

INTRODUCTION

Unless otherwise indicated those parts of the 2024 Rules where it is proposed that changes are made are set out in full with the changes marked. A proposed deletion from the 2024 Rules is identified by striking through the text to be deleted. Proposed additions are underlined. All changes are in red.

CLASS 1 RULES

1. RULE 2 SECTION 16 - CARGO

Following a change to the Pooling Agreement, a logical change to align the Rules is proposed as follows:

Section 16. Cargo

The liabilities costs and expenses set out in paragraphs (A) to (C) which arise in respect of cargo intended to be or being or having been carried in the insured vessel:-

(A) Loss, (including shortage), or damage

Liability for loss, (including shortage), or damage arising out of any breach by the Member or by any person for whose acts, neglect or default he may be legally liable, of his 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 cargo

The additional costs and expenses (over and above those which would have been incurred by him in any event under the contract of carriage or in order to make the vessel fit to receive cargo) incurred by the Member;

(a) in discharging or disposing of cargo as a result of:

(i) such cargo being damaged or worthless, or

(ii) damage to the insured vessel against which the Member is, or would be, insured in accordance with Rule 12;

(b) in discharging, storing or disposing of cargo as a result of the owner of such cargo refusing to take delivery;

but only if and to the extent that the Member is unable to recover those costs from any other party and/or by sale of such cargo and/or in general average.

(C) Through or Transshipment Bills of Lading

Liability under a Through or Transshipment Bill of Lading or other form of contract approved by the Managers in writing and providing for carriage, partly to be performed by the insured vessel, of any cargo, including liability for loss (including shortage), or damage arising from events occurring while that cargo is being carried by means of transport other than the insured vessel or stored or handled in or outside the dock areas of the ports of loading and discharge of the insured vessel, but only when such carriage, storage or handling is necessary to perform such Through or Transshipment Bill of Lading or other contract.

(NOTE: As to what forms of contract the Managers will generally approve, see the First Schedule)

PROVIDED THAT:

(n) Paperless Trading

Unless either (1) the Committee otherwise determines or (2) it is otherwise agreed in writing between the Member and the Association, there shall be no recovery from the Association in respect of any liability, loss, cost or expense arising from the use of any electronic trading system, other than an electronic trading system approved by the International Group of P&I Associations, to the extent that such liability, loss, cost or expense would not (save insofar as the Association in its sole discretion otherwise determines) have arisen under a paper trading system.

For the purposes of this paragraph

- (a) an electronic trading system is any system which replaces or is intended to replace paper documents used for the sale of goods and/or their carriage by sea or partly by sea and other means of transport which:
 - (i) are documents of title, or
 - (ii) entitle the holder to delivery or possession of the goods referred to in such documents, or
 - (iii) evidence a contract of carriage under which the rights and obligations of either of the contracting parties may be transferred to a third party.
- (b) a “document” shall mean anything in which information of any description is recorded including, but not limited to, computer or other electronically generated information.

(c) an electronic trading system shall be deemed approved, provided:

(i) it is a reliable system in accordance with the Electronic Trade Documents Act 2023 of the United Kingdom or UNCITRAL’s Model Law on Electronic Transferable Records and the reliability of that system is evidenced by:

(ia) an audit by an independent body; or

(ib) a declaration by a supervisory, regulatory or accreditation body or applicable voluntary scheme; or

(ic) applicable industry standards; and

(ii) any electronic document generated thereunder, which performs the functions specified in paragraph (a) (i)-(iii), has the same effect under its applicable law as a paper document performing those functions.

