

CIRCULAR

To the Members

Alterations to the Rules of the Association

As described in our circular [No.23-013](#) dated 20 November 2023, the following alterations to the Rules of the Association (the "Rules") will become effective from 12 noon GMT on 20 February 2024 for the 2024 policy year. There will also be an alteration to the Special Clause. The amendments are explained below, and extracts of the relevant provisions are attached hereto.

1. Alterations to the Rules

Rule 1 (CONCLUSION OF INSURANCE CONTRACT) 10 (2)

Rule 11 (CESSATION OF INSURANCE CONTRACT) 3 (3)

The amendments are to unify the wording and add examples for the provisions related to sanctions, including those in the United Kingdom.

Rule 17 (WARRANTY OF SEAWORTHINESS) 1, 2, 3 and 4

Rule 17 pertains to surveys regarding the conditions of ships already entered in the Association and intended to be insured by the Association.

Rule 17.1 pertains to surveys, specifically Condition Surveys for ships already entered in the Association. The amendments enable the cancellation of insurance, as well as refusal of the payment of claims, or a reduction in the amount payable, if the Member has failed to comply with any recommendations as to the repair made by the surveyor. This aims to further improve the quality of our entered ships.

The amendments to Rule 17.2 clarify that the Association shall not be liable to indemnify the Member in respect of any loss, damage or expenses incurred after any recommendations as to repair have been made by the surveyor.

Rule 17.4 pertains to the inspection, also known as the Entry Survey, of a ship for which is intended to be insured by the Association. The amendments clarify that the Association may reject the entry of the ship or accept of entry of the ship with certain conditions, if any requirements referred to Rule 17.1 and 2 are not satisfied.

Rule 19 (LIABILITIES IN RESPECT OF SEAMEN) 1 (3) (LOSS OF/OR DAMAGE TO SEAMEN'S PERSONAL EFFECTS)

The amendments clarify that the loss of or damage to a seaman's personal effects that are not essential to life on board, such as valuables and toys, is not covered.

Rule 19 (LIABILITIES IN RESPECT OF SEAMEN) 2 (1)

In some countries, including Japan, it is required by law to cover the scope of disaster compensation stipulated by

law. Seafarers' insurance is compulsory in Japan. This provision was originally established to clarify that the Association does not cover the areas that overlap with compulsory insurance, such as seafarers' insurance. However, in some countries, compulsory insurance is not functioning in reality even when it is legally required. The amendments enable the Association to cover such cases, subject to the Association's approval.

Rule 29 (CARGO LIABILITIES) 1 (5)

The amendments clarify the period during which costs would normally be incurred to retain cargo, aiming to prevent cargo from being left unattended for an extended period without notifying the Association when the receivers have not collected the cargo, which can result in high storage costs.

Rule 35 (RISKS GENERALLY EXCLUDED) 1 (13)

The amendments are in line with the amendment to the Pooling Agreement.

Rule 36 (RISKS SPECIFICALLY EXCLUDED) (10)

The amendments clarify that there will be no recovery from the Association in cases where providing cover could pose a risk of sanctions or other measures being imposed on the Association.

2. Alteration to the Special Clauses

P&I WAR RISKS CLAUSE 3 (2) 1), 2), and 3)

The amendments are in line with the amendment to the Pooling Agreement.

SPECIAL CLAUSE FOR PAYMENT OF CALLS OR PREMIUMS BY A GOVERNMENT-AFFILIATED CORPORATION 1 (1)

The wording has been made consistent.

A Rule Book for the 2024 Policy Year is scheduled to be posted on our [website](#) in the middle of February 2024.

Yours faithfully,

The Japan Ship Owners' Mutual Protection & Indemnity Association

Attachment: Changes to the Rules for 2024 Policy Year

Changes to the Rules of the Association for the 2024 Policy Year

(The underlined parts are to be changed.)

RULE 1 CONCLUSION OF INSURANCE CONTRACT

Existing Rules	New Rules
<p>10 The Association may refuse an application by any person for entry of a ship, whether or not the person desiring to insure his ship is already a Member of the Association, if the Association reasonably considers:</p> <p>(2) that the person desiring to insure his ship is involved in any way in violations of sanctions, embargoes or any other restrictions imposed by any regulatory authorities and/or government bodies of Japan, the United States, <u>European Union, or the United Kingdom</u>; or</p>	<p>10 The Association may refuse an application by any person for entry of a ship, whether or not the person desiring to insure his ship is already a Member of the Association, if the Association reasonably considers:</p> <p>(2) that the person desiring to insure his ship is involved in any way in violations of sanctions, embargoes or any other restrictions imposed by any regulatory authorities and/or government bodies of Japan, the United States, <u>the United Kingdom, or European Union</u>; or</p>

