

UK WAR RISKS 

Rules 2026

UK WAR RISKS
IS MANAGED
BY **THOMAS
MILLER**

The UK War Risks Club is an independent, mutual war risks association. We are not a class of another club and we concentrate exclusively on war risks insurance. As a mutual, we are run for our Members' benefit. We are UK shipping's biggest war risk insurer and we welcome Members from outside the UK. This combination makes us unique.

Rules 2026

United Kingdom Mutual War Risks Association Limited

Registered Office

90 Fenchurch Street, London EC3M 4ST

Registered in England

No. 127262

Effective on and from noon Greenwich Mean Time on 20 February 2026

NOTE: These Rules were adopted in accordance with the powers conferred by the Articles of Association of United Kingdom Mutual War Risks Association Limited which said Articles provide for the alteration or addition to the Rules by Special Resolution passed at a Special General Meeting of the Members of the Association.

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Definitions

In these Rules the words and phrases hereinafter set out shall have the following meanings and effects if not inconsistent with the subject or context:

Words	Meanings
Additional Premiums	means the sums which may be or become payable by an Insured Owner to the Association as referred to in Rule 28.
Additional Premium Areas	means the Additional Premium Areas as described in Rule 19.
The Articles	means the Articles of Association for the time being of the Association.
The Association	means the United Kingdom Mutual War Risks Association Limited.
Board of Trade	means the Board of Trade or such other Minister of the Government of the United Kingdom as shall from time to time exercise the powers conferred upon the Board of Trade by the Marine and Aviation Insurance (War Risks) Act 1952 as amended, or powers connected therewith.
British Ship	means a ship registered in the United Kingdom, the Isle of Man, any of the Channel Islands or any British colony.
Certificate of Entry	means the document bearing the heading "Certificate of Entry" together with any endorsement slip which may be issued to Insured Owners.
Contributions	means sums levied or to be levied by the Directors and to be paid by Insured Owners in accordance with Rule 5B and Rules 23 to 26.

Definitions

Words	Meanings
Cover Afforded by the Association	means the cover afforded by the Association as described in Rules 1.1 to 1.9.
The Directors	means the Board of Directors for the time being of the Association.
Effects	means clothes, personal possessions, documents, navigation and other technical instruments and tools, but does not include cash.
Entered Ship	means a ship entered in the Association for insurance.
Freight and Disbursements	means freight, disbursements, time charter hire, anticipated freight, passage money, premiums, commissions and profit.
General Premium Notice	means the notice which may be served by the Board of Trade as described in Rule 5A.2.
Increased Value	means an amount or percentage agreed by the Managers by which the insured value of the Entered Ship is increased.
Insured Owner	means an Owner (as defined below) by whom or on whose behalf a ship has been entered in the Association irrespective of whether, at any subsequent time, the insurance of the Owner or of the entered ship shall have been terminated and irrespective of whether, at any subsequent time, the Owner shall have ceased to be a Member.
Insured Value	means the insured value as described in Rules 1.2.

Definitions

Words	Meanings
IOPC Supplementary Fund	the fund established by the Protocol of 2003 supplementing the International Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage 1992.
King's Enemy Risk or Risks	means the risks specified in Rule 2 Part D
K.E.R premiums	means the King's Enemy Risks Premiums as described in Appendix A paragraph A4.
The Managers	means the Managers for the time being of the Association
Member	means a Member for the time being of the Association.
Owner	means in relation to an entered ship or a ship which is intended or desired to be entered in the Association, owner, owners in partnership, owners holding separate shares in severalty, part owner, mortgagee, trustee, charterer, operator, manager, builder of such ship, or insurer other than the Association as defined by Rule 11.1.
Policy Year	means a year from noon G.M.T. on any 20 February until noon G.M.T. on the next following 20 February or until such other time as the Directors, in the exercise of their powers under Appendix A paragraph A7.1, shall determine.
Premium Period	means the Premium Period as described in Appendix A paragraph A3.

