



CIRCULAR

To the Members

Alterations to the Rules of the Association

As described in our circular [No.24-015](#) dated 6 December 2024, the following alterations to the Rules of the Association (the "Rules") will become effective from 12 noon GMT on 20 February 2025 for the 2025 policy year. There will also be an alteration to the Special Cover and Special Clause, as well as the establishment of a new Special Clause. The amendments are explained below, and extracts of the relevant provisions are attached hereto.

1. Alterations to the Rules

Rule 12 (RAID-UP RETURNS) 1

The definition of a period of absence from service has been clarified to state that, in principle, periods during which a vessel is undergoing inspections, repairs, alteration works, detention, etc., are not included in the period of absence from service, except in cases approved by the union. This is due to the handling of reinsurance premiums, for which the International P&I Group (IG) will align its response, and the wording of the provision will be changed accordingly.

Rule 29 (CARGO LIABILITIES) 2 (5)

Liability or costs arising from the use of electronic commerce systems, so-called electronic B/Ls, are covered on the condition that the system has been approved by the Association. Until now, each system had to be examined individually and the decision to approve or disapprove the system in question had to be made separately. However, since electronic B/L has been legally approved in the UK and other countries and the number of systems in use has increased, certain requirements have been set and those that meet these requirements will be deemed to have been approved by the Association.

In order to make this a common response in the IG, the wording of the provisions was reorganised accordingly, following the revision of the Pooling Agreement from the 2025 policy year.

2. Alteration to the Special Cover

SPECIAL COVER FOR FREIGHT, DEMURRAGE AND DEFENCE (FD&D) 10

As the FD&D Special Cover is a product covering disputes involving ocean-going vessels, the limit of cover is now expressed in US dollars and will be changed from JPY 1.5 billion to USD 10 million.

In addition, a separate coverage limit of USD 2 million has been added for disputes relating to the building, purchase, sale, mortgage of an Entered Ship, or negligent or improper repair of or alteration to an Entered Ship. The reason for this is that these disputes are often protracted and often lead to arbitration and litigation, which may lead to high dispute costs, and therefore the limit on the amount of compensation is considered necessary for the stable provision of the FD&D Special Cover.

3. Alteration to the Special Clauses

BIO-CHEM CLAUSE 1

The amendment is to exclude the application of this clause to the Special Cover for Charterers. This special clause applies to IG reinsurance contracts, but is deleted as it does not apply to the Special Cover for Charterers, as the Association has its own reinsurance arrangements for the Charterer's Liability Insurance separately from IG reinsurance.

P&I WAR RISKS CLAUSE 3

Changes to coverage limits due to changes in Excess War P&I conditions from the 2025 policy year. Currently, the limit of Excess War cover for vessels navigating the waters around Russia, Ukraine and Belarus is USD 80 million, but this will be increased to USD 100 million from the 2025 policy year.

P&I WAR RISKS CLAUSE FOR SPECIAL COVER

A new P&I War Risks Special Clause for various Special Covers is being established.

The existing P&I War Risks Special Covers are based on clauses in IG reinsurance policies and apply to ocean-going vessel policies covered by the IG reinsurance programme. However, for the various Special Covers that are not covered by the IG reinsurance programme, the Association's own reinsurance is arranged and different terms and conditions apply to war risks than those in the IG reinsurance contract, therefore, a new P&I War Risks Clause for Special Cover is being established to match the relevant terms and conditions.

A Rule Book for the 2025 Policy Year is scheduled to be posted on our [website](#) in the middle of February 2025.