RULE 11 CESSATION OF INSURANCE CONTRACT

Existing Rules	New Rules
<p>3 The Association may cancel the contract of insurance on the occurrence of any event set out in subparagraphs (1) to (3) below in addition to other provisions in the Rules. In the event that the Association cancels the contract of insurance pursuant to any provision of this paragraph, the Association shall not be liable to indemnify the Member in respect of any loss, damage or expenses incurred after the occurrence of the event set out in subparagraphs (1) to (3).</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 <u>by a competent authority or government</u>, which may materially affect the Association.</p>	<p>3 The Association may cancel the contract of insurance on the occurrence of any event set out in subparagraphs (1) to (3) below in addition to other provisions in the Rules. In the event that the Association cancels the contract of insurance pursuant to any provision of this paragraph, the Association shall not be liable to indemnify the Member in respect of any loss, damage or expenses incurred after the occurrence of the event set out in subparagraphs (1) to (3).</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 <u>by a competent authority or government including Japan, the United States, the United Kingdom, or European Union</u>, which may materially affect the Association.</p>

Explanation:

Reorganization of wording

RULE 17 WARRANTY OF SEAWORTHINESS

Existing Rules	New Rules
<p>1 For the purpose of preventing the damage and expenses to be covered by the Association, the Association may require a Member to submit an Entered Ship for survey in respect of the conditions of the Entered Ship by a surveyor nominated by the Association, within such period as may be specified by the Association.</p> <p>The Association is entitled to reduce the amount or reject the payment of claims as a result of an</p>	<p>1 For the purpose of preventing the damage and expenses to be covered by the Association, the Association may require a Member to submit an Entered Ship for survey in respect of the conditions of the Entered Ship by a surveyor nominated by the Association, within such period as may be specified by the Association.</p> <p>The Association is entitled to reduce the amount or reject the payment of claims <u>and cancel the contract</u></p>

<p>incident arising after the expiry of such period if the Entered Ship has not been made available for survey within the period specified.</p> <p>2 A Member must carry out forthwith or within such time as may be specified by the Association any repair recommended by a surveyor appointed under the preceding paragraph. If the Member has failed to comply with any recommendations as to repair made by the surveyor, the Association is entitled to cancel the insurance contract in respect of the Entered Ship. Alternately, the Association is entitled to reduce the amount payable or reject the payment of claims which arose as result of <u>the Member not complying with surveyor's recommendation for repair.</u></p> <p>3 The cancellation of the contract of insurance by the Association referred to in the preceding paragraph shall become effective on the day of happening of the conduct by the Member which would entitle the Association to cancel the entry of the Entered Ship.</p> <p>4 If a ship is intended to be insured by the Association but if any requirements referred to in Rule 17.1 and 2 are not satisfied, the Association may reject the entry of such ship.</p>	<p><u>of insurance of the Entered Ship</u> as a result of an incident arising after the expiry of such period if the Entered Ship has not been made available for survey within the period specified.</p> <p>2 A Member must carry out forthwith or within such time as may be specified by the Association any repair recommended by a surveyor appointed under the preceding paragraph. If the Member has failed to comply with any recommendations as to repair made by the surveyor <u>forthwith or within such time as may be specified by the Association if the Association specifies it,</u> the Association is entitled to cancel the insurance contract in respect of the Entered Ship. Alternately, <u>regardless of the time as may be specified by the Association,</u> the Association is entitled to reduce the amount payable or reject the payment of claims which arose as result of <u>the failure to work the repair which is surveyor's recommendation after it.</u></p> <p>3 The cancellation of the contract of insurance by the Association referred to in the preceding 2 paragraphs shall become effective on the day of happening of the conduct by the Member which would entitle the Association to cancel the entry of the Entered Ship.</p> <p>4 If a ship is intended to be insured by the Association but if any requirements referred to in Rule 17.1 and 2 are not satisfied, the Association may reject the entry of such ship <u>or may entry of it with certain conditions.</u></p>
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Explanation:

1. This amendment is made in line with Paragraph 2 to allow for cancellation of contract in addition to denial or reduction of compensation in the event that a condition survey is requested by the Association but the members do not comply with the request.
2. The amendment was made to clarify that the Association does not indemnify the damages arising from accidents that occur after a repair recommendation has been issued.
4. This amendment was made to clarify that if an Entry Survey is not conducted or a repair recommendation is issued after the Entry Survey is conducted and repairs are not made within a specified period, the Association may refuse to underwrite the insurance contract and may underwrite with some conditions.