Definitions

Words

Meanings

Premium

means a Premium which is fixed in amount and is not an Additional Premium or a K.E.R. Premium.

The Reinsurance Agreement

means the Agreement in writing in force at noon G.M.T. on 20 February, 1988 between the Board of Trade and the Association and any amendment or modification, or any replacement thereof.

These Rules

means these Rules including the Appendices as originally framed or as from time to time altered or added to and for the time being in force.

Ship

means in the context of an entered ship or a ship which is intended or desired to be entered in the Association (but in no other context), a ship, boat, hovercraft or any other description of vessel or structure (including any ship, boat, hovercraft or other vessel or structure under construction) used or intended to be used for any purpose whatsoever in navigation or otherwise on, under, over or in water or any part thereof or any proportion of the tonnage thereof or any share therein.

Special Premium Notice

means the Notice which may be served by the Board of Trade as described in Rule 19.1.

Definitions

Words

Meanings

Successors

means, in relation to all the persons hereinbefore specified in connection with “Owner” and “Insured Owner” and in relation to any other person whatsoever by whom or on whose behalf a ship shall have been entered in the Association, their heirs, executors, administrators, personal representatives, assigns (when permitted under these Rules), receiver, administrative receiver, curator or other person authorised to act on behalf of one who becomes incapable by reason of mental disorder of managing his property or affairs, trustee in bankruptcy, liquidator, administrator and other successors whatsoever.

Sum Insured

means the sum as described in Rule 1.3.

In Writing

means written, printed or lithographed, or visibly expressed in all or any of those or any other modes of representing or reproducing words.

Words importing the singular number only shall include the plural number and vice versa.

Words importing the masculine gender only shall include the feminine gender.

Words importing persons shall include corporations.

1: Introductory

1.1 The cover afforded by the Association in respect of an Entered Ship consists of the following:

1.1.1 Under Rule 2, Parts:

- A** Hull and Machinery;
- B** Detention or diversion expenses;
- C** P&I risks;
- D** King's Enemy Risks;
- E** Sue and Labour;
- F** Discretionary Claims;
- G** Optional Additional Insurance.

1.1.2 Under Rule 3: Loss of Freight and Disbursements and/or Increased Value.

1.2 For all the purposes of Rule 2 and the provisions of the Rules which relate thereto, the Insured Value of an Entered Ship is the amount for which it is insured for total loss in respect of its hull, machinery, materials and all other parts and equipment thereof, which is agreed between the Insured Owner and the Association and which is set out in the Certificate of Entry. Where only a part or percentage of such Insured Value is to be insured by the Association, that part or percentage shall be stated as such in the Certificate of Entry.

1.3 For all the purposes of Rule 3 and the other provisions of the Rules which relate thereto, the Sum Insured shall be the sum insured for the corresponding risk or risks under the Entered Ship's marine policies, which is agreed between the Insured Owner and the Managers and which is set out in the Certificate of Entry.

PROVIDED ALWAYS that:

1.3.1 the sum to be insured under each category of Rule 3 risk shall be specified in any application for insurance;

1.3.2 in no case shall the total Sum Insured for Rule 3 risks exceed 50% of the Insured Value as provided for in Rule 1.2.

Introductory

- 1.4** Subject to Rule 1.4.1, the risks insured by the Association are only such risks as are set out in Rules 2 and 3.
- 1.4.1** The Managers may in any particular case agree in writing with an Insured Owner that the risks insured and/or the cover for his Ship shall be modified so that the risks are and/or the cover is less but never more extensive than is provided for in these Rules.
- 1.5** Each Part of Rule 2 (including any cover afforded under Rule 1.6) and Rule 3 contains the terms, conditions and exceptions which apply to such Part or Rule, but in addition there are set out in Rule 4 the Warranties, Conditions, Exceptions and Limitations which apply to all parts of Rule 2, Rule 3 and to every insurance provided by the Association including under Rule 1.6 save to the extent expressly otherwise provided in Rule 2.D.
- 1.6** The Association may insure an Insured Owner against the King's Enemy Risks upon terms which provide that such ship is not reinsured under the Reinsurance Agreement between the Association and His Majesty's Government and upon such other additional warranties, conditions, exceptions, limitations or other terms as the Managers may agree with the Insured Owner.
- 1.7** The cover afforded by the Association is subject to the provisions relating to the service of a General Premium Notice set out in Rule 5. Such Rule provides for the modification or termination of cover upon the service of a General Premium Notice. Appendix A contains provisions as regards the assessment and payment of Contributions and K.E.R. Premium following the service of a General Premium Notice and also provisions for the reinstatement of cover.

