



SPECIAL CIRCULAR

To the Members

No. 16-018
16 January 2017

Dear Sirs,

ALTERATIONS TO THE RULES OF THE ASSOCIATION

As described in our circular of 22 November 2016 (No.16-015), the following alterations to the Rules of the Association (the "Rules") will become effective from 12 noon GMT on 20 February 2017 for the 2017 Policy Year. There will also be an alteration to the Special Clauses. The amendments are explained below, and extracts of the relevant provisions are attached hereto.

1. Alterations to the Rules

Rule 2-3 (Duties of Disclosure and Notification)

Rule 10 (5) (Continuation of Insurance Contract)

Rule 11-2 (Cessation of Insurance Contract)

Rule 16-1 (5) (Maintenance of Classification and Compliance with Statutory Requirements)

The purpose of this alteration is to make it clear that notice to the Association by Members of any important information, which may affect the basis of the provision of insurance by the Association, has to be made in writing.

Rule 19-1(6), (8), 2-(3), 4 and 4-(v) (Liabilities in Respect of Seamen)

The purpose of this alteration is to delete the provisions relating to the Maritime Labour Convention (MLC). The 2014 Amendments to the MLC will be effective from 18 January 2017. With the entry into force of the amendments to the MLC, the provisions with regard to the MLC will be deleted from the Rule and transferred to the Special Clause, which will be published before 18 January 2017. For detailed information, please refer to our circular of 18 November 2016 (No.16-014).

Rule 25-1(a) (Liabilities in Respect of Pollution)

The purpose of this alteration is to include the York Antwerp Rules (YAR) 1974 and 2016 in addition to the 1994 version. The YAR 2016 were adopted by the Comité Maritime International (CMI) Assembly in May 2016. After a review by the International Group of P&I Clubs (IG), it was recognised that there is still possibility that contracts incorporating the YAR1974 and 1994 may be used. In such circumstances, the three versions of the YAR, i.e., 1974, 1994 and 2016, are all included in the Rules.

Rule 29-2(4)(c)(i) (Cargo Liabilities)

The purpose of this alteration is to clarify, in accordance with amendments to the IG Pooling Agreement, that proper delivery of cargo is required in the case of an electronic bill of lading just as with a conventional bill of lading, and that the Member is covered for mis-delivery claims even if delivery has been made to the person entitled to take delivery under the rules of the electronic trading system approved by the Association.

Rule 35-1(7) (Risks Generally Excluded)

The purpose of this alteration is to narrow, in accordance with amendments to the IG Pooling Agreement, the drilling and production exclusion, by clarifying that whether the exclusion will apply will be judged on whether the connection with and/or disconnection from the well is pursuant to a contract.

Rule 35-2(7) (Risks Generally Excluded)

The purpose of this alteration is to add a new clause so that the Association can issue certificates in compliance with the MLC as amended.

2. Alteration to the Special Clauses

CHARTERERS (JOINT MEMBERS) LIMITATION CLAUSE

The purpose of this alteration is to modify a part of the wording while maintaining the intention of the clause.

CAPITAL INVESTOR CLAUSE

SPECIAL CLAUSE FOR VOYAGES AFFECTED BY SANCTIONS

The purpose of this alteration is to make it clear that notice to the Association by Members of any important information, which may affect the basis of the provision of insurance by the Association, has to be made in writing.

SMALL TANKER OIL POLLUTION INDEMNIFICATION AGREEMENT 2006 (as amended 2017) (“STOPIA 2006 (as amended 2017)”) CLAUSE

TANKER OIL POLLUTION INDEMNIFICATION AGREEMENT 2006 (as amended 2017) (“TOPIA 2006 (as amended 2017)”) CLAUSE

P&I WAR RISKS CLAUSE

The purpose of these alterations is to record the revised names of the following agreements further to recent amendments : STOPIA (Small Tanker Oil Pollution Indemnification Agreement) and TOPIA (Tanker Oil Pollution Indemnification Agreement).

Yours faithfully,

The Japan Ship Owners’ Mutual Protection & Indemnity Association

Proposed Changes to the Rules of the Association for the 2017 Policy Year

(The underlined parts are to be changed.)

RULE 2 DUTIES OF DISCLOSURE AND NOTIFICATION

Existing Rules	New Rules
<p>1 A Member shall disclose any facts in respect of any essential particulars and/or information concerning the contract of insurance at the time of completion of an application form for entry or a similar document. The Association may refuse any application for entry of a ship for insurance or may cancel an existing insurance contract whenever the Association determines that a person desiring to insure his ship or a Member failed to disclose or falsely disclosed the material items in respect of the contract of insurance to the Association. Such cancellation by the Association shall become effective retroactively to the date when the contract of insurance was made.</p>	<p>1 Unchanged</p>
<p>2 A Member shall, without delay, notify the Association in writing of any alteration to the particulars and information requested on the application forms for the entry of ship for insurance, whenever such an alteration occurs. Whenever the Member fails to give written notice to the Association of any alteration in respect of the material items on his application form, the Association is entitled to reject the payment of claims or reduce the amount thereof under the contract of insurance in respect of the Entered Ship. If a Member failed to give such notice without delay either by his willful misconduct or gross negligence, then in the event that there arises an increase of risk due to any alteration to the items on his application form, then the Association shall be entitled to cancel the contract of insurance. Such cancellation by the Association shall become effective retroactively to the date when such an alteration was made. In this paragraph, "increase of risk" means a situation that the risk in respect of the material items on his application form, such as gross ton or type of ship become greater due to any alteration and that the calls or premiums stipulated in the contract of insurance become less than those calculated on the basis of such risk after any such alteration. In this paragraph, "risk" means the potentiality of damage to be covered by the contract of insurance.</p>	<p>2 Unchanged</p>
<p>3 A Member shall give notice without delay to the Association when some other insurance is effected with other insurers covering the same kind of risks insured by the Association in respect of his Entered Ship.</p>	<p>3 A Member shall give <u>written</u> notice without delay to the Association when some other insurance is effected with other insurers covering the same kind of risks insured by the Association in respect of his Entered Ship.</p>

RULE 10 CONTINUATION OF INSURANCE CONTRACT

Existing Rules	New Rules
<p>The insurance contract shall continue to run from Policy Year to Policy Year except for the case that the insurance contract terminates for one of the following reasons:</p> <p>(1) When a Member withdraws from the Association in accordance with the provision of Article 13 of the Articles of the Association.</p> <p>(2) When the contract of insurance is cancelled in accordance with the provisions of Rules 2.1, 8.2(3), 17.2.</p>	<p>The insurance contract shall continue to run from Policy Year to Policy Year except for the case that the insurance contract terminates for one of the following reasons:</p> <p>(1) Unchanged</p> <p>(2) Unchanged</p>

<p>(3) When a Member ceases to be insured by the Association in accordance with the provision of Rule 11.</p> <p>(4) In addition to the preceding items, when the Association deems it justifiable to discontinue a Member's contract for the next Policy Year and notifies him to that effect not later than one (1) month prior to the end of the insurance period.</p> <p>(5) When a Member notifies the Association that he does not desire to continue the insurance contract not later than one (1) month prior to the end of the insurance period.</p>	<p>(3) Unchanged</p> <p>(4) Unchanged</p> <p>(5) When a Member notifies the Association in writing that he does not desire to continue the insurance contract not later than one (1) month prior to the end of the insurance period.</p>
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RULE 11 CESSATION OF INSURANCE CONTRACT