Yours faithfully,

The Japan Ship Owners' Mutual Protection & Indemnity Association

Attachment: Changes to the Rules of the Association for 2025 Policy Year

Changes to the Rules of the Association for the 2025 Policy Year

RULE 12 RAID-UP RETURNS

Existing Rules	New Rules
1 A Member is entitled to a return of calls or premiums for his Entered Ship if the ship, completely free from cargo, shall be laid-up in any safe port/place for a period of thirty (30) or more consecutive days after finally mooring there (the period shall be computed from the day of arrival to the day of departure, one day only being excluded).	1 A Member is entitled to a return of calls or premiums for his Entered Ship if the ship, completely free from cargo, shall be laid-up in any safe port/place for a period of thirty (30) or more consecutive days after finally mooring there (the period shall be computed from the day of arrival to the day of departure, one day only being excluded), <u>save that there shall be no laid-up returns in respect of any period during which the Entered Ship is undergoing inspections, repairs, alteration works, detention or similar conditions, unless otherwise approved by the Association.</u>

Explanation: A clarification of the definition of laid-up, stating that, in principle, periods during which a vessel is undergoing inspections, repairs, alteration works or detention, etc. are not included in the period of lay-up except in cases approved by the Association.

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>(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.</p> <p>For the purposes of this paragraph,</p> <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> <p>(i) are documents of title, or</p> <p>(ii) entitle the holder to delivery or possession of the goods referred to in such documents, or</p> <p>(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> <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>	<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>(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.</p> <p>For the purposes of this paragraph,</p> <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> <p>(i) are documents of title, or</p> <p>(ii) entitle the holder to delivery or possession of the goods referred to in such documents, or</p> <p>(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> <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> <p><u>(c) an electronic trading system shall be deemed approved, provided:</u></p> <p>(i) <u>it is a reliable system in accordance with the Electronic Trade Documents Act 2023 of the United Kingdom or UNCITRAL's Model Law on Electronic Transfer Records and the reliability of that system is</u></p>

Existing Rules	New Rules
	<u>evidenced by:</u> <u>(ia) an audit by an independent body; or</u> <u>(ib) a declaration by a supervisory, regulatory or accreditation body or applicable voluntary scheme; or</u> <u>(ic) applicable industry standards; and</u> <u>(ii) any electronic document generated thereunder, which performs the functions specified in paragraph (a) (i)-(iii), has the same effect under its applicable law as a paper document performing those functions.</u>

Explanation: This change is to reflect the amendment to the provisions in the Pooling Agreement 2025 relating to the electronic trading systems exclusion.

SPECIAL COVER FOR FREIGHT, DEMURRAGE AND DEFENCE (FD&D)

RULE 10 Amount Insured

Existing Rules	New Rules
The amount payable by the Association under this Special Cover in respect of any one claim, dispute or proceedings shall be limited to <u>Yen 1.5 billion</u> . The Association shall determine in its absolute discretion whether or not a series of claims, disputes or proceedings shall be considered to be a single claim, dispute or proceeding.	The amount payable by the Association under this Special Cover in respect of any one claim, dispute or proceeding shall be limited to <u>US\$10 million, except in respect of any claim, dispute or proceeding under Rule 3.1(6) in which case the amount payable by the Association shall be limited to US\$2 million</u> . The Association shall determine in its absolute discretion whether or not a series of claims, disputes or proceedings shall be considered to be a single claim, dispute or proceeding.

Explanation: The currency of the amount insured is changed from Japanese yen to US dollars, and a sub-limit is set for claims under Rule 3.1(6).

BIO-CHEM CLAUSE

RULE 1

Existing Rules	New Rules
In respect of an insurance contract with no fixed sum insured <u>or the Special Cover for Charterers</u> , the Association shall indemnify a Member for the following liabilities, costs or expenses as would be covered solely by reason of the operation of the proviso of Rule 35.1(2) for which the Member has become liable to pay and has paid, subject to the following terms and conditions:	In respect of an insurance contract with no fixed sum insured or the Special Cover for Charterers , the Association shall indemnify a Member for the following liabilities, costs or expenses as would be covered solely by reason of the operation of the proviso of Rule 35.1(2) for which the Member has become liable to pay and has paid, subject to the following terms and conditions:

Explanation: The amendment is to exclude the application of this clause to the Special Cover for Charterers.