(NB: The other provisions of Rule 2 Section 16 which remain unaltered are not reproduced here for sake of brevity)

2. RULE 3 – SPECIAL COVER AND CHARTERERS RISKS

An amendment is proposed to match the Charterers’ excess war limit with Owners’ limit in Rule 14. The proposed amendment is as follows:

3. Special Cover and Charterers Risks

(B) Cover for Charterers and related parties

Without prejudice to the generality of this Rule 3, where an entry of a vessel in the Association is in the name of or on behalf of a charterer (other than a bareboat charterer or charterer by demise), the

charterer may be covered as a Member, and any cargo interests wholly owned or controlled by such charterer or in the same ownership or control as they may be covered as a CoAssured, upon such terms and conditions as the Managers of the Association may require in respect of the liabilities, losses, costs and expenses set out in Rule 2 and in respect of one or more of the liabilities, losses, costs and expenses set out in sub-paragraphs (1) to (7) of this paragraph (B), namely:

(6) Liabilities, losses, costs and expenses incurred as a charterer and covered under Rule 2 and under this paragraph (B) for which cover would otherwise be excluded by Rule 14,

PROVIDED THAT: -

(e) without prejudice to its general limit of liability under this paragraph (B) of Rule 3, the Association's liability under such cover in this sub-paragraph 6 in respect of all parties insured in respect of one vessel in respect of one incident shall not exceed in the aggregate the amount of US\$4500,000,000 inclusive of interest and costs. For the purposes of this proviso, claims in respect of loss of or damage to cargo on the same cargo carrying voyage (including claims in respect of cargo's contribution to general average payable by the Member solely by reason of a breach of the contract of carriage) shall be deemed to have arisen out of the same incident and that incident shall be deemed to have occurred at the earliest of:

- (i) the first place of discharge or port at which such loss or damage was ascertained and at the time of such ascertainment; and
- (ii) if such loss or damage was ascertained after discharge of the cargo from the insured vessel, at the time and place of discharge; and
- (iii) where the Member sold the insured vessel (or otherwise disposed of the interest in the insured vessel in respect of which they have been insured) during the cargo carrying voyage, at the time when the last entry for the insured vessel terminated and at the place where the insured vessel was at that time, and a reference in this proviso to a cargo carrying voyage shall include, in cases where cargo is carried under a contract for carriage partly in the insured vessel and partly by other means of transport, the entire through or combined transport of that cargo under that contract.

(NB: The other provisions of Rule 3 which remain unaltered are not reproduced here for sake of brevity)

3. RULE 17 – LIABILITY EXCLUDED FOR CERTAIN RISKS AND EXCLUSION OF CERTAIN LIABILITIES, COSTS AND EXPENSES OF SALVAGE VESSELS, DRILLING VESSELS, DREDGERS AND OTHERS, SPECIALIST OPERATIONS, DIVING ETC.

An amendment is proposed to this rule to align with amendments to the Pooling Agreement that set out factors to be considered when interpreting the term "professional salvor".

The proposed amendments reads as follows:

17. Liability excluded for certain risks and exclusion of certain liabilities, costs and expenses of salvage vessels, drilling vessels, dredgers and others, specialist operations, diving etc.

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

(A)

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

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

For the purposes of this sub-paragraph (A)(ii) the decision as to whether or not the Insured Owner is a professional salvor rests with the Association acting through the Managers, who will consider factors including, but not limited to, whether the Insured Owner has:

(a) International Salvage Union (or equivalent) membership;

(b) as one of its main commercial activities, the provision of salvage services;

(c) access to the necessary equipment, expertise, personnel and other resources;

(d) a successful track record;

(e) demonstrated necessary safety standards and risk management measures; and/or

(f) obtained any necessary industry, local, national or international regulatory approval or accreditation.

(NB: The other provisions of Rule 17 which remain unaltered are not reproduced here for the sake of brevity)

4. RULE 57 – JURISDICTION

Additional wording is proposed to expressly set out the process for exercise of the option for Court or Arbitration. The proposed amendment is as follows:

57. Jurisdiction

(1) Subject to Rule 45A if any difference or dispute shall arise between a Member and the Association as to the rights or obligations of the Association or the Member or as to any other matter whatsoever, the resolution of such difference or dispute shall be governed by English law and procedure and shall, at the option of the Association, either:

(a) be determined exclusively by, at the option of the Association, (i) the High Court of Justice of England and Wales or (ii) the courts of the country where the Member is incorporated or (iii) the courts of the country in which the Member has its principal place of business; or

(b) be referred to the Arbitration in London of a sole legal Arbitrator. Such Arbitrator shall be a King's Counsel practising at the Commercial Bar or, if none is available, any other practising King's Counsel and the submission to Arbitration and all the proceedings therein shall be subject to the provisions of the Arbitration Act 1996 and any Statutory modification or reenactment thereof. In any such Arbitration any matter decided or stated in any Judgement or Arbitration Award (or in any reasons given by

an Arbitrator or Umpire for making any Award) relating to proceedings between the Member and any third party, shall be admissible in evidence.