Existing Rules	New Rules
<p>1 A Member shall cease to be insured by the Association in respect of an Entered Ship upon the happening of any of only the following events in respect of the Entered Ship:</p> <p>(1) When entire control and possession is transferred.</p> <p>(2) When the managers or operators are changed.</p> <p>(3) When the Member ceases to have a legal, beneficial or other interest as a consequence of the reason other than Rule 11.1(1) and (2).</p> <p>2 A Member shall give immediate notice to the Association of cessation of the insurance contract for any reason specified in Rule 11 .1(1), (2) or (3).</p> <p>3 The Association may cancel the contract of insurance in any events mentioned in any item set out in subparagraphs (1) to (3) below in addition to other provisions set out in the rules. In the event that having cancelled the contract of insurance pursuant to the provisions of this paragraph, the Association shall not be liable to cover any damage or expenses incurred after the events mentioned in each item set out in subparagraphs (1) to (3) below has occurred.</p> <p>(1) If a Member has caused or has intended to cause damage in an attempt to make the Association pay insurance money under the contract of insurance;</p> <p>(2) If a Member has committed or has intended to commit a fraud in connection with the claim for insurance money under the contract of insurance; or</p> <p>(3) If a Member has exposed or will expose the Association to a material risk of being or becoming subject to a sanction, prohibition, restriction or other adverse action by a competent authority or government, which may materially affect the association.</p> <p>(4) If any material events occur other than those mentioned in the preceding items in which the Association's trust in the Member is undermined, thus making the continuance of the contract of insurance difficult.</p>	<p>1 Unchanged</p> <p>2 A Member shall give written notice immediately to the Association of cessation of the insurance contract for any reason specified in Rule 11 .1(1), (2) or (3).</p> <p>3 Unchanged</p>

RULE 16 MAINTENANCE OF CLASSIFICATION AND COMPLIANCE WITH STATUTORY REQUIREMENTS

Existing Rules	New Rules
<p>1 Unless otherwise agreed between the Member and the Association, the Member shall warrant the following conditions in respect of maintenance of classification and compliance with statutory requirements of an</p>	<p>1 Unchanged</p>

<p>Entered Ship:</p> <p>(1) The ship must be, and be throughout the period of entry, classed or qualified with a Classification Society or other equivalent and competent organization (hereinafter called "Classification Societies") approved by the Association.</p> <p>(2) The Member must promptly report to the Classification Societies any incident or condition in respect of which the Classification Societies may make recommendations as to repairs or other action to be taken by the Member.</p> <p>(3) The Member must comply with all the rules, recommendations and requirements of the Classification Societies relating to the Entered Ship within the time(s) specified by the Societies.</p> <p>(4) The Member shall give its cooperation to the Association in directly referring to Classification Societies concerning the maintenance of the class of the Entered Ship if the Association may consider it necessary to do so.</p> <p>(5) The Member shall immediately inform the Association if, at any time during the period of entry, the Classification Societies with which the Ship is classed is changed.</p> <p>(6) The Member must comply with all statutory requirements of the state of the Entered Ship's flag relating to the construction, adaptation, condition, fitment, equipment, manning, operation and management of the Entered Ship, and must at all times maintain the validity of such statutory certificates as are issued by or on behalf of the state of the Entered Ship's flag in relation to such requirements and in relation to the International Safety Management (ISM) Code and the International Ship and Port Facility Security (ISPS) Code.</p> <p>2 In the case of the Member failing to comply with the requirements referred to in the preceding paragraph, the Association may reject any claim by the Member against the Association arising out of the casualty or reduce the amount payable by the Association in respect thereof.</p>	<p>(1) Unchanged</p> <p>(2) Unchanged</p> <p>(3) Unchanged</p> <p>(4) Unchanged</p> <p>(5) The Member shall immediately inform <u>in writing</u> the Association if, at any time during the period of entry, the Classification Societies with which the Ship is classed is changed.</p> <p>(6) Unchanged</p> <p>2 Unchanged</p>
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Explanation:

The alterations to Rule 2-3, 10 (5), 11-2 and 16-1 (5) are to make it clear that notice to the Association by Members of any important information, which may affect the basis of the provision of insurance by the Association, has to be made in writing.

RULE 19 LIABILITIES IN RESPECT OF SEAMEN

Existing Rules	New Rules
<p>1 The Association shall indemnify a Member for the following liabilities, costs and expenses which the Member may incur in respect of seamen who are employed on board an Entered Ship under working regulations or a contract of employment (hereinafter referred to as "Seamen", or "Seaman", as the case may be) or any others who have been approved as Seamen by the Association.</p> <p>(1) LIABILITIES, COSTS AND EXPENSES IN RESPECT OF DEATH, INJURY, ETC. The following liabilities which a Member may incur, together with costs and expenses incidental</p>	<p>1 Unchanged</p> <p>(1) Unchanged</p>

<p>thereto, in respect of a Seaman's death, being missing, injury or illness (hereinafter collectively called "Death or Injury").</p> <p>(a) Costs and expenses for rescuing the life of and/or searching the body of a Seaman, provided always that there shall be no recovery from the Association if such costs and expenses are recoverable from hull underwriters, cargo owners or any other parties.</p> <p>(b) Liability to pay damages and/or compensation under legal requirements or under the terms of any collective labour agreement, ship regulations or contract of employment previously approved by the Association (hereinafter called "Contracts") in respect of the Seamen of the Entered Ship.</p> <p>(c) Costs and expenses for delivery of the corpse, remains and personal effects of a deceased Seaman to his bereaved family.</p> <p>(d) Liability to pay costs and expenses for funeral services performed by the Member in case of Seaman's death having connection with his work.</p> <p>(2) UNEMPLOYMENT INDEMNITY Wages or compensation payable by a Member to a Seaman under a statutory obligation, crew agreement or other contract of service, for unemployment which arises in consequence of the actual or constructive total loss of an Entered Ship, or a marine casualty which renders the vessel unseaworthy.</p> <p>(3) LOSS OF/OR DAMAGE TO SEAMEN'S PERSONAL EFFECTS Payments made by a Member based on law or contract as allowance or compensation in respect of the loss of or damage to a Seaman's personal effects caused by a marine casualty, provided always that the amount shall be approved by the Association.</p> <p>(4) EXPENSES FOR SUBSTITUTE SEAMEN Expenses necessarily incurred in providing a substitute for a Seaman who died or is unfit for duty by reason of injury or other causes approved by the Association at its discretion.</p> <p>(5) DEVIATION EXPENSES Extra costs of fuel, insurance, Seamen's wages, stores, provisions and port charges incurred by a Member by the deviation of the Entered Ship solely for the purpose of disembarkation of Seamen and/or embarkation of substitute in case of a Seaman's death or injury or strike or other causes approved by the Association at its discretion.</p> <p>(6) REPATRIATION Expenses necessarily incurred</p> <p>(a) in repatriating a Seaman who is unfit for duty because of his injury or illness and/or the ship being involved in a marine casualty or other causes approved by the Association at its discretion; or</p> <p>(b) in respect of a repatriation under the Maritime Labour Convention, 2006 (MLC, 2006) or domestic legislation by a State Party implementing MLC, 2006, <u>but limited to the</u></p>	<p>(2) Unchanged</p> <p>(3) Unchanged</p> <p>(4) Unchanged</p> <p>(5) Unchanged</p> <p>(6) REPATRIATION Expenses necessarily incurred</p> <p>(a) Unchanged</p> <p>(b) in respect of a repatriation under the Maritime Labour Convention, 2006 (MLC, 2006) or domestic legislation by a State Party implementing MLC, 2006. (hereinafter delete)</p>
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amount of the Association's retention as notified to a Member. Notwithstanding the provisions of Rule 8.2(3) and Rule 11, the Association may in its discretion discharge or pay such expenses under Rule 19.1(6)(b) incurred within the earlier of three (3) months of the date of the cesser by reason of insolvency or termination of the insurance contract, subject always to the insurance period.

Provided always that the following cases shall be excluded:

(i) Cessation of insurance contract under Rule 11.1(1)

(ii) Cessation of insurance contract under Rule 11.3(3)

(7) EXPENSES INCURRED RELATING TO THE SEAMEN LEFT ASHORE

Expenses incurred by or chargeable to a Member under statutory obligation in respect of a Seaman who have not returned to an Entered Ship and have been left ashore due to desertion, strike or other reasons approved by the Association at its discretion, where such expenses cannot be recovered from the Seaman himself.

