

Changes to the Rules of the Association for the 2020 Policy Year

(The underlined parts are to be changed.)

RULE 26 TOWAGE LIABILITIES

Existing Rules	New Rules
<p>1 The Association shall indemnify a Member for liability which the Member may incur arising out of a towage of an Entered Ship or of a towage of another ship or object (hereinafter called "towed ship") by an Entered Ship for damages, costs and expenses in accordance with subparagraphs (1) and (2) below, provided however that liabilities arising from a towage between ports or within a lake, river or port in Japan of an Entered Ship or by an Entered Ship with <u>the insurance contract with a fixed sum insured</u> may be indemnified by the Association on such conditions as the Association otherwise provides.</p> <p>Any recovery from the Association in respect of liability arising from towage shall be limited to those damages, costs and expenses set out in Rules 19 to 31 and admitted by the Association to satisfy requirements set out under the following (1) and (2):</p>	<p>1 The Association shall indemnify a Member for liability which the Member may incur arising out of a towage of an Entered Ship or of a towage of another ship or object (hereinafter called "towed ship") by an Entered Ship for damages, costs and expenses in accordance with subparagraphs (1) and (2) below, provided however that liabilities arising from a towage between ports or within a lake, river or port in Japan of an Entered Ship or by an Entered Ship with <u>the Naiko Class insurance contract</u> may be indemnified by the Association on such conditions as the Association otherwise provides.</p> <p>Any recovery from the Association in respect of liability arising from towage shall be limited to those damages, costs and expenses set out in Rules 19 to 31 and admitted by the Association to satisfy requirements set out under the following (1) and (2):</p>

Explanation:

This amendment is for clarification purposes only.

RULE 29 CARGO LIABILITIES

Existing Rules	New Rules
<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>(2) Liability, costs and expenses incurred in consequence of a deviation (including deviation from contract) of the Entered Ship, <u>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.</u></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>(2) Liability, costs and expenses incurred in consequence of a deviation (including a deviation from the contract of carriage) of the Entered Ship, <u>unless in the case of a deviation authorised by the Member prior notice of the intended deviation has been given to the Association or in the case of a deviation without the Member's authority the earliest possible notice has been given to the Association after the Member has received information thereof and in either case, the Association have confirmed to the Member that his cover under this Rule continues unprejudiced. Nevertheless, the Association may allow such a claim if, in its discretion, it considers that the Member had reasonable grounds for believing that no deviation was to be or had been made.</u></p>

Explanation:

This amendment is to require that, in the case of a deviation authorised by the Member, the Member should give prior notice of the intended deviation to the Association.

RULE 30 GENERAL AVERAGE

Existing Rules	New Rules
<p>The Association shall indemnify a Member for its expenses concerning the contribution of general average, as set out in the following subparagraphs:</p> <p>(1) UNRECOVERABLE CARGO'S PROPORTION OF GENERAL AVERAGE</p> <p>Cargo's or some other party's proportion of general average, special charge or salvage which are not legally recoverable solely by reason of a breach by the Member of the contract of carriage, subject always to the Entered Ship being insured by the Association for cover for the Member's responsibilities in respect of cargo under Rule 29 and Rule 29.2 shall be applicable.</p>	<p>The Association shall indemnify a Member for its expenses concerning the contribution of general average, as set out in the following subparagraphs:</p> <p>(1) UNRECOVERABLE CARGO'S PROPORTION OF GENERAL AVERAGE</p> <p>Cargo's or some other party's proportion of general average, special charge or salvage which are not legally recoverable solely by reason of a breach by the Member of the contract of carriage. <u>However, cover from the Association in respect of cargo's proportion of general average is</u> subject always to the Entered Ship being insured by the Association for cover for the Member's responsibilities in respect of cargo under Rule 29 and Rule 29.2 shall be applicable.</p>

Explanation:

The Rule providing for the ship to be insured under RULE 29 (CARGO LIABILITIES) does not apply in respect of unrecoverable proportions of GA which do not concern cargo, such as charterers' bunkers and/or containers, special charges or salvage expenses.

RULE 34 DEDUCTIBLES

Existing Rules	New Rules
<p>2 The provisions of the preceding paragraph shall not apply to the claims payable by the Association in accordance with Rules 32(1) and 37 (in case that the liability of the Member is limited by any laws concerning limitation of owner's liability for the damage).</p>	<p>2 The provisions of the preceding paragraph shall not apply to the claims payable by the Association in accordance with Rules 32(1) and 37 (in case that the liability of the Member is limited by any laws concerning limitation of owner's liability for the damage), <u>unless otherwise agreed between the Association and the Member.</u></p>

Explanation:

This alteration is to make it possible that the Association flexibly meet the needs of the Members.