Introductory

- 1.8** An Insured Owner is only insured against losses, liabilities, costs or expenses which arise:
- 1.8.1** out of events occurring during the period of entry of a Ship in the Association; and
 - 1.8.2** out of the operation of the Ship by the Insured Owner.
- 1.9** The cover provided by the Association as set out in these Rules is solely for the benefit of the Insured Owner, any Joint Insured Owner to the extent allowed by Rule 10, and any assignee under an assignment made with the Managers' consent in accordance with Rule 14. It is not intended that rights should be acquired by any other party through the operation of the Contracts (Rights of Third Parties) Act 1999 or similar legislation.
- 1.10** Headings and references to headings in the Rules are for ease of reference only and do not form part of the Rules.

2: Rule 2 Risks

Rule 2 Part A – Hull and Machinery

2A.1 Risks Insured

Every Insured Owner is, unless otherwise provided in the Certificate of Entry, insured against loss, whether partial or total, of the Entered Ship's hull, materials, machinery and all other parts and equipment thereof (including cash for wages or disbursements, up to such limit as the Directors may from time to time determine) when caused by any of the risks set out in Rule 2A.2.

2A.2 Causes of Loss

The Insured Owner is insured as provided in Rule 2A.1 if the loss, damage, cost or expense is caused by:

- 2A.2.1 war, civil war, revolution, rebellion, insurrection, or civil strife arising therefrom, or any hostile act by or against a belligerent power;
- 2A.2.2 capture, seizure, arrest, restraint or detainment, and the consequences thereof or any attempt thereat;
- 2A.2.3 mines, torpedoes, bombs or other weapons of war, including derelict mines, torpedoes, bombs or other derelict weapons of war;
- 2A.2.4 strikers, locked-out workmen, or persons taking part in labour disturbances, riots or civil commotions;
- 2A.2.5 any terrorist or any person coming from outside the Entered Ship acting maliciously or any person acting from a political motive;

Rule 2 Risks

2A.2.6 piracy, barratry, or violent theft by persons coming from outside the Entered Ship;

2A.1.7 confiscation or expropriation.

2A.3 Exclusions

There shall be no insurance under Rule 2 Part A for any losses, liabilities, costs or expenses for which an Insured Owner is insured by Rule 2 Part D.

2A.4 The Association shall not be liable for any losses, liabilities, costs or expenses covered by the Standard Form of English Marine Policy with the Institute Time Clauses – Hulls (edition of 1.10.83 or any subsequent edition or amendment thereof current at the date of the casualty) attached and with the War Exclusion Clause, the Strikes Exclusion Clause, the Malicious Acts Exclusion Clause and the Violent Theft, Piracy and Barratry Exclusion Clause inserted therein or which would have been covered thereby if the Entered Ship had been insured under such a policy. A loss shall be deemed to be so insured notwithstanding that it is excluded in whole or in part by any deductible or franchise specified in such a policy.

2A.5 Terms as to the measure of indemnity or otherwise affecting the recoverability of loss

2A.6 General Average and Salvage

2A.6.1 The insurance under Rule 2 Part A covers, on the terms set out below, the Entered Ship's proportion of salvage, salvage charges and/or general average. In case of general average sacrifice of the Entered Ship the Insured Owner may recover the whole of the loss without first enforcing his right of contribution from other parties