(8) OUTSTANDING WAGES AND OTHER ENTITLEMENTS

Seaman's outstanding wages and other entitlements due from a Member to a Seaman under the Maritime Labour Convention, 2006 (MLC, 2006) or domestic legislation by a State Party implementing MLC, 2006, provided however that the cover is provided in accordance with such conditions as the Association otherwise provides.

2 Notwithstanding the provisions of the preceding paragraph, there shall be no recovery from the Association in respect of the following liabilities, costs and expenses:

- (1) In case of Seamen being required by law or ordinance to be insured against their risks of death, injury or illness, the portion covered by such insurance irrespective of whether or not he is actually so insured.
- (2) Additional liabilities, costs and expenses arising under the terms of a contract or indemnification which has not been approved in advance by the Association.
- (3) Liabilities, costs and expenses which arise out of or in the consequence of:
 - (a) the termination of a Seaman's period of service on an Entered Ship either in accordance with the terms of a crew agreement or other contract of service or employment or by mutual consent of the parties to it; or
 - (b) breach by a Member of any agreement or other contract of service or employment; or
 - (c) sale or any other voluntary disposition by a Member of the Entered Ship.

However, the Association shall discharge or pay such liabilities, costs and expenses as set out in Rule 19.1(6)(b) on the Member's behalf directly to a Seaman or dependent thereof in accordance with Rule 19.4.

(7) Unchanged

(8) OUTSTANDING WAGES AND OTHER ENTITLEMENTS

Seaman's outstanding wages and other entitlements due from a Member to a Seaman under the Maritime Labour Convention, 2006 (MLC, 2006) or domestic legislation by a State Party implementing MLC, 2006. ~~(hereinafter delete)~~

2 Notwithstanding the provisions of the preceding paragraph, there shall be no recovery from the Association in respect of the following liabilities, costs and expenses:

- (1) Unchanged
- (2) Unchanged
- (3) Liabilities, costs and expenses which arise out of or in the consequence of:
 - (a) the termination of a Seaman's period of service on an Entered Ship either in accordance with the terms of a crew agreement or other contract of service or employment or by mutual consent of the parties to it; or
 - (b) breach by a Member of any agreement or other contract of service or employment; or
 - (c) sale or any other voluntary disposition by a Member of the Entered Ship.

~~(hereinafter delete)~~

<p>3 The maximum amount of cover for liability to passengers and Seamen is the amount specified in the Certificate of Entry, or the limited amount stipulated in the Pooling Agreement, if applicable, whichever is the lesser.</p> <p>4 Where a Member has failed to discharge a legal liability to pay damages, compensation or expenses specified in <u>(a) Rule 19.1(1) or (b) Rule 19.1(6)(b)</u>, the Association shall discharge or pay such claim on the Member's behalf directly to such Seaman or dependent thereof. PROVIDED ALWAYS that</p> <p>(i) the Seaman or dependent has no enforceable right of recovery against any other party and would otherwise be uncompensated,</p> <p>(ii) subject to (iii) below, the amount payable by the Association shall under no circumstances exceed the amount which the Member would have been able to recover from the Association under the Rules and the Member's terms of entry,</p> <p>(iii) where the Association is under no liability to the Member in respect of such claim in accordance with Rule 8.2(3) by reason of cancellation for non-payment of amounts due to the Association, the Association shall nevertheless discharge or pay that claim to the extent only that it arises from an event occurring prior to the effective date of cancellation, but as agent only of the Member, and the Member shall be liable to reimburse the Association for the full amount of such claim.</p> <p>(iv) notwithstanding the provisions of Rule 18, even if the Member has not paid that claim, the Association shall pay such claim directly to the Seaman or dependent thereof.</p> <p><u>(v) the Member shall be liable to reimburse the Association for the full amount of any claim paid by the Association under Rule 19.1(6)(b).</u></p>	<p>3 Unchanged</p> <p>4 Where a Member has failed to discharge a legal liability to pay damages, compensation or expenses specified in <u>Rule 19.1(1)</u>, the Association shall discharge or pay such claim on the Member's behalf directly to such Seaman or dependent thereof. PROVIDED ALWAYS that</p> <p>(i) Unchanged</p> <p>(ii) Unchanged</p> <p>(iii) Unchanged</p> <p>(iv) Unchanged</p> <p><u>(v) delete</u></p>
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Explanation:

The alterations to Rule 19-1(6), (8), 2- (3), 4 and 4-(v) are to delete the provisions relating to the Maritime Labour Convention (MLC). The amendments (2014) to the MLC will be effective from 18 January 2017. With the entry into force of the amendments to the MLC, the provisions with regard to the MLC in the Rule will be deleted from the Rule and transferred to the Special Clause.

RULE 25 LIABILITIES IN RESPECT OF POLLUTION

Existing Rules	New Rules
<p>1 The Association shall indemnify a Member for the liabilities, costs and expenses set out in subparagraphs (1) to (5) below when and to the extent that they are caused by or incurred in consequence of the escape or discharge of oil carried as cargo, fuel oil or other pollutants, or the threat of the escape or discharge thereof.</p> <p>Provided always that:</p> <p>(a) unless otherwise approved in advance by the Association there shall be no recovery from the Association in respect of such liabilities, costs and</p>	<p>1 The Association shall indemnify a Member for the liabilities, costs and expenses set out in subparagraphs (1) to (5) below when and to the extent that they are caused by or incurred in consequence of the escape or discharge of oil carried as cargo, fuel oil or other pollutants, or the threat of the escape or discharge thereof.</p> <p>Provided always that:</p> <p>(a) unless otherwise approved in advance by the Association there shall be no recovery from the Association in respect of such liabilities, costs and</p>

<p>expenses which would have been allowable in general average under the York Antwerp Rules <u>1994</u>:</p> <p>(b) unless otherwise determined by the Association in its discretion, there shall be no recovery in respect of any liability for loss, damage, cost and expenses arising as a consequence of the discharge or escape, or the threat of discharge or escape, or the presence of any substance, material, product, or waste determined or deemed to be hazardous, in any dump, site, storage or disposal facility, whether or not such substance, material, product or waste was previously carried on an Entered Ship as cargo, fuel or stores.</p> <p>(1) DAMAGE TO A THIRD PARTY Liability for compensation payable to a third party arising out of damages caused by an escape or discharge of oil or other pollutants.</p> <p>(2) CLEAN-UP COSTS The costs of any measures reasonably taken for the purpose of avoiding, minimizing or cleaning up any pollution and/or any losses or damages, including those losses arising out of the measures so taken.</p> <p>(3) PREVENTION COSTS The costs of any measures reasonably taken to prevent an imminent danger of escape or discharge of oil or other pollutants.</p> <p>(4) AGREEMENT Liability for loss, damage or expenses for which the Member is liable as a party to any agreement relating to oil pollution approved in advance by the Association.</p> <p>(5) GOVERNMENT ORDER The liabilities or costs incurred as a result of compliance with any order or direction given by any government or government authority for the purpose of preventing or reducing an escape or discharge of oil or any other pollutants. Provided always that there shall be no recovery from the Association in respect of the following liabilities or costs: (a) The liabilities or costs incurred as a result of compliance with any order or direction for the normal operation or salvage or repair of the Entered Ship. (b) The liabilities or costs recoverable under the Hull Policies of the Entered Ship.</p> <p>(6) SPECIAL COMPENSATION TO SALVORS Liability of the Member to pay special compensation to a salvor of the Entered Ship under the terms of the Special Compensation P & I Clubs (SCOPIC) Clause or similar compensation clause approved by the Association, or in respect of work done or measures taken to prevent or minimize damage to the environment, but only to the extent that such liability is imposed on the Member pursuant to Article 14 of the International Convention on Salvage, 1989, or the terms of a standard form of Salvage Agreement approved by the Association.</p>	<p>expenses which would have been allowable in general average under the York Antwerp Rules <u>1974, 1994 or 2016</u>:</p> <p>(b) Unchanged</p> <p>(1) Unchanged</p> <p>(2) Unchanged</p> <p>(3) Unchanged</p> <p>(4) Unchanged</p> <p>(5) Unchanged</p> <p>(6) Unchanged</p>
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<p>2 The maximum amount of cover for oil pollution is the amount specified in the Certificate of Entry, or the limited amount stipulated in the Pooling Agreement, if applicable, whichever is the lesser.</p>	<p>2 Unchanged</p>
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Explanation:

The alteration to Rule 25-1 (a) is to include the York Antwerp Rules (YAR) 1974 and 2016 in addition to the 1994. The YAR 2016 were adopted by the Comité Maritime International (CMI) Assembly in May 2016. After a review by the International Group of the P&I Clubs (IG), it was recognised that there is still possibility that contracts incorporating the YAR1974 and 1994 may be used. In such circumstances, the three versions of the YAR, i.e., 1974, 1994 and 2016, are included in the Rules.