- (2) The Member may require the Association to exercise such an option by written notice stating the dispute(s) and/or difference(s) to which it relates. If the Association has not exercised its option within 30 days after receiving such a notice, it shall be deemed to have chosen Arbitration under paragraph 1(b) above.
- (23) No Member may bring or maintain any action, suit or other legal proceedings against the Association in connection with any difference or dispute unless:
- (a) the Association has chosen or is deemed (under paragraph 2 above) to have chosen Arbitration, and the Member has ~~they have~~ first obtained an Arbitration Award in accordance with this Rule; or
- (b) the Association has exercised its option for such difference or dispute to be determined in accordance with paragraph (1)(a)(i), (ii) or (iii) above.
- (34) The Member agrees to submit to the jurisdiction of any court selected by the Association under paragraph (1)(a) above and further agrees that it will not argue that such court is an inconvenient or inappropriate forum.
- (45) For the purpose of this Rule except paragraph (56) hereof the term "Member" shall also include a joint Member, a former Member, a Co-Assured, a trustee, an assignee, a successor to the Member and any other companies in the same or associated ownership or management as the Member or any of the foregoing or the shareholders, managers, agents or employees of any of them or any other person or entity claiming any insurance or re-insurance benefit from or other remedy against the Association, whether under these Rules or under a Bye law, Certificate of Entry, insuring or re-insuring agreement of this Association by contract or otherwise and the term "the Association" shall include any subsidiary or associated company of the Association or their or its Directors, agents or employees.
- (56) The Member warrants its authority to bind to Arbitration the other entities and individuals included within the definition in paragraph (45) of this Rule. If any claim shall be made by any of them other than in Arbitration the Member shall procure that such claims be referred to Arbitration forthwith, pending which the Member shall not be entitled to proceed with any claim of its own against the Association connected with the same or any related subject matter; and the Association shall be entitled to recover from the Member any amounts agreed or adjudged to be due from the Association, and any costs incurred by it, in connection with any process other than Arbitration.
- (67) In any difference or dispute where the Member or Association as defined in paragraph (45) above includes more than one party they shall be deemed one party for the purposes of appointing an Arbitrator, receiving notices, and otherwise for all purposes in connection with the conduct of the Arbitration proceedings.
- (78) Any dispute or difference over the interpretation, effect or application of this Jurisdiction clause shall be decided exclusively by the High Court of Justice of England and Wales in London, in accordance with English law.
- (89) Nothing in these Rules shall affect or prejudice the right of the Association to take action in accordance with the law of any country or state to enforce a right in rem or exercise a lien on ships or to obtain security by seizure, attachment or arrest of assets for any amounts payable to the Association.

5. Rule 55 -NOTICES

Modern working practices have resulted in many methods of document transmission becoming redundant. A proposal is made to remove references to telex, telegram, cable, radio telegraph and telefax from notice provisions from 2025 onwards.

The proposed amendment is as follows:

55. Notices

- (1) Any notice, demand, order, direction, recommendation, request or other document (hereinafter referred to collectively as “notice or other document”) required by these Rules to be served on a Member may be served as the Managers may determine in any one or more of the following modes:-
 - (a) personally, or
 - (b) by sending it through the post in a prepaid letter ~~or by telegram, cable, radio telegraph, telefax, telex~~, courier or electronic mail addressed to them:-
 - (i) at their address as appearing in the Register of Members; or
 - (ii) at any other address of which they have given written notice to the Managers as their address for service; or
 - (iii) if a vessel to which the notice or other document relates, or another vessel entered by the Member whose period of insurance has not come to an end, was last entered for insurance, or her insurance was last renewed (whichever is the later), through a broker or other agent, at any place of business of that broker or agent.
- (2) Every notice or other document served as aforesaid shall, if posted, be deemed to be served on the day following the day of postage; ~~if sent by telegram, cable or radio telegraph, be deemed to be served on the day of handing in to the relevant office~~; if sent by ~~telex or telefax~~, courier or electronic mail, on the day of despatch. In any case proof of posting, handing in or despatch shall be sufficient proof of service.
- (3) The successors of any Member served as aforesaid with any notice or other document shall be bound by that notice or other document whether or not the Association has notice of that person’s death, disability, lunacy, bankruptcy or liquidation.

