving rise to a consortium claim occurs and the Member has an entry in respect of such vessels in the Association and another Association which is a party to the Pooling Agreement, then each such vessel shall be deemed to be a part entry of one vessel in the Association and the other Association(s) which is party to the Pooling Agreement, and where the consortium claims incurred by the Association and the other Association(s) in respect of the vessel arising from that event out of the carriage of cargo on a consortium vessel in the aggregate exceed the sum specified in Rule 2 Section 14 D b) (iii), the liability of the Association for such consortium claims shall be limited to that proportion of the sum specified in Rule 2 Section 14 D b) (iii) below that the consortium claims recoverable from the Association in respect of each party entry bears to the aggregate of all the consortium claims incurred by the Association and any other Association which is a party to the Pooling Agreement.

iii Limit of insurance

The cover afforded for a consortium claim is limited pursuant to Rule 21 E to US\$ 500 million each incident or occurrence in respect of all vessels under any and all P&I entries of a Member in the Association and any other Association which is a party to the Pooling Agreement.

E Provisos

i Hague and Hague-Visby Rules

Unless the Member has previously obtained appropriate special cover by agreement with the Managers or the Board in its discretion otherwise determines, there shall be no recovery from the Association in respect of liabilities to the extent to which they would not have been incurred or sums which would not have been payable or borne by the Member:

a if the cargo had been carried on terms no less favourable to the Member than those laid down in the Hague or Hague-Visby Rules, save where the contract of carriage is on terms less favourable to the Member than those laid down in the Hague or Hague-Visby Rules solely because of the relevant terms of carriage being of mandatory application; or

b if the Member waives or limits rights of recourse that would otherwise have been available under the contract of carriage in accordance with the Hague-Visby Rules, and/or mandatorily applicable law.

This exclusion shall not apply to a liability of a Member to indemnify another carrier under a vessel sharing or slot charter agreement, provided the liability of that carrier under the contract of carriage issued pursuant to the vessel sharing or slot charter agreement is not otherwise excluded by these Rules.

EXPLANATION

This amendment reflects changes to the Pooling Agreement, which were drafted to ensure that, so far as possible, Members preserve their rights of recourse against others involved in the performance of the contract of carriage.

Rule Changes 2024

Part 4 – CLAIMS PROCEDURES



RULE 15 BAIL, GUARANTEES, UNDERTAKINGS AND CERTIFICATES [OF FINANCIAL RESPONSIBILITY](#)

1 The Association shall not be obliged to provide bail or other security in relation to claims made against a Member in any circumstances whatsoever. It shall be a condition precedent of the Managers' consideration of the provision of such bail or security that:

- A** the Member gives an undertaking to the Association on such terms as the Managers may require;
- B** the Member remits to the Association any deductible that may apply to such claim, and any call or other amount outstanding due to the Association;
- C** the Association shall be entitled to a commission from the Member of 1% on the amount of bail or security to be provided.

The Association shall in no circumstances provide cash deposits.

2 If the Association does provide bail or other security in relation to claims made against a Member it shall be without prejudice to the Member's obligations and the Association's rights under these Rules and shall not constitute any admission of a right of recovery from the funds of the Association of the claim in respect of which such bail or other security is provided.

3 Without prejudice to the exclusions in Rules 25 and 26, the Association will discharge on behalf of the Member liabilities arising under a demand made pursuant to the issue by the Association on behalf of the Member of:

- A** a guarantee or other undertaking to the Federal Maritime Commission under Section 2 of US Public Law 89-777; or
- B** a certificate in compliance with Article VII of the International Conventions on Civil Liability for Oil Pollution Damage 1969 and 1992 or any amendments thereof; or
- C** An undertaking to the International Oil Pollution Compensation Fund 1992 in connection with STOPIA; or
- D** a certificate in compliance with Article 7 of the International Convention on Civil Liability for Bunker Oil Pollution Damage 2001; or
- E** a certificate in compliance with Article 4bis of the Athens Convention relating to the Carriage of Passengers and their Luggage by Sea 2002; or
- F** a certificate in compliance with Article 12 of the Nairobi International Convention on the Removal of Wrecks 2007; or
- G** a certificate of compliance with Regulation 2.5.2, Standard A2.5.2 and Regulation 4.2, Standard A4.2.1, paragraph 1(b) of the Maritime Labour Convention 2006 (MLC 2006) or domestic legislation by a state party implementing MLC 2006; or
- H** any other guarantee, certificate or undertaking issued by the Association pursuant to any statute, convention, treaty or law.

Collectively this list will be referred to as "Certified Liabilities".

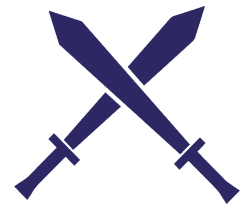
34 Where the Association under parts (1) or (3) of this Rule 15 has issued bail or other security ~~as stated above or Certified Liabilities, any mandatory guarantee, undertaking or certificate of financial guarantee, by which it undertakes to directly meet or guarantee any relevant liabilities, (together the “Direct Liabilities”)~~ and claims in respect of Certified ~~Direct~~ Liabilities alone or in combination with other claims may, in the sole opinion of the Board, exceed any limit(s) on the cover provided by the Association as set out in the Rules or in the Certificate of Insurance;

A The Board may, in its absolute discretion, defer payment of any such other claims or any part thereof until the Certified ~~Direct~~ Liabilities, or such parts of the Certified ~~Direct~~ Liabilities as the Board may in its absolute discretion decide, have been discharged.

B To the extent that any claims or liabilities (including any Certified ~~Direct~~ Liabilities) discharged by the Association exceed the said limit(s), any payment by the Association in respect thereof shall be by way of loan and the Member shall indemnify the Association promptly upon demand in respect of such payment and shall to the Association to the extent and on the terms that the Association determines in its discretion to be practicable all the rights of the Member under any other insurance and against any third party.

EXPLANATION

A list of certified liabilities was inserted to make it clear what the Association had previously defined as “Direct Liabilities” arising out of the Association’s issuing of Certificates of Financial Guarantee (i.e., blue cards).



RULE 29

LIABILITIES EXCLUDED IN RESPECT OF NON-MARINE PERSONNEL

There shall be no right of recovery from the Association in respect of any liabilities, costs or expenses incurred in respect of any of the following:

- 1 Personnel (other than marine crew), ~~on board the insured vessel,~~ employed otherwise than by the Member, where the insured vessel is providing accommodation to such personnel in relation to their employment on ~~or about~~ an oil or gas exploration or production facility, unless a contractual allocation of such risk has been agreed by the Managers in writing.
- 2 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.

EXPLANATION

This amendment reflects corresponding changes in the Pooling Agreement, which are intended to remove ambiguity where an incident occurs on board the facility which the non-marine personnel were employed to work, as well as an incident on board the insured vessel itself.



Part 5 – LIMITATIONS AND EXCLUSIONS

RULE 35 SURVEY OF VESSELS AFTER LAY-UP

- 1 If an insured vessel has been laid-up for a period of six months or more, whether the vessel has been entered in the Association for all or part of the period of lay-up and whether or not laid-up returns have been claimed or paid in accordance with Rule 56 the Member shall give the Managers notice that the vessel is to be recommissioned not less than seven days before the vessel leaves the place of lay-up.
- 2 Upon receipt of such notice the Managers in their discretion may appoint, at the Member's cost, a surveyor or such person as they may think fit to inspect the vessel [prior to it resuming operations](#) on behalf of the Association, and the Member shall afford such facilities as may be required for such inspection.
- 3 The Member shall comply with such recommendations as the Managers may make following such inspection.
- 4 Unless and to the extent that the Board in its discretion otherwise decides, a Member who commits any breach of their obligations under paragraphs 1 to 3 above shall not be entitled to a right of recovery from the Association in respect of any claim whatsoever arising after such breach is committed until such time as the Member has complied with these obligations.
- 5 In no case shall a Member be entitled to recover any liabilities or expenses arising out of any defect or matter concerning the vessel which was revealed in the course of such inspection

EXPLANATION

The Association wanted to make it clear that a reactivation survey must be conducted prior to a vessel resuming operations.