RULE 29 CARGO LIABILITIES

Existing Rules	New Rules
<p>1 The Association shall indemnify a Member for the following liabilities which a Member may incur together with costs and expenses incidental thereto, in respect of cargo intended to be or being or having been carried by the Entered Ship, which arises out of a breach by the Member or by persons for whose acts, neglect or default the Member is legally liable, of the Member's obligations or duties as a carrier to properly load, handle, stow, carry, keep, care for, discharge or deliver the cargo or out of any other similar causes approved by the Association.</p> <p>Loss of or damage to the Member-owned cargo which he may be unable to recover from any other insurance shall be indemnified, being deemed as cargo belonging to a third party.</p> <p>(1) Liability for loss or shortage of or damage to cargo, provided always that the liabilities in respect of the cargo carried under a contract of through carriage shall be covered under (4) of this paragraph.</p> <p>(2) The extraordinary additional costs of discharging and disposing of or restowing damaged cargo insofar as these costs cannot be recovered from cargo owners or any other party.</p> <p>(3) The additional costs of discharging and disposing of or of restowing cargo which are necessarily incurred in order to continue the safe prosecution of the voyage following a casualty, insofar as these costs cannot be recovered from cargo owners or any other party, provided always that the costs which form part of general average expenditures shall be excluded.</p> <p>(4) Liability for loss or shortage of or damage to or other responsibility for cargo carried under a contract of through carriage, including transit by land, water or air to or from the Entered Ship, provided always that such contract shall be approved by the Association in advance.</p> <p>(5) The additional costs of discharging, storing and disposing of cargo rejected or not collected by receivers, insofar as these costs cannot be recovered from cargo owners or any other party, provided always that the costs which form part of general average expenditures shall be excluded.</p> <p>2 Notwithstanding the provisions of the preceding paragraph, there shall be no recovery from the Association in respect of the following liabilities, costs and expenses:</p> <p>(1) Unless and to the extent that Association otherwise decides, liabilities, costs and expenses which would not have been incurred or sums which would not</p>	<p>1 Unchanged</p> <p>(1) Unchanged</p> <p>(2) Unchanged</p> <p>(3) Unchanged</p> <p>(4) Unchanged</p> <p>(5) Unchanged</p> <p>2 Notwithstanding the provisions of the preceding paragraph, there shall be no recovery from the Association in respect of the following liabilities, costs and expenses:</p> <p>(1) Unchanged</p>

have been payable by the Member if the cargo (including cargo on deck) had been carried on terms no less favourable to the Member than the terms of the International Convention for the Unification of certain Rules relating to Bills of Lading signed at Brussels on the 25th August, 1924 (the Hague Rules), the International Convention for the Unification of certain Rules relating to Bills of Lading signed at Brussels on the 25th August, 1924 as amended by the Protocol signed at Brussels on 23rd February, 1968 (the Hague Visby Rules), and/or such other rules and/or conventions as the Association may from time to time admit.

However, if the Entered Ship is engaged exclusively in the Japanese domestic trade, extraordinary additional liabilities, costs and expenses incurred due to the contract of carriage which are unfavourable more than the ordinary standard terms stipulated in the Japanese law.

(2) Liability, costs and expenses incurred in consequence of a deviation (including deviation from contract) of the Entered Ship, unless and to the extent that the Association in its discretion otherwise decides, or the Member notifies the Association of the deviation immediately upon receiving of information that it has occurred and the deviation is approved by the Association.

(2) Unchanged

(3) Unless and to the extent that special cover has been agreed by the Association in advance, there shall be no recovery in respect of liability for payments to cargo claimants of amounts exceeding U.S.\$2,500 (or the equivalent in any other currency) per unit, piece or package in respect of shipments of goods arising from carriage under an Ad Valorem Bill of Lading or other document of title, waybill or other contract of carriage in which a value of more than the above amount is declared and/or inserted by reference to a unit, piece, package or otherwise, where the effect of such a declaration/insertion is to deprive the carrier of any right or rights of limitation to which he would otherwise have been entitled and cause him to incur a greater liability than he would have done but for such declaration/insertion, to the extent that such liability thereby exceeds the above amount in respect of any such unit, piece or package.

(3) Unchanged

(4) Unless and to the extent that the Association in its discretion otherwise decides, the following liabilities, costs and expenses:

(4) Unless and to the extent that the Association in its discretion otherwise decides, the following liabilities, costs and expenses:

(a) incurred as a result of the Entered Ship's either failure to arrive or arriving late at a port of loading or the failure to load any particular cargo, in whole or in part, in the Entered Ship; or

(a) Unchanged

(b) arising out of the discharge of cargo at a port or place other than the port or place provided in the contract of carriage; or

(b) Unchanged

(c) arising out of:

(c) arising out of:

(i) delivery of cargo carried under a negotiable bill of lading or similar document of title without production of that bill of lading or document by the person to whom delivery is made except where cargo has been carried

(i) delivery of cargo carried under a negotiable bill of lading or similar document of title (including an electronic bill of lading) without production (or the equivalent thereof in the case of an electronic bill of lading) of that bill

<p>on the Entered Ship under the terms of a non-negotiable bill of lading, waybill or other non-negotiable document, and has been properly delivered as required by that document, notwithstanding that that Member may be liable under the terms of a negotiable bill of lading or other similar document of title issued by or on behalf of a party other than that Member providing for carriage in part upon that Entered Ship and in part by another mode of transport, or</p> <p>(ii) delivery of cargo carried under a non-negotiable bill of lading, waybill or similar document either</p> <p>(A) without production of such document by the person to whom delivery is made, or</p> <p>(B) to a person other than the person named in such document as the person to whom delivery is to be made, where such production, or delivery to the person named in such document, is required by the express terms of that document or the law to which that document, or the contract of carriage contained in or evidence by it, is subject, except, in either case, where the carrier is required by any other law to which the carrier is subject to deliver, or relinquish custody or control of, the cargo without production of such document, or, to a person other than the person named in such document as the person to whom delivery is to be made; or</p> <p>(d) arising out of the issuance of an antedated or postdated bill of lading, waybill or other document containing or evidencing the contract of carriage; or</p> <p>(e) in respect of a bill of lading, waybill or other document containing or evidencing the contract of carriage issued with the knowledge of the Member or his master of an incorrect description of the cargo, its quantity or condition or of its port of loading or discharge.</p> <p>(5) Unless there is a special agreement between the Member and the Association, there shall be no recovery from the Association in respect of any liabilities, losses, costs and expenses arising from the use of any electronic trading system, other than an electronic trading system, approved by the Association at its discretion, to the extent that such liabilities, losses, costs and expenses would not have arisen under a paper trading system. For the purposes of this paragraph,</p>	<p>of lading or document by the person to whom delivery is made except where cargo has been carried on the Entered Ship under the terms of a non-negotiable bill of lading, waybill or other non-negotiable document, and has been properly delivered as required by that document, notwithstanding that that Member may be liable under the terms of a negotiable bill of lading or other similar document of title issued by or on behalf of a party other than that Member providing for carriage in part upon that Entered Ship and in part by another mode of transport, or <u>under the terms of an electronic trading system approved by the Association and has been properly delivered to the person so entitled in accordance therewith, or</u></p> <p>(ii) Unchanged</p> <p>(d) Unchanged</p> <p>(e) Unchanged</p> <p>(5) Unchanged</p>
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<p>(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 and which:</p> <ul style="list-style-type: none"> (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. <p>(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.</p>	
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Explanation:

The alteration to Rule 29-2 (4)(c)(i) is to clarify, in accordance with the amendments to the IG Pooling Agreement, that proper delivery is required in the case of an electronic bill of lading just as with a conventional bill of lading, and that the Member is covered for mis-delivery claims even if delivery has been made to the person entitled to take delivery under the rules of the electronic trading system approved by the Association.