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>(3) LOSS OF/OR DAMAGE TO SEAMEN'S PERSONAL EFFECTS Payments made by a Member based on law or</p>	<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>(3) LOSS OF/OR DAMAGE TO SEAMEN'S PERSONAL EFFECTS Payments made by a Member based on law or</p>

<p>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>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) 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.</p>	<p>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><u>However, excluding property as stipulated in Rule 38 (Limitation of the Association's Liability for Valuable Property such as Precious Metals) and property that the Association determines is not essential for life on board.</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>(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, <u>unless otherwise approved by the Association.</u></p>
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Explanation:

- 1(3). This modification is intended to clarify that possessions not contemplated by this provision, such as expensive or recreational items, are not covered by the coverage.
- 2(1) This section appears to be a provision with mandatory insurance like Japan's social insurance (workers' accident compensation insurance and seamen's insurance) in mind. On the other hand, there are countries overseas where similar social insurance exists but is not fully in force. This amendment is intended to leave some room for compensation under certain circumstances, if the shipowner had agreed in advance, such as in an employment contract with the seafarer, to provide accident compensation for the portion covered by social insurance benefits (medical treatment expenses, etc.), even if the portion covered by social insurance benefits would in principle not be covered.

RULE 29 CARGO LIABILITIES

Existing Rules	New Rules
<p>3 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. 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>(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, <u>provided always that the costs which form part of general average expenditures shall be excluded.</u></p>	<p>3 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. 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>(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, <u>However, the following expenses are excluded.</u> <u>(a) If it forms part of general average expenditures</u> <u>(b) The expenses whichever arose later within 30</u></p>

	<u>days after unloading or by the date of notification to the Association.</u>
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Explanation:

If the receiver does not receive the cargo and the cargo is left unloaded for a long period of time without notification to the Association, there is a concern that unnecessary disputes may arise in determining the scope and availability of coverage for cargo storage costs in relation to the period during which costs would normally be incurred and the shipowner's obligation to mitigate damage prevention and notify of accidents. In order to avoid such a situation, this amendment first of all clarifies the period for incurring ordinary costs in the regulations and encourages the shipowner to notify the Association without delay in the event of such an accident.

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>(13) Liabilities, costs and expenses incurred by the Member in respect of personnel (other than marine crew) <u>on board the Entered Ship</u>, employed otherwise than by the Member, where the Entered Ship is providing accommodation to such personnel in relation to their employment on <u>or about</u> an oil or gas exploration or production facility, unless a contractual allocation of such risk has been approved in advance by the Association.</p>	<p>1 The Association shall not indemnify liabilities, costs and expenses arising out of the following events or circumstances:</p> <p>(13) Liabilities, costs and expenses incurred by the Member in respect of personnel (other than marine crew) employed otherwise than by the Member, where the Entered Ship is providing accommodation to such personnel in relation to their employment on an oil or gas exploration or production facility, unless a contractual allocation of such risk has been approved in advance by the Association.</p>

Explanation:

This change is due to a revision of the pooling agreement.

RULE 36 RISKS SPECIFICALLY EXCLUDED

Existing Rules	New Rules
<p>The Association shall not indemnify whatsoever such liabilities, costs and expenses which arise out of the following events or circumstances (save for the additional costs, expenses and losses set out in Rule 32(3)):</p> <p><u>newly created</u></p>	<p>The Association shall not indemnify whatsoever such liabilities, costs and expenses which arise out of the following events or circumstances (save for the additional costs, expenses and losses set out in Rule 32(3)):</p> <p><u>(10) Liabilities, costs and expenses regarding the provision of cover, the payment of any claim or the provision of any benefit in respect of those liabilities, costs and expenses would expose the Association to any sanction, embargoes or any other restrictions against the Association imposed by any regulatory authorities and/or government bodies of Japan, the United States, the United Kingdom, or European Union.</u></p>

Explanation:

This amendment clarifies that reimbursement from the Association is excluded for those items for which reimbursement by the Association could result in the imposition of sanctions or other measures on the Association.

Changes to Special Clauses for the 2024 Policy Year

(The underlined parts are to be changed.)