P&I WAR RISKS CLAUSE

Existing Rules	New Rules
<p>3</p> <p>(2) Notwithstanding clause 3(1) above, the limit of US\$500 million is replaced with a limit of <u>US\$80</u> 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>(3) 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 or <u>US\$80</u> million each ship, any one accident or occurrence for ships subject to the limit in clause 3(2) above respectively. 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.</p>	<p>3</p> <p>(2) Notwithstanding clause 3(1) above, the limit of US\$500 million is replaced with a limit of <u>US\$100</u> 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>(3) 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 or <u>US\$100</u> million each ship, any one accident or occurrence for ships subject to the limit in clause 3(2) above respectively. 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.</p>

Explanation: Changes to coverage limits due to changes in Excess War P&I conditions from the 2025 policy year

P&I WAR RISKS CLAUSE FOR SPECIAL COVER

Existing Rules	New Rules
	<p>1. In respect of the risks insured hereon, this insurance is extended to restore cover for liabilities, losses, costs or expenses which would otherwise be covered but for the exclusion of war risks in Rule 35.1(2) of the Rules of the Association. However, in no case shall this extension cover loss, damage, liability or expense directly or indirectly caused by or contributed to by or arising from any chemical, biological, bio- chemical or electromagnetic weapon.</p> <p>2. This insurance may be cancelled in respect of war risks only by the Association giving 72 hours' notice of cancellation (hereinafter "Notice"), with Notice being effective from midnight Greenwich Mean Time on the day</p>

Existing Rules	New Rules
	<p>Notice is given by the Association. The Association may subsequently agree to reinstate cover, if required, at terms to be agreed by the Association. Any reinstatement of cover shall occur at a time to be agreed by the Association.</p> <p>3. Whether or not Notice described in clause 2 has been given, this insurance shall terminate automatically in respect of war risks and this insurance excludes loss, damage, liability or expense arising therefrom:</p> <p>(1) upon the occurrence of any hostile detonation of any nuclear weapon of war, wheresoever or whensoever such detonation may occur;</p> <p>(2) 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>(3) in the event of the Entered Ship being requisitioned either for title or use.</p> <p>4. In respect of war risks, this insurance excludes all loss, damage, liability, cost or expense:</p> <p>(1) caused by or arising from or in connection with any Russia-Ukraine conflict and/or any expansion of such conflict;</p> <p>(2) in any area or territory or territorial waters where Russian armed forces, Russian-backed forces, and/or Russian authorities, are engaged in conflict within the territories (including territorial waters) of the Russian Federation, Belarus, Ukraine and any disputed regions of Ukraine, the Crimean Peninsula and the Republic of Moldova;</p> <p>(3) arising from capture, seizure, arrest, detainment, confiscation, nationalisation, expropriation, deprivation or requisition for title or use, or the restraint of movement of vessels and cargo in the territories (including territorial waters) of the Russian Federation, Belarus, Ukraine and any disputed regions of Ukraine, the Crimean Peninsula and the Republic of Moldova;</p> <p>(4) occurring within the area of the Indian Ocean, Gulf of Aden and Southern Red Sea. The waters enclosed by the following boundaries:</p> <p>a) on the northwest, by the Red Sea, south of Latitude 18°N</p> <p>b) on the northeast, from the Yemen border</p>

Existing Rules	New Rules
	<p>at 16°38.5'N, 53°6.5'E to high seas point 14°55'N, 53°50'E</p> <p>c) on the east, by a line from high seas point 14°55'N, 53°50'E to high seas point 10°48'N, 60°15'E, thence to high seas point 6°45'S, 48°45'E</p> <p>d) and on the southwest, by the Somalia border at 1°40'S, 41°34'E, to high seas point 6°45'S, 48°45'E</p> <p>excepting coastal waters of adjoining territories up to 12 nautical miles offshore unless otherwise provided.</p>

Explanation: A new P&I War Risks Special Clause for various Special Covers is being established.

The existing P&I War Risks Special Covers are based on clauses in IG reinsurance policies and apply to ocean-going vessel policies covered by the IG reinsurance programme. However, for the various Special Covers that are not covered by the IG reinsurance programme, the Association's own reinsurance is arranged and different terms and conditions apply to war risks than those in the IG reinsurance contract, therefore, a new P&I War Risks Clause for Special Cover is being established to match the relevant terms and conditions.