RULE 35 RISKS GENERALLY EXCLUDED

Existing Rules	New Rules
<p>1 The Association shall not indemnify liabilities, costs and expenses arising out of the following events or circumstances:</p> <ul style="list-style-type: none"> (1) Liabilities, costs and expenses caused by wilful misconduct of the Member himself or his agent. (2) Liabilities, costs or expenses irrespective of whether a contributory cause of the same being incurred was any neglect on the part of the Member (or his servants or agents) when the loss or damage, injury, illness or death or other accident in respect of which such liability arises or cost or expense is incurred, was caused by: <ul style="list-style-type: none"> (a) war, civil war, revolution, rebellion, insurrection or civil strife arising therefrom, or any hostile act by or against a belligerent power, or any act of terrorism; (b) capture, seizure, arrest, restraint or detainment (barratry and piracy excepted) and the consequences thereof or any attempt thereat; (c) mines, torpedoes, bombs, rockets, shells, explosives or other similar weapons of war, provided that this exclusion shall not apply to liabilities, costs and expenses which arise solely by reason of <ul style="list-style-type: none"> (i) the use of any such weapons, either as a result of government order or with the agreement in writing of the Association where the reason for such use was the avoidance or mitigation of liabilities, costs or expenses which would otherwise fall within the cover given by the Association, or (ii) the transport of any such weapons whether on board or not. <p>However a Member may recover from the Association the liabilities, costs and expenses which arise or are incurred as a result of (a) to (c) above if there is a special agreement between the</p>	<p>1 The Association shall not indemnify liabilities, costs and expenses arising out of the following events or circumstances:</p> <ul style="list-style-type: none"> (1) Unchanged (2) Unchanged

Member and the Association. In the event of any dispute as to whether or not any act constitutes an act of terrorism, the decision of the board of directors shall be final.

Provided always that the exclusion set out in this Rule 35.1(2) shall not apply to the event that liabilities, costs and expenses of a Member are directly or indirectly caused by or contributed to by or arising from

- (i) any chemical, biological, biochemical or electromagnetic weapon, or
- (ii) the use or operation, as a means for inflicting harm, of any computer, computer system, computer software programme, malicious code, computer virus or process or any other electronic system.

Provided however that any recovery from the Association in respect of such liabilities, costs and expenses of a Member in this paragraph which are not excluded by Rule 35.1(2), shall be subject to such terms and conditions as the Association separately provides. At any time or times before, or at the commencement of, or during the Policy Year, this cover may be changed, cancelled or reinstated by the Association in its discretion, giving 24 hours prior notice to the Member.

Provided always that liabilities, costs, losses and expenses arising from the following shall not be covered:

- (i) explosives or the methods of the detonation or attachment thereof,
- (ii) the use of the entered ship or its cargo as a means for inflicting harm, unless such cargo is a chemical or bio-chemical weapon, or
- (iii) the use of any computer, computer system or computer software programme or any other electronic system in the launch and/or guidance system and/or firing mechanism of any weapon or missile.

- (3) Liabilities, costs or expenses (irrespective of whether a contributory cause of the same being incurred was any neglect on the part of the Member or his servants or agents) when the loss or damage, injury, illness or death or other accident in respect of which such liability arises or cost or expense is incurred, was directly or indirectly caused by or arises from:

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

other than liabilities, costs and expenses arising out of carriage of "excepted matter" (as defined in