P&I WAR RISKS CLAUSE

Existing Clause(s)	New Clause(s)
<p>3 (1) The limit applying to this cover shall be US\$500 million each ship, any one accident or occurrence.</p> <p>(2) Notwithstanding clause 3(1) above, the limit of US\$500 million is replaced with a limit of US\$80 million for a ship transiting and/or calling within all Russian waters, including Russian coastal waters up to 12 nautical miles offshore, and the waters defined below:</p> <p>1) Sea of Azov and Black Sea waters <u>plus inland waters</u> enclosed by the following boundaries</p> <p>a) On the west, around Romanian waters, from the Ukraine-Romania border at 45° 10.858'N, 29° 45.929'E to high seas point 45° 11.235'N, 29° 51.140'E</p> <p>b) thence to high seas point 45° 11.474'N, 29° 59.563'E and on to high seas point 45° 5.354'N, 30° 2.408'E</p> <p>c) thence to high seas point 44° 46.625'N, 30° 58.722'E and on to high seas point 44° 44.244'N, 31° 10.497'E</p> <p>d) thence to high seas point 44° 2.877'N, 31° 24.602'E and on to high seas point 43° 27.091'N, 31° 19.954'E</p> <p>e) and then east to the Russia-Georgia border at 43° 23.126'N, 40° 0.599'E</p> <p>2) All inland waters of Ukraine</p> <p>3) Inland waters of Russia within the following areas:</p> <p>a) <u>Crimean Peninsula</u></p> <p>b) River Don, from Sea of Azov to vertical line at 41° E</p> <p>c) River Donets, from River Don to Ukraine border</p> <p>4) All inland waters of Belarus south of horizontal line at 52° 30' N</p>	<p>3 (1) The limit applying to this cover shall be US\$500 million each ship, any one accident or occurrence.</p> <p>(2) Notwithstanding clause 3(1) above, the limit of US\$500 million is replaced with a limit of US\$80 million for a ship transiting and/or calling within all Russian waters, including Russian coastal waters up to 12 nautical miles offshore, and the waters defined below:</p> <p>1) Sea of Azov and Black Sea waters <u>plus inland waters</u> enclosed by the following boundaries</p> <p>a) On the west, around Romanian waters, from the Ukraine-Romania border at 45° 10.858'N, 29° 45.929'E to high seas point 45° 11.235'N, 29° 51.140'E</p> <p>b) thence to high seas point 45° 11.474'N, 29° 59.563'E and on to high seas point 45° 5.354'N, 30° 2.408'E</p> <p>c) thence to high seas point 44° 46.625'N, 30° 58.722'E and on to high seas point 44° 44.244'N, 31° 10.497'E</p> <p>d) thence to high seas point 44° 2.877'N, 31° 24.602'E and on to high seas point 43° 27.091'N, 31° 19.954'E</p> <p>e) and then east to the Russia-Georgia border at 43° 23.126'N, 40° 0.599'E</p> <p>2) All inland waters of Ukraine, <u>including inland waters within Crimea and other Ukrainian territories under Russian control</u></p> <p>3) Inland waters of Russia within the following areas:</p> <p>a) Crimean Peninsula</p> <p>b) a) River Don, from Sea of Azov to vertical line at 41° E</p> <p>e) b) River Donets, from River Don to Ukraine border</p> <p>4) All inland waters of Belarus south of horizontal line at 52° 30' N</p>

Explanation:

These amendments are to reflect changes made in the IG's excess War Risks P&I Cover.

SPECIAL CLAUSE FOR PAYMENT OF CALLS OR PREMIUMS BY A GOVERNMENT-AFFILIATED CORPORATION

Existing Clause(s)	New Clause(s)
<p>The Association has determined, in respect of the Members listed hereunder, notwithstanding the provision of Rule 1.2, to exempt such Members from some or all of the provision(s) of Rule 7.1, 7.2 and/or</p>	<p>The Association has determined, in respect of the Members listed hereunder, notwithstanding the provision of Rule 1.2, to exempt such Members from some or all of the provision(s) of Rule 7.1, 7.2 and/or</p>

<p>8.1, on the condition that the Members shall pay such part of, or the whole of, the calls or premiums as determined by the Association on or before the dates specified below:-</p> <p>(a) In respect of an Independent Administrative Institute (IAI) and/or a National University Corporation (NUC) and/or a local public enterprise (as determined by the Association), on one working day after the Member receives a Government grant for its operating costs</p>	<p>8.1, on the condition that the Members shall pay such part of, or the whole of, the calls or premiums as determined by the Association on or before the dates specified below:-</p> <p>(a) In respect of an Independent Administrative Institute (IAI) and/or a National University Corporation (NUC) and/or a local public enterprise (as determined by the Association), <u>etc.</u> on one working day after the Member receives a Government grant for its operating costs</p>
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Explanation:
Reorganization of wording