RULE 41 JOINT ENTRIES ~~AND~~ CO-ASSURED AND FLEET ENTRIES

- 1 If any entry of an insured vessel is made in the names of or on behalf of more persons than one whether jointly or separately interested (such persons being hereinafter referred to as 'joint Member' or 'joint Members' as the case may be) the terms upon which each joint Member shall be entitled to rights of recovery from the Association and upon which the Association shall be entitled to calls or premium from the joint Members shall be agreed by the Managers in writing.
 - a The Managers shall not be bound to issue more than one Certificate of Insurance in respect of each insured vessel or more than one endorsement slip and delivery of such Certificate of Insurance or endorsement slip, as the case may be, to one of several jointly insured Members shall be sufficient delivery to each and all of such persons.
 - b The joint Members and each of them shall be jointly and severally liable to pay all calls or premiums and other sums and other sums due to the Association in respect of such entry and the receipt of any one of such joint Members for any sums payable by the Association in respect of such entry shall be a sufficient discharge of the Association for the same.
 - c The liability of a joint Member and the Member to each other shall not be excluded nor discharged by reason of their being joint Members in accordance with this Rule 41 1). Any payment to the Member in respect of any liabilities, losses, costs and expenses shall operate only as satisfaction but not exclusion or discharge of the liability of a joint Member to the Member.
 - d The cover afforded to a joint Member shall extend only to risks, liabilities and expenses arising out of operations and/or activities customarily carried on by or at the risk and responsibility of Owners (or, in the case of a Charterer's Entry, charterers) and which are within the scope of the cover afforded by the Rules and any special terms set out in the Certificate of Insurance.
- 2 The Managers may accept an application from a Member or joint Member for another person or persons to become Co-assureds in respect of that Member's or joint Member's entry as follows:
 - a A charterer which is affiliated to or associated with the Member or joint Member provided such charterer shall only be covered for the risks, liabilities, costs and expenses for which the Member or joint Member has cover. For the purpose of this Rule a charterer shall only be affiliated to or associated with the Member or joint Member if:
 - i both the Member or a joint Member and the charterer have the same parent; or
 - ii one of the Member or joint Member or the charterer is the parent of the otherand a parent is a company which owns at least 50% of the shares in and voting rights of another or owns a minority of the shares in the other and the ability to procure that it is managed and operated in accordance with its wishes.
 - b Any person (a "contractor") who has entered into a contract with the Member or joint Member for the provision of services by or to the insured vessel, and any person in the contractor's group, provided that:

- i the contractor, and, if so requested by the contractor, any person in the contractor's group, is named in the certificate of insurance; and the contract has been approved by the Association; and
 - ii the contract includes a Knock for Knock agreement in respect of any and all persons in the contractor's group; and
 - iii the Co-assured shall only be covered for liabilities, costs and expenses which are to be borne by the Member or joint Member under the terms of the contract and to the extent only they would, if borne by the Member or joint Member, be recoverable by that Member or joint Member from the Association.
- c Other persons provided that:
 - i such persons have not contracted with the Member or joint Member on Knock for Knock terms; and
 - ii the Managers have agreed in writing to provide to the Member or joint Member an extension to cover for liabilities that would otherwise be excluded by these Rules; and
 - iii such persons shall only be covered for such liabilities costs and expenses which are recoverable by the Member or joint Member from the Association under the terms of the extension to cover agreed by the Managers in writing.
- d Other persons provided that the liability of the Association to such persons only extends insofar as they may be found liable to pay in the first instance for loss or damage which is properly the responsibility of the Member or joint Member insured under the same entry and nothing herein contained shall be construed as extending cover in respect of any amount to the extent such amount would not have been recoverable from the Association by the Member or joint Member insured under the same entry had the claim in respect of such loss or damage been made or enforced against them. Once the Association has made indemnification under such cover it shall not be under any further liability and shall not make any further payment to any person or company whatsoever, including the Member or joint Member insured under the same entry in respect of that loss or damage.
- e Other persons provided that such persons are associated with or affiliated to a Member or joint Member insured under the same Certificate of Insurance provided that:
 - i such person is not specifically named in the Certificate of Insurance; and
 - ii should a claim in respect whereof a Member or joint Member named in this Certificate of Insurance is insured by the Association be made or enforced through a person or company affiliated or associated with such Member or joint Member, the Association shall if so requested by the Member or joint Member indemnify such person or company against any loss which as a consequence thereof such person or company shall have incurred in that capacity provided always that nothing herein contained shall be construed as extending to any amount which would not have been recoverable from the Association by the Member or joint Member had such claim been made or enforced against them. Once the Association has made such indemnification it shall not be under any further liability and shall not make any further payment to any person or company whatsoever, including the Member or joint Member, in respect of the loss or damage in respect of which the claim was brought.

Provided that

Conduct of any one of the parties insured pursuant to this Rule 41 2 which is sufficient to bar that insured's rights under that insured's cover with the Association shall bar the rights of recovery of all the said insured.

- 3** Failure by any joint Member to disclose material information within their knowledge shall be deemed to have been the failure of all the joint Members.
- a Conduct of any joint Member which would have entitled the Association to exclude a right of recovery by them shall be deemed the conduct of all the joint Members.
 - b Unless otherwise agreed by the Managers in writing, the contents of any communication from or on behalf of the Association to any joint Member shall be deemed to be within the knowledge of all the joint Members, and any communication from any joint Member to the Association, the Managers or their agents shall be deemed to have been made with the full approval and authority of the joint Members.
 - c There shall be no right of recovery from the Association in respect of any liabilities, costs and expenses arising directly or indirectly from disputes or claims between joint Members or between Co-assureds. The cover provided to Co-assureds does not extend to any liabilities, costs and expenses arising directly or indirectly from disputes or claims between Co-assureds and Members or joint Members.
- 4** Where one or more vessels have been entered as a Fleet Entry then the debts of any one Member or joint Member in respect of any such entered vessel shall be treated as the debt of all the other Members and joint Members whose vessels are or were entered as part of the same Fleet Entry and the Association shall be entitled to act as if all the vessels forming the Fleet Entry were entered by the same Member.

EXPLANATION

The Club wanted the ability to treat a group of vessels entered on behalf of one Member as a fleet entry, which many other Clubs already make provision for in their Rules. The definition of a Fleet Entry has also been inserted in Rule 67.