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> <p>(7) Liabilities, costs and expenses arising out of the following vessel or operations;</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, <u>including any accommodation unit moored or positioned on site as an integral part of any such operations</u>, to the extent that such liabilities, costs or expenses arise out of or during those operations.</p> <p>(8) Liabilities, costs and expenses arising out of</p>	<p>1 The Association shall not indemnify liabilities, costs and expenses arising out of the following events or circumstances:</p> <p>(7) Liabilities, costs and expenses arising out of the following vessel or operations;</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>(8) Liabilities, costs and expenses incurred by the Member during the course of performing</p>

<p>specialist operations (but excluding fire-fighting) including but not limited to dredging, blasting, pile-driving, <u>well-stimulation</u>, cable or pipe laying, construction, installation or maintenance work, core sampling, depositing of spoil, <u>professional oil spill response or professional oil response training and tank cleaning (otherwise than on the Entered Ship)</u>.</p> <p>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:</p> <p>(a) loss of life, injury or illness of crew and other personnel on board the Entered Ship</p> <p>(b) the wreck removal of the Entered Ship</p> <p>(c) oil pollution emanating from the Entered Ship or the threat thereof</p>	<p>specialist operations (but excluding fire-fighting) including but not limited to dredging, blasting, pile-driving, <u>well-intervention</u>, cable or pipe-laying, construction, installation or maintenance work, core sampling, depositing of spoil, <u>power generation, decommissioning and such other operations as the Association may agree, to the extent that such liabilities, costs and expenses arise as a consequence of:</u></p> <p><u>(a) claims brought by any party for whose benefit the work has been performed, or by any third party (whether connected with any party for whose benefit the work has been performed or not), in respect of the specialist nature of the operations; or</u></p> <p><u>(b) the failure to perform such specialist operations by the Member or the fitness for purpose or quality of the Member's work, products or services; or</u></p> <p><u>(c) any loss of or damage to the contract work.</u></p> <p><u>Provided always that this exclusion shall not apply to liabilities, costs and expenses incurred by the Member in respect of:</u></p> <p><u>i) loss of life, injury or illness of crew and other personnel on board the Entered Ship; or</u></p> <p><u>ii) the wreck removal of the Entered Ship; or</u></p> <p><u>iii) oil pollution emanating from the Entered Ship or the threat thereof.</u></p> <p><u>but only to the extent that such liabilities, costs and expenses are covered by the Association.</u></p> <p><u>Provided always that this exclusion shall not apply to liabilities, costs and expenses incurred by the Member if there is a special agreement for coverage therefor between the Member and the Association.</u></p>
<p>(New)</p>	<p><u>(13) Liabilities, costs and expenses incurred by the Member in respect of personnel (other than marine crew) on board the Entered Ship (being an accommodation vessel) employed otherwise than by the Member where either:</u></p> <p><u>(a) such vessel is moored or anchored within 500 metres of an oil or gas production or exploration facility; or</u></p> <p><u>(b) there has not been a contractual allocation of risk between the Member and the employer of the personnel which has been approved by the Association.</u></p>
<p>(New)</p>	<p><u>(14) Liabilities, costs and expenses incurred by the Member in respect of hotel and restaurant guests and other visitors and catering crew of the Entered Ship when the Entered Ship is moored (otherwise than on a temporary basis) and is open to the public as a hotel, restaurant, bar or other place of entertainment.</u></p>

Explanation:

These amendments are to keep the Rules aligned with the Pooling Agreement.

RULE 46 RECOVERIES

Existing Rules	New Rules
(New)	<p><u>1 The whole of any recovery that the Association makes from the responsible third party for and on behalf of the Member in accordance with the preceding Rule shall be credited and paid to the Association up to the amount corresponding to the sum paid by the Association and any remaining amount shall be reimbursed to the Member.</u></p> <p><u>2 The whole of any recovery that the Member makes from the responsible third party shall be paid by the Member to the Association up to the amount corresponding to the sum paid by the Association.</u></p>

Explanation:

This Rule is provided to specify the agreed practice.

RULE 47 ARBITRATION

Existing Rules	New Rules
Should any dispute arise between the Association and a Member in respect of the insurance contract between the Association and the Member, the dispute shall be referred to the arbitration by the Japan Shipping Exchange, Inc. (Ippan Shadan Hojin Nihon Kaiun Shukaijo), and any award of the arbitration shall be final and binding on the parties involved, provided, however, that, subject to agreement between all the parties involved, the dispute may be referred to the arbitration by an arbitrator registered with the London Maritime Arbitrators' Association.	Should any dispute arise between the Association and a Member in respect of the insurance contract between the Association and the Member, the dispute shall be referred to the arbitration by the Japan Shipping Exchange, Inc. (Ippan Shadan Hojin Nihon Kaiun Shukaijo), and any award of the arbitration shall be final and binding on the parties involved, provided, however, that, subject to agreement between all the parties involved, the dispute may be referred to the arbitration by an arbitrator registered with the London Maritime Arbitrators' Association.

Explanation:

The rule number is changed.

RULE 48 GOVERNING LAW

Existing Rules	New Rules
Any contract of insurance howsoever made between the Association and the Member and these Rules shall be governed by and construed in accordance with Japanese law.	Any contract of insurance howsoever made between the Association and the Member and these Rules shall be governed by and construed in accordance with Japanese law.

Explanation:

The rule number is changed.