CLASS 2 RULES

1. RULE 3 – EXTENT OF COVER

Express wording has been added to note that disputes under cargo sale contracts are not within the extent of cover.

The proposed amendment is as follows:

3. Extent of Cover

Subject to any special terms which may be agreed a Member is entitled:

- (a) to recover from the Association the costs and expenses incurred in connection with any of the claims, disputes and proceedings described in Rule 2, (including costs and expenses payable to other parties to such proceedings under any judgement or order therein), but only if the Committee has determined that the case merits the support of the Association and has not withdrawn that support;

- (b) to receive legal advice from the Association in connection with any of the claims, disputes and proceedings described in Rule 2 or the possibility thereof;
- (c) to recover from the Association the costs and expenses incurred in obtaining advice in connection with the claims, disputes and proceedings aforesaid or the possibility thereof from lawyers, surveyors, representatives and other persons (other than employees of the Member or of the Association or Managers), where the Managers have consented to the obtaining of such advice.

PROVIDED THAT:

- (A) No costs or expenses shall be recoverable from the Association unless:
 - a) they have been incurred with the prior consent in writing of the Managers; or
 - b) they have been incurred by the Association on behalf of the Member in accordance with Rule 9 (Employment of Lawyers and others); or
 - c) the Committee shall determine that they were reasonably incurred and ought in all the circumstances to be borne by the Association, and
 - d) they are not excluded by any proviso, warranty, condition, exemption, limitation, deductible or other term contained in these Rules or in the terms of entry, and
 - e) they were incurred by the Member in the capacity in which the Member has entered the insured vessel in the Association.
- (B) No costs or expenses shall be recoverable in respect of claims, disputes or proceedings which arise under a contract for the sale of goods which are carried or to be carried by the insured vessel.
- (C) Unless a higher figure is agreed by the Managers in writing, there shall be no recovery from the Association in excess of US\$ 10 million in the aggregate in respect of any one case (as defined in Rule 53), including where such case relates to the building of an insured vessel.

There is no cover for any claim, dispute or proceeding with or against the Association, its directors, the Managers or their employees or agents.

2. RULE 52- JURISDICTION

An amendment is proposed to align the Class 2 Jurisdiction Rule with the proposed amendments to Class 1, Rule 57, above.

The proposed amendment reads as follows:

52. Jurisdiction

- (1) If any difference or dispute shall arise between a Member and the Association as to the rights or obligations of the Association or the Member or as to any other matter whatsoever, the resolution of such difference or dispute shall be governed by English law and procedure and shall, at the option of the Association, either:
 - (a) be determined exclusively by, at the option of the Association, (i) the High Court of Justice of England and Wales or (ii) the courts of the country where the Member is incorporated or (iii) the courts of the country in which the Member has its principal place of business; or

(b) be referred to the Arbitration in London of a sole legal Arbitrator. Such Arbitrator shall be a King's Counsel practising at the Commercial Bar or, if none is available, any other practising King's Counsel and the submission to Arbitration and all the proceedings therein shall be subject to the provisions of the Arbitration Act 1996 and any Statutory modification or reenactment thereof. In any such Arbitration any matter decided or stated in any Judgement or Arbitration Award (or in any reasons given by an Arbitrator or Umpire for making any Award) relating to proceedings between the Member and any third party, shall be admissible in evidence.