Rule Changes 2024

Part 6 – ENTRY FOR AND CESSER OF INSURANCE



RULE 43 ASSIGNMENT AND SUBROGATION

- 1 No insurance given by the Association and no interest under these Rules or under any contract between the Association and any Member may be assigned without the agreement of the Managers in writing. Any purported assignment made without such agreement shall be void and of no effect unless the Managers in their discretion otherwise determine.
- 2 Whether or not the Managers shall expressly so stipulate as a condition for giving their consent to any assignment, the Association shall be entitled in settling any claim presented by the assignee to deduct or retain such amount as the Managers may then estimate to be sufficient to discharge any liabilities of the assignor to the Association, whether existing at the time of the assignment or having accrued or being likely to accrue thereafter.
- 3 Where the Association makes payment to [or on behalf of](#) a Member, joint Member or Co-assured in accordance with these Rules, or pursuant to security, [bail or Certified Liabilities](#) provided by the Association, and the Member, joint Member or Co-assured has rights against another party, whether by way of a claim for contribution, indemnity or otherwise arising out of the claim or matter in respect of which the Association has made such payment, the Association shall be subrogated to the rights of the Member, joint Member or Co-assured in respect of that claim to the extent of that payment, including any interest accruing on that amount prior to its recoupment and any costs incurred in relation to the exercise of such rights.
- 4 Further, the Member, joint Member and Co-assured agree to hold such rights as trustee for the Association and to take such steps as the Association may direct with regard to their enforcement and recovery. All such recoveries, howsoever and whensoever made, are to be paid to the Association, including interest and recovered costs, provided that if any such recovery exceeds the amounts paid by the Association, including interest and costs whether paid to third parties or incurred by the Association, the balance shall be paid to the Member.
- 5 If required by the Association, the Member, joint Member and Co-assured will execute a legal assignment of such rights to the Association. In the event that such rights are not assignable or transferable as a matter of law, the Member, joint Member and Co-assured undertake not to dissolve themselves or otherwise render themselves incapable of acting at the Association's behest in enforcing any such rights against another party.

EXPLANATION

These additions were inserted to eliminate any ambiguity about scenarios where the Club has a right of subrogation.

Rule Changes 2024

Part 6 – ENTRY FOR AND CESSER OF INSURANCE



RULE 45 TERMINATION BY NOTICE

- 1 The period of insurance of an insured vessel [or Fleet Entry](#) may be terminated at noon on the renewal date of any year by not less than 30 days prior written notice of termination being given by the Member concerned to the Managers or being served by the Managers on the Member.
- 2 The Board or the Managers may, at any time and without giving reasons, terminate the entry of an insured vessel [or Fleet Entry](#) by not less than 30 days written notice of termination, effective from the expiry thereof.
- 3 Unless otherwise agreed by the Managers in writing, an insured vessel [or Fleet Entry](#) shall not be withdrawn by a Member at any time or in any manner otherwise than pursuant to paragraph 1 of this Rule.
- 4 Without prejudice to any other provision or power in the Rules, the Managers may, on such notice in writing as they may decide, terminate the insurance of the Member in respect of any and all vessels [\(or a Fleet Entry\)](#) entered by them or on their behalf where any such vessel has been employed in an unlawful trade or where, in the opinion of the Managers, the Member or the provision of insurance to the Member may expose the Association or its Managers to the risk of violating, or to being or becoming subject to any sanction, prohibition or adverse action in any form whatsoever by any State, international or supranational organisation or competent authority. Notwithstanding that the happening of such event may not have increased the risk of any loss which may have occurred.
- 5 A Member whose period of insurance in respect of an insured vessel [or Fleet Entry](#) has been terminated by notice shall still be liable for calls or premium assessed and levied under either Rule 52, 53 or 55 in relation to the period of their membership, and shall remain entitled to a return of calls on the closing of a policy year under Rule 58.3.C until the liability of such Member for further calls or premium has been assessed under Rule 55.1. Where a Member's entry has terminated under Rule 45.4, there shall be no recovery in respect of any liabilities, costs or expenses in relation to claims arising by reason of any event which occurred prior to the date of termination where the payment of any claim or the provision of any benefit in respect of those liabilities, costs and expenses would in the opinion of the Managers expose the Association or its Managers to the risk of violating, or to being or becoming subject to any sanction, prohibition or adverse action in any form whatsoever by any State, international or supranational organisation or any competent authority.

EXPLANATION

This is intended to compliment the introduction of Fleet Entries in Rule 41.