(3) Unchanged

<p>the Nuclear Installations Act 1965 of the United Kingdom or any regulations made thereunder) as cargo in an Entered Ship.</p> <p>(4) Liabilities, costs and expenses arising out of or consequent upon an Entered Ship's carrying contraband, blockade running and being employed in an unlawful trade.</p> <p>(5) Liabilities, costs and expenses arising out of any voyage of an Entered Ship which the Association in its opinion having regards to all the circumstances, shall deem as imprudent, unduly hazardous and indiscreet.</p> <p>(6) Liabilities, losses, costs and expenses arising out of salvage operations (including for the purpose of this paragraph, wreck removal) conducted by an Entered Ship except for the case of saving or attempting to save life at sea, or the case of salvage operations conducted by a Ship constructed for the purpose of salvage provided a special agreement shall be made between the Member and the Association concerning liabilities during salvage or salvor's liabilities for oil pollution.</p> <p>(7) Liabilities, costs and expenses arising out of the following vessel or operations;</p> <p>(a) Liabilities, costs and expenses incurred in respect of an Entered Ship constructed or adopted for the purpose of carrying out drilling operations in connection with oil or gas exploration or production, or</p> <p>(b) Liabilities, costs and expenses incurred in respect of an Entered Ship carrying out drilling or production operations in connection with oil or gas exploration or production, including any accommodation unit moored or positioned on site as an integral part of any such operations, to the extent that such liabilities, costs or expenses arise out of or during those operations.</p> <p>For the purpose of paragraph (7)(b) above, the Entered Ship shall be deemed to be carrying out production operations if (inter alia) it is a storage tanker or other vessel engaged in the storage of oil (hereinafter in this paragraph referred to as "storage vessel"), and either:</p> <p>(i) the oil is transferred directly from a producing well to the storage vessel; or</p> <p>(ii) the storage vessel has oil and gas separation equipment on board and gas is being separated from oil whilst on board the storage vessel other than by natural venting.</p> <p>In respect of any Entered Ship employed to carry out production operations in connection with oil or gas production, the exclusion shall apply:</p> <p>(i) <u>from the time that a connection, whether directly or indirectly, has been established between the Entered Ship and the well until such time that the Entered Ship has been disconnected from the well as part of a planned procedure to leave the site for the purpose of navigation to shore or to another production site; or</u></p> <p>(ii) <u>where the Entered Ship is unintentionally, as well as intentionally as an emergency</u></p>	<p>(4) Unchanged</p> <p>(5) Unchanged</p> <p>(6) Unchanged</p> <p>(7) Liabilities, costs and expenses arising out of the following vessel or operations;</p> <p>(a) Liabilities, costs and expenses incurred in respect of an Entered Ship constructed or adopted for the purpose of carrying out drilling operations in connection with oil or gas exploration or production, or</p> <p>(b) Liabilities, costs and expenses incurred in respect of an Entered Ship carrying out drilling or production operations in connection with oil or gas exploration or production, including any accommodation unit moored or positioned on site as an integral part of any such operations, to the extent that such liabilities, costs or expenses arise out of or during those operations.</p> <p>For the purpose of paragraph (7)(b) above, the Entered Ship shall be deemed to be carrying out production operations if (inter alia) it is a storage tanker or other vessel engaged in the storage of oil (hereinafter in this paragraph referred to as "storage vessel"), and either:</p> <p>(i) the oil is transferred directly from a producing well to the storage vessel; or</p> <p>(ii) the storage vessel has oil and gas separation equipment on board and gas is being separated from oil whilst on board the storage vessel other than by natural venting.</p> <p>In respect of any Entered Ship employed to carry out production operations in connection with oil or gas production, the exclusion shall apply <u>from the time that a connection, whether directly or indirectly, has been established between the Entered Ship and the well pursuant to a contract under which the Entered Ship is employed, until such time that the Entered Ship is finally disconnected from the well in accordance with that contract.</u> (hereinafter delete)</p> <p>Provided always that this exclusion shall not apply to liabilities, costs and expenses incurred in respect</p>
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<p><u>response, disconnected from the well; or</u> <u>(iii) where the Entered Ship remains connected</u> <u>to the well, but the production is shut down,</u> <u>whether or not as an emergency response.</u></p> <p>Provided always that this exclusion shall not apply to liabilities, costs and expenses incurred in respect of the Entered Ship if there is a special agreement for coverage therefor between the Member and the Association.</p> <p>(8) Liabilities, costs and expenses arising out of specialist operations (but excluding fire-fighting) including but not limited to dredging, blasting, pile-driving, well-stimulation, cable or pipe laying, construction, installation or maintenance work, core sampling, depositing of spoil, professional oil spill response or professional oil response training and tank cleaning (otherwise than on the Entered Ship). Provided always that this exclusion shall not apply to liabilities, costs and expenses incurred by a Member if there is a special agreement for coverage therefor between the Member and the Association, or in respect of following incidents: (a) loss of life, injury or illness of crew and other personnel on board the Entered Ship (b) the wreck removal of the Entered Ship (c) oil pollution emanating from the Entered Ship or the threat thereof</p> <p>(9) Liabilities, costs and expenses arising out of burning or disposal of waste or other special operations.</p> <p>(10) Liabilities, costs and expenses arising out of the operation of submarines including mini-submarines, diving bells or other similar equipment or craft unless otherwise agreed between a Member and the Association in advance.</p> <p>(11) Liabilities, costs and expenses arising out of the activities of professional or commercial divers. Provided always that this exclusion shall not apply to liabilities, costs and expenses incurred by a Member if there is a special agreement for coverage therefor between the Member and the Association, or in respect of any of the following: (i) activities arising out of salvage operations being conducted by the Entered Ship where the divers form part of the crew of that Entered Ship (or of diving bells or other similar equipment or craft operating from the Entered Ship) and where the Member is responsible for the activities of such divers, on the condition that a special agreement has been made in advance between the Member and the Association concerning liabilities during salvage or salvor's liabilities for oil pollution; and (ii) incidental diving operations carried out in relation to the inspection, repair or maintenance of the Entered Ship or in relation to damage caused by the Entered Ship; and (iii) recreational diving activities</p> <p>(12) Loss of or damage to or wreck removal of cargo carried on a semi-submersible heavy lift vessel or any other vessel designed exclusively for the carriage of heavy lift cargo, save to the extent that such cargo is being carried under the terms of a contract on</p>	<p>of the Entered Ship if there is a special agreement for coverage therefor between the Member and the Association.</p> <p>(8) Unchanged</p> <p>(9) Unchanged</p> <p>(10) Unchanged</p> <p>(11) Unchanged</p> <p>(12) Unchanged</p>
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<p>Heavycon terms or any other terms approved by the Association.</p> <p>2 Notwithstanding the exclusions in Rules 35.1(2) and (3) above, the Association will discharge on behalf of the Member liabilities, costs, expenses arising under a demand made pursuant to the issue by the Association on behalf of the Member of</p> <p>(1) a guarantee or other undertaking given by the Association to the Federal Maritime Commission under Section 2 of US Public Law 89-777, or</p> <p>(2) a certificate issued by the Association in compliance with Article VII of the International Conventions on Civil Liability for Oil Pollution Damage 1969 or 1992 or any amendments thereof, or</p> <p>(3) an undertaking given by the Association to the International Oil Compensation Fund 1992 in connection with the Small Tanker Oil Pollution Indemnification Agreement (STOPIA), or</p> <p>(4) a certificate issued by an Association in compliance with Article 7 of the International Convention on Civil Liability for Bunker Oil Pollution Damage, 2001</p> <p>(5) a non-war certificate issued by the Association in compliance with either Article 4 bis of the Athens Convention relating to the Carriage of Passengers and their Luggage by Sea, 1974 and the Protocol thereto of 2002 or Regulation (EC) No.392/2009 of the European Parliament and of the Council of 23rd April 2009 on the liability of carriers of passengers by sea in the event of accidents</p> <p>(6) a certificate issued by the Association in compliance with Article 12 of the Nairobi International Convention on the Removal of Wrecks, 2007.</p> <p>PROVIDED ALWAYS THAT:</p> <p>(i) The Member shall indemnify the Association to the extent that any payment under any such guarantee, undertaking or certificate in discharge of the said liabilities, costs and expenses is or would have been recoverable in whole or in part under a standard P&I war risk policy had the Member complied with the terms and conditions thereof, and</p> <p>(ii) The Member agrees that:</p> <p>(a) any payment by the Association under any such guarantee, undertaking or certificate in discharge of the said liabilities, costs and expenses shall, to the extent of any amount recovered under any other policy of insurance or extension to the cover provided by the Association, be by way of loan; and</p> <p>(b) there shall be assigned to the Association to the extent and on the terms that it determines in its discretion to be practicable all the rights of the Insured Member under any other insurance and against any third party.</p>	<p>2 Notwithstanding the exclusions in Rules 35.1(2) and (3) above, the Association will discharge on behalf of the Member liabilities, costs, expenses arising under a demand made pursuant to the issue by the Association on behalf of the Member of</p> <p>(1) Unchanged</p> <p>(2) Unchanged</p> <p>(3) Unchanged</p> <p>(4) Unchanged</p> <p>(5) Unchanged</p> <p>(6) Unchanged</p> <p><u>(7) a certificate issued by the Association in compliance with Regulation 2.5, Standard A2.5 and Regulation 4.2, Standard A4.2.1 of the Maritime Labour Convention, 2006 (MLC, 2006)</u></p> <p>PROVIDED ALWAYS THAT:</p> <p>(i) Unchanged</p> <p>(ii) Unchanged</p>
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<p>3 The Association shall not indemnify the followings:</p> <p>(1) Liabilities recoverable from any other insurance contract which is recognised by the Association as double insurance covering a part or whole of the risks undertaken by the Association.</p> <p>(2) Liabilities, costs and expenses which a Member could have recovered if at the time of the incident giving rise to those liabilities, costs and expenses the ship had been insured under Hull Policies on terms not less wide than those of the Lloyd's Marine Policy MAR form 1/1/82 with the Institute Time Clauses-Hulls 1/10/83 (with RDC Clauses), or liabilities, costs and expenses which a Member could not recover by reason that the above insurance was not effected at the proper insured value.</p>	<p>3 Unchanged</p>
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Explanation:

1. The alteration to Rule 35-1 (7) is to narrow, in accordance with the amendments to the IG Pooling Agreement, the drilling and production exclusion by clarifying that whether the exclusion will apply will be judged on whether the connection with and/or disconnection from the well is pursuant to a contract.

2. The alteration to Rule 35-2 (7) is to add a new clause so that the Association can issue certificates in compliance with the MLC as amended.

Proposed Changes to the Special Clause of the Association for the 2017 Policy Year

(The underlined parts are to be changed.)

CHARTERERS (JOINT MEMBERS) LIMITATION CLAUSE

Existing Clause	New Clause
<p>The cover in terms of Rule 37.4 afforded to charterers who jointly enter with the Association ("<u>the relevant charterers</u>") under the shipowner's and/or the bareboat charterer's insurance contract ("<u>the relevant contract</u>") in the terms of Rule 15 shall be limited to US\$350 million each ship any one occurrence.</p>	<p>The cover in terms of Rule 37.4 afforded to charterers who jointly enter with the Association (delete) under the shipowner's and/or the bareboat charterer's insurance contract (delete) in the terms of Rule 15 shall be limited to US\$350 million each ship any one occurrence.</p>

Explanation:

The alteration to this Special Clause is to delete the unnecessary wordings in brackets.