(2) The Member may require the Association to exercise such an option by written notice stating the dispute(s) and/or difference(s) to which it relates. If the Association has not exercised its option within 30 days after receiving such a notice, it shall be deemed to have chosen Arbitration under paragraph 1(b) above.

(23) No Member may bring or maintain any action, suit or other legal proceedings against the Association in connection with any difference or dispute unless:

(a) the Association has chosen or is deemed (under paragraph 2 above) to have chosen Arbitration, and the Member has ~~they have~~ first obtained an Arbitration Award in accordance with this Rule; or

(b) the Association has exercised its option for such difference or dispute to be determined in accordance with paragraph (1)(a)(i), (ii) or (iii) above.

(34) The Member agrees to submit to the jurisdiction of any court selected by the Association under paragraph (1)(a) above and further agrees that it will not argue that such court is an inconvenient or inappropriate forum.

(45) For the purpose of this Rule except paragraph (56) hereof the term "Member" shall also include a joint Member, a former Member, a Co-Assured, a trustee, an assignee, a successor to the Member and any other companies in the same or associated ownership or management as the Member or any of the foregoing or the shareholders, managers, agents or employees of any of them or any other person or entity claiming any insurance or re-insurance benefit from or other remedy against the Association, whether under these Rules or under a Bye law, Certificate of Entry, insuring or re-insuring agreement of this Association by contract or otherwise and the term "the Association" shall include any subsidiary or associated company of the Association or their or its Directors, agents or employees.

(56) The Member warrants its authority to bind to Arbitration the other entities and individuals included within the definition in paragraph (45) of this Rule. If any claim shall be made by any of them other than in Arbitration the Member shall procure that such claims be referred to Arbitration forthwith, pending which the Member shall not be entitled to proceed with any claim of its own against the Association connected with the same or any related subject matter; and the Association shall be entitled to recover from the Member any amounts agreed or adjudged to be due from the Association, and any costs incurred by it, in connection with any process other than Arbitration.

(67) In any difference or dispute where the Member or Association as defined in paragraph (45) above includes more than one party they shall be deemed one party for the purposes of appointing an Arbitrator, receiving notices, and otherwise for all purposes in connection with the conduct of the Arbitration proceedings.

(78) Any dispute or difference over the interpretation, effect or application of this Jurisdiction clause shall be decided exclusively by the High Court of Justice of England and Wales in London, in accordance with English law.

(89) Nothing in these Rules shall affect or prejudice the right of the Association to take action in accordance with the law of any country or state to enforce a right in rem or exercise a lien on

ships or to obtain security by seizure, attachment or arrest of assets for any amounts payable to the Association.

3. Rule 50 – NOTICES

An amendment is proposed to align the Class 2 Notices Rule with the proposed amendments to Class 1, Rule 55, above.

The proposed amendment reads as follows:

50. Notices

- (1) Any notice, demand, order, direction, recommendation, request or other document (hereinafter referred to collectively as “notice or other document”) required by these Rules to be served on a Member may be served as the Managers may determine in any one or more of the following modes:-
 - (a) personally, or
 - (b) by sending it through the post in a prepaid letter ~~or by telegram, cable, radio telegraph, telefax, telex~~, courier or electronic mail addressed to them:-
 - (i) at their address as appearing in the Register of Members; or
 - (ii) at any other address of which they have given written notice to the Managers as their address for service; or
 - (iii) if a vessel to which the notice or other document relates, or another vessel entered by the Member whose period of insurance has not come to an end, was last entered for insurance, or her insurance was last renewed (whichever is the later), through a broker or other agent, at any place of business of that broker or agent.
- (2) Every notice or other document served as aforesaid shall, if posted, be deemed to be served on the day following the day of postage; ~~if sent by telegram, cable or radio telegraph, be deemed to be served on the day of handing in to the relevant office~~; if sent by ~~telex or telefax~~, courier or electronic mail, on the day of despatch. In any case proof of posting, handing in or despatch shall be sufficient proof of service.
- (3) The successors of any Member served as aforesaid with any notice or other document shall be bound by that notice or other document whether or not the Association has notice of that person’s death, disability, lunacy, bankruptcy or liquidation.