Rule Changes 2024

Part 6 – ENTRY FOR AND CESSER OF INSURANCE



RULE 47 EFFECTS OF CESSER OF INSURANCE

When a Member ceases to be insured by virtue of an event as described in paragraph 1 of Rule 46 or when a Member ceases to be insured in respect of any vessel by virtue of any event as described in paragraph 2 or 3 of Rule 46 (the date on which any such event occurs being hereinafter referred to as the 'date of cessation') then – in respect of:

- a all vessels insured by the Member, where the event falls within paragraph 1 of Rule 46; and
- b the vessel concerned, where the event falls within paragraphs 2 or 3 of Rule 46:

1 The Member shall be and remain liable to pay

- A** all such calls or premium as may have been levied for the relevant policy year in accordance with Rule 54; and
- B** all overspill calls for the relevant policy year; and
- C** all calls or premium and other sums payable in respect of previous policy years.

2

A Save as stated in paragraph 2B below, the association shall remain liable for all claims under these Rules arising by reason of any event which occurred prior to the date of cessation but shall not otherwise be under any liability whatsoever by reason of anything occurring after the date of cessation. Except that notwithstanding that a cesser has been occasioned by any one of the events listed in paragraphs 3 A-G of Rule 46, the Association shall, subject always to the Rules and to the terms and conditions of the entry of vessel, remain liable for claims arising directly from such cesser event.

B Where paragraph 3H of Rule 46 applies there shall be no recovery in respect of any liabilities, costs or expenses in relation to claims arising by reason of any event which occurred prior to the date of cessation where the payment of any claim or the provision of any benefit in respect of those liabilities, costs and expenses would in the opinion of the Managers expose the Association or its Managers to the risk of being or becoming subject to any sanction, prohibition or adverse action in any form whatsoever by any State, international or supranational organisation or competent authority, ~~where the Association or its Managers have their registered offices or permanent places of business or by any State being a Major Power or by the United Nations or the European Union.~~

3 The Member shall be allowed a return of calls or premium for the relevant policy year on a pro rata basis from noon on the date of the happening of such event to the end of the relevant policy year. No claim for a return of calls or premium relating to any policy year shall be recoverable from the Association unless written notice has been given to the Association within six months of the end of the policy year concerned.

EXPLANATION

This amendment ensures this clause is aligned with the amendments made in the 2023 Rules.

Rule Changes 2024

Part 7 – CALLS, PREMIUM AND FINANCE



RULE 56 LAID UP RETURNS

If an insured vessel shall be laid-up in any safe port without any cargo on board 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 only being included) subject to the Manager's agreement, the Member concerned shall be allowed a return of calls or premium (other than overspill calls) payable in respect of such vessel for the period of lay-up. Unless otherwise agreed by the Managers in writing the return of calls or premium shall be calculated at the rate of 40% of the total calls or premium payable for risks covered under Rules 2,3 or 4, and at 15% of calls or premium payable for risks covered under Rule 6. For the purpose of this Rule a vessel shall not be treated as laid-up if it has either crew members on board (other than for maintenance necessary for the safety of the vessel or security) or repairs are carried out other than for the safety of the vessel ~~cargo on board~~, unless the Board shall in its discretion otherwise determine. No claim for laid-up returns relating to any policy year shall be recoverable from the Association unless written notice thereof has been given to the Association within three months of the end of the policy year concerned.

EXPLANATION

These changes are intended to clarify the circumstances under which a Member can claim laid up returns and make it clearer that this should not apply unless agreed by the Managers and not in circumstances where a vessel is merely laid up to undergo maintenance. A definition of "laid up" has also been inserted in Rule 67.



RULE 66 DISPUTE PROCEDURES

- 1 [Subject to Rule 53\(4\)](#), if any difference or dispute shall arise between a Member or joint Member and the Association out of or in connection with these Rules or arising out of any contract with the Association or as to the rights or obligations of the Association or the Member or joint Member thereunder or in connection therewith or as to any other matter whatsoever, such difference or dispute shall in the first instance be referred to and adjudicated by the Board. Such reference and adjudication shall be on written submission only, but this reference and adjudication may be waived at the discretion of the Board.
- 2 [Subject to Rule 53\(4\)](#), if a Member or joint Member concerned in such difference or dispute does not accept the decision of the Board following such reference and adjudication or if adjudication is waived at the discretion of the Board it shall, [at the option of the Association](#), be [determined by the High Court of England and Wales or be](#) referred to arbitration in London, one arbitrator to be appointed by the Association, one by the Member or joint Member, and a third to be appointed by the arbitrators. The submission to arbitration and all the proceedings therein shall be subject to the provisions of the English Arbitration Act 1996 and any statutory modification or reenactment thereof.
- 3 No Member or joint Member may bring or maintain any action, suit or other legal proceedings against the Association in connection with any such difference or dispute unless they had first obtained an arbitration award in accordance with this Rule.
- 4 The dispute procedures set out above shall apply equally to any person or entity claiming to be a company affiliated to a Member or joint Member or claiming additional insured or Co-assured status in relation to any insured vessel.

EXPLANATION

The Association wanted to broaden the avenues of recourse for the Club and its Members, in circumstances where an arbitration is not the most appropriate forum.



RULE 67 DEFINITIONS

Accidental means, for the purposes of Rule 2, Section 19(C) only, if it is not the proximate result of an act or omission done with intent to discharge any substance from the vessel or a reckless act or omission done (irrespective of intent) with knowledge that an escape or discharge from the vessel would probably result.

Fleet Entry the entry of more than one vessel by one or more Members on the basis that those vessels will be treated together as a fleet for underwriting purposes.

Laid up means the vessel has been taken out of commercial trading for a continuous period and its operational capabilities reduced or shut down with the class or certifying authority status changed to “laid up” or similar.

EXPLANATION

The definition of “accidental” for the purposes of Rule 2, Section 19(C) reflects a new definition that has been inserted into the Pooling Agreement, which is intended to clarify the circumstances in which the escape or discharge of oil or any other substance are poolable. Members will recall that all Group Clubs only provide cover for fines under MARPOL on a discretionary basis, except in cases of purely accidental discharge.

The other definitions have been added to complement the changes made to Rule 41 to introduce Fleet Entries and Rule 56 to clarify when a Member can claim laid up returns.



Part 8 – ADMINISTRATIVE PROCEDURES

RULE 67 DEFINITIONS

Consortium Claim means, for the purpose of Rule 2, Section 14 D b), a claim which

a arises under a P&I entry of an ~~I~~nsured ~~V~~vessel; and

b it arises out of the carriage of cargo on a consortium vessel; and

c the Member and the operator of the consortium vessel are parties to a ~~C~~onsortium Agreement; and

d at the time cover pursuant to Rule 2, Section 14 D b) initially attaches, the Member employs an ~~I~~nsured ~~V~~vessel under an Entry with an Association pursuant to that ~~C~~onsortium Agreement

For the purpose of a ~~C~~onsortium ~~C~~elaim, the consortium vessel shall be treated as an ~~I~~nsured ~~V~~vessel entered on behalf of the Member under a Charterer's Entry in the Association.

EXPLANATION

This amendment, as devised by the IG Pooling Agreement Committee, seeks to clarify ambiguity that existed in relation to the wording of paragraph 2.1(d) of Appendix XII to the Pooling Agreement, which did not make it clear whether each relevant Club needed to have an owned entered ship operating in a consortium for a Consortium Claim to be pooled. Consortium Claims relate to liabilities that arise out of the carriage of cargo on a consortium vessel pursuant to a Consortium Agreement – that is, an agreement pursuant to which two or more operators agree to share or exchange cargo space on each other's ships. Accordingly, provided the insured owner is a party to a Consortium Agreement at the time of the Entry of an Insured Vessel with cover for Consortium Claims thereunder, a Club can pool Consortium Claims of that insured owner both where, at the time a Consortium Claim arises, an Insured Vessel insured under the insured owner's Entry is not employed under the Consortium Agreement and, in the case of a part Entry or quota share agreement, a vessel of that insured owner employed under the Consortium Agreement is an Insured Vessel under an Entry with another Club.