CAPITAL INVESTOR CLAUSE

Existing Clause	New Clause
<p>Rule 1 Conclusion of Insurance Contract</p> <p>The Association may extend cover for expenses and liabilities incidental to the operation of ships which are owed by a Capital Investor, as defined in terms of Rule 2 below, in accordance with the provision of this Capital Investor Clause, ("Capital Investor Cover") subject to the following conditions.</p> <p>(1) The Association may provide cover to a Capital Investor by way of an extension to a "Relevant Contract", being a contract of insurance for either (a) no fixed sum insured; or, (b) Special Cover for Charterers, between a Member and the Association. Such Capital Investor shall be regarded a Joint Member together with that Member.</p> <p>(2) A Member who has entered, (or prospective Member who seeks to enter), a ship with the Association, and who wishes cover to be provided to a Capital Investor in terms of this Capital Investor Clause ("Clause"), shall submit a prescribed application form for such cover as the duly authorised agent of the Capital Investor, and the form shall bear the signature or seal of the Capital Investor.</p> <p>(3) The regulatory authority of the Association has consented to the provision of Capital Investor Cover, in terms of this Clause, to the Capital Investor.</p>	<p>Rule 1 Unchanged</p>
<p>Rule 2 Definition</p> <p>A "Capital Investor" is a person who is neither a Member nor entitled to be a Member, but who conducts one, or more, of the activities (a) – (d) set out hereunder (as stipulated under the Article 1.2 (3) of the Enforcement Regulation of the Ship Owners' Mutual Insurance Association Law), in respect of an Entered Ship (as defined under Rule1.1 of the Rules of the Association), for which there exists a Relevant Contract that covers the expenses and liabilities incidental to the operation of the Entered Ship.</p> <p>The aforementioned activities are:-</p> <p>(a) investment</p> <p>(b) financing</p> <p>(c) mortgage</p> <p>(d) assuming unlimited responsibility for a debt of corporate body which owns or leases the subject ship or is involved in activities (a) or (b), above, on the subject ship</p>	<p>Rule 2 Unchanged</p>

<p>Rule 3 Risks Covered</p> <p>The Association shall indemnify a Capital Investor who holds Capital Investor Cover, for such liabilities, costs and expenses as would be covered under the Rules of the Association, subject to the terms and conditions set out in the relevant Certificate of Entry for the Entered Ship, for which the Capital Investor has become liable to pay, and has paid, according to the provisions of CHAPTERS II, III, IV and V of the Rules of the Association, (replacing "Capital Investor" for "Member", when appropriate). However, Capital Investor Cover shall extend only to the risks, liabilities and expenses for the Entered Ship:-</p> <p>(a) arising out of operations and/or activities customarily carried on by, or at the risk and responsibility of, the Member who, in terms of Rule 1 (2) of this clause, facilitated the provision of such Capital Investment Cover; and</p> <p>(b) which are within the scope of the cover afforded by the Rules of the Association, together with any special terms set out in the Certificate of Entry.</p> <p>Rule 4 Termination of Insurance Contract</p> <p>1 If, for any reason, the Relevant Contract between the Member and Association terminates, the insurance contract for Capital Investor Cover shall immediately, thereby, terminate.</p> <p>2 Should the Capital Investor no longer fall within the definition of a Capital Investor, (as set out in Rule 2 of this Clause):-</p> <p>(a) the Capital Investor Cover shall terminate immediately thereupon. However, the insurance contract between the Member and the Association in respect of the subject ship shall not also be terminated.</p> <p>(b) the Member and the Capital Investor shall give notice of such change of status of the Capital Investor, without delay, to the Association.</p> <p>Rule 5 Others</p> <p>In respect of matters which are not stipulated for in this Clause, the provisions of the Rules of the Association shall apply mutatis mutandis to Capital Investor. In such case, reference to "Members" as stated in the Rules of the Association shall be read as "Capital Investor", except where the context otherwise requires.</p>	<p>Rule 3 Unchanged</p> <p>Rule 4 Termination of Insurance Contract</p> <p>1 Unchanged</p> <p>2 Should the Capital Investor no longer fall within the definition of a Capital Investor, (as set out in Rule 2 of this Clause):-</p> <p>(a) the Capital Investor Cover shall terminate immediately thereupon. However, the insurance contract between the Member and the Association in respect of the subject ship shall not also be terminated.</p> <p>(b) the Member and the Capital Investor shall give written notice of such change of status of the Capital Investor, without delay, to the Association.</p> <p>Rule 5 Unchanged</p>
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SPECIAL CLAUSE FOR VOYAGES AFFECTED BY SANCTIONS

Existing Clause	New Clause
<p>1 Any and all claims arising out of any voyage where recovery from the Association may be affected because of any sanction, prohibition, restriction or other adverse action of a competent authority or government applying to the reinsurers of any reinsurance contract (including but not limited to the Pooling Agreement, the Group Excess Loss Reinsurance Contract and other reinsurance contracts specially arranged by the Association), shall not be covered under the Rules of the Association unless the Member has complied with the following undertakings, namely:</p>	<p>1 Unchanged</p>

<p>(1) to make a declaration to the Association in advance of fixing an entered ship for any voyage, on which recovery from the Association may be affected by any sanction, prohibition or restriction or other adverse action of a competent authority or government, indicating the detail of such voyages including the schedule, full details of the cargoes to be carried, the name of the port or place where the cargoes are loaded and discharged and the end user of any such cargo.</p> <p>AND</p> <p>(2) to provide a Letter to the Association confirming that:</p> <p>(a) the Member is aware of the sanctions, prohibitions and restrictions that may apply to such voyage, including those imposed by the United States and European Union authorities (even where the Member is not subject to these sanctions) and that the Member accepts that recovery of any and all claims will be limited to the extent that the Association is able to reimburse the Member as a result of any sanctions, prohibition or restriction.</p> <p>(b) the Member shall conduct such voyages in the full knowledge of the risk that the Association may lawfully cancel the contract of insurance or decline to pay claims or reduce the amount of any payment thereof under Rules 11.3 (3) and 36 (9) due to such voyages.</p> <p>(c) the Member shall pay any costs and / or expenses arising out of any incident relating to such voyages to the extent that such costs and expenses are not recoverable from the Association under the Rules of the Association and the Member fully understands that the Association shall not provide security for the benefit of the Member to the extent that such sum or sums are not recoverable from the Association under the Rules of the Association.</p> <p>(d) the Member shall on demand reimburse to the Association such sum or sums as the Association has paid on behalf of the Member under any guarantee, undertaking or certificate whatsoever provided by the Association on behalf of the Member or on behalf of a ship entered with the Association by or on behalf of the Member to the extent that such payment either is, or in the opinion of the Association is, in respect of liabilities, costs and expenses not recoverable from the Association under the Rules of the Association.</p> <p>(3) the Member shall on the demand of the Association have the Letter counter-signed by a reliable guarantor who expressly accepts joint and several liability for the obligations set out in the Letter. The Member must obtain prior approval of such guarantor from the Association and the Association shall have an absolute discretion as to the approval of a guarantor.</p> <p>2 In the event that the Member undertakes a voyage as described in this Clause without declaring it to the Association in advance, or that the Member makes such a declaration but fails to provide a Letter, both as set out in 1. above, the Association may cancel:</p> <p>(1) any certificate required for the purposes of</p>	<p>(1) to make a declaration in writing to the Association in advance of fixing an entered ship for any voyage, on which recovery from the Association may be affected by any sanction, prohibition or restriction or other adverse action of a competent authority or government, indicating the detail of such voyages including the schedule, full details of the cargoes to be carried, the name of the port or place where the cargoes are loaded and discharged and the end user of any such cargo.</p> <p>AND</p> <p>(2) Unchanged</p> <p>(3) Unchanged</p> <p>2 Unchanged</p> <p>(1) Unchanged</p>
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<p>compliance with Article VII of the International Convention on Civil Liability for Oil Pollution Damage 1969 or 1992 or any amendments thereof, or</p> <p>(2) any certificate required for the purposes of compliance with Article 7 of the International Convention on Civil Liability for Bunker Oil Pollution Damage, 2001, or</p> <p>(3) a non-war certificate issued by the Association in compliance with either Article 4 bis of the Athens Convention relating to the Carriage of Passengers and their Luggage by Sea, 1974 and the Protocol thereto of 2002 or Regulation (EC) No.392/2009 of the European Parliament and of the Council of 23rd April 2009 on the liability of carriers of passengers by sea in the event of accidents, or</p> <p>(4) a certificate issued by the Association in compliance with Article 12 of the Nairobi International Convention on the Removal of Wrecks, 2007.</p>	<p>(2) Unchanged</p> <p>(3) Unchanged</p> <p>(4) Unchanged</p>
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Explanation:

The alterations to these Special Clauses are to make it clear that notice or declaration to the Association by Members of any important information, which may affect the basis of the provision of insurance by the Association, has to be made in writing.

SMALL TANKER OIL POLLUTION INDEMNIFICATION AGREEMENT 2006 (as amended 2017) (“STOPIA 2006 (as amended 2017)”) CLAUSE

Existing Clause	New Clause
<p>SMALL TANKER OIL POLLUTION INDEMNIFICATION AGREEMENT 2006 (STOPIA 2006) CLAUSE</p> <p>A Member insured in respect of a ship which is a "relevant ship" as defined in the Small Tanker Oil Pollution Indemnification Agreement 2006 (STOPIA 2006) shall, unless the Association otherwise agrees in writing, be a party to STOPIA 2006 for the period of entry of that ship in the Association.</p> <p>Unless the Association has agreed in writing or unless the Association in its discretion otherwise determines, there is no cover under the Rule 25 of the Association in respect of such a ship so long as that Member is not a party to STOPIA 2006.</p>	<p>SMALL TANKER OIL POLLUTION INDEMNIFICATION AGREEMENT 2006 (as amended 2017) (“STOPIA 2006 (as amended 2017)”) CLAUSE</p> <p>A Member insured in respect of a ship which is a "relevant ship" as defined in the Small Tanker Oil Pollution Indemnification Agreement 2006 (as amended 2017) (“STOPIA 2006 (as amended 2017)”) shall, unless the Association otherwise agrees in writing, be a party to STOPIA 2006 (as amended 2017) for the period of entry of that ship in the Association.</p> <p>Unless the Association has agreed in writing or unless the Association in its discretion otherwise determines, there is no cover under the Rule 25 of the Association in respect of such a ship so long as that Member is not a party to STOPIA 2006 (as amended 2017).</p>

TANKER OIL POLLUTION INDEMNIFICATION AGREEMENT 2006 (as amended 2017) (“TOPIA 2006 (as amended 2017)”) CLAUSE

Existing Clause	New Clause
<p>TANKER OIL POLLUTION INDEMNIFICATION AGREEMENT (TOPIA) CLAUSE</p> <p>A Member insured in respect of a ship which is a "relevant ship" as defined in the Tanker Oil Pollution Indemnification Agreement (TOPIA) shall, unless the Association otherwise agrees in writing, be a party to TOPIA for the period of entry of that ship in the Association.</p> <p>Unless the Association has agreed in writing or unless the Association in its discretion otherwise determines, there</p>	<p>TANKER OIL POLLUTION INDEMNIFICATION AGREEMENT 2006 (as amended 2017) (“TOPIA 2006 (as amended 2017)”) CLAUSE</p> <p>A Member insured in respect of a ship which is a "relevant ship" as defined in the Tanker Oil Pollution Indemnification Agreement 2006 (as amended 2017) (“TOPIA 2006 (as amended 2017)”) shall, unless the Association otherwise agrees in writing, be a party to TOPIA 2006 (as amended 2017) for the period of entry of that ship in the Association.</p> <p>Unless the Association has agreed in writing or unless the</p>

<p>shall be no cover under the Rule 25 of the Association in respect of such a ship so long as that Member is not a party to TOPIA.</p>	<p>Association in its discretion otherwise determines, there shall be no cover under the Rule 25 of the Association in respect of such a ship so long as that Member is not a party to TOPIA 2006 (as amended 2017).</p>
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P&I WAR RISKS CLAUSE

Existing Clause	New Clause
<p>1 In respect of an insurance contract with no fixed sum insured or the Special Cover for Charterers the Association shall indemnify a Member for such liabilities, costs or expenses, excluding any liabilities which the Member may incur under Tanker Oil Pollution Indemnification Agreement (TOPIA), as would be covered under the Rules of the Association and the terms and conditions as set out in the relevant Certificate of Entry for the Entered Ship but for exclusion of war risks set out in Rule 35.1(2) for which the Member has become liable to pay and has paid, subject to the following terms and conditions.</p> <p>2 This cover shall respond to claims in excess of the US dollar equivalent of the proper value of the Entered Ship as referred to in Rule 35.3(2) or the amount recoverable from the Entered Ship's war risks underwriters, whichever shall be the greater, save that such excess shall not apply where the ship is entered with the Association for the Special Cover for Charterers. For the purpose of this cover, where the proper value exceeds US\$100 million, the proper value will be deemed to be US\$100 million. The Association may authorise the payment, in whole or in part, of any claim or part of a claim which falls within such excess, if in its discretion and without having to give any reasons for its decision it decides that the Member should recover from the Association.</p> <p>3 (1) The limit applying to this cover shall be US\$500 million each ship, any one accident or occurrence or the amount insured as specified in the relevant Certificate of Entry for the Entered Ship, whichever shall be the lesser. (2) Where a ship entered in the Association by any person is also separately insured in the name of the same or any other person by the Association or by any other Association which participates in the Pooling Agreement and/or the General Excess Loss Reinsurance Contract for losses, liabilities, or the costs and expenses incidental thereto covered under this cover of the Association and/or the equivalent cover of such other Association, the aggregate of claims in respect of such losses, liabilities, or the costs and expenses incidental thereto, shall be limited to US\$500 million each ship, any one accident or occurrence. If such claims exceed this limit, the liability of the Association to each such person shall be limited to such proportion of that limit as maximum claim otherwise recoverable by such person from the Association bear to the aggregate of all such claims otherwise recoverable from the Association and from all such Associations, or the amount insured as specified in the relevant Certificate of Entry for the Entered Ship if less.</p> <p>4 At any time or times before, or at the commencement of, or during the currency of any Policy Year of the Association, the Association may in its discretion determine that any ports, places, countries, zones or areas (whether of land or sea) be excluded from this cover, and also may cancel this cover, giving 7 days' notice to the Members (such determination/cancellation becoming effective on the expiry of 7 days from midnight</p>	<p>1 In respect of an insurance contract with no fixed sum insured or the Special Cover for Charterers the Association shall indemnify a Member for such liabilities, costs or expenses, excluding any liabilities which the Member may incur under Tanker Oil Pollution Indemnification Agreement 2006 (as amended 2017), as would be covered under the Rules of the Association and the terms and conditions as set out in the relevant Certificate of Entry for the Entered Ship but for exclusion of war risks set out in Rule 35.1(2) for which the Member has become liable to pay and has paid, subject to the following terms and conditions.</p> <p>2 Unchanged</p> <p>3 Unchanged</p> <p>4 Unchanged</p>

<p>GMT of the day on which notice of determination/cancellation is issued by the Association). The Association may at any time after the issue of notice of such cancellation resolve to reinstate this cover on such terms and conditions and subject to such limit as the Association in its discretion may determine.</p> <p>5 Whether or not notice has been given under clause 4 above, this cover shall terminate automatically:</p> <p>(1) upon the outbreak of war (whether there be a declaration of war or not) between any of the following countries: United Kingdom, United States of America, France, the Russian Federation, the People's Republic of China and this insurance excludes loss, damage, liability or expense arising from such outbreak of war;</p> <p>(2) in the event of the Entered Ship being requisitioned either for title or use and this insurance excludes loss, damage, liability or expense arising from such requisition.</p> <p>6 This cover shall exclude loss, damage, liability or expense directly or indirectly caused by or contributed to by or arising from:</p> <p>(1) any chemical, biological, bio-chemical or electromagnetic weapon;</p> <p>(2) the use or operation, as a means for inflicting harm, of any computer virus.</p>	<p>5 Unchanged</p>
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Explanation:

The alternations to these Special Clauses are to modify the denominations of the following agreements due to these amendments; STOPIA (Small Tanker Oil Pollution Indemnification Agreement) and TOPIA (Tanker Oil Pollution Indemnification Agreement), the voluntary private agreements among the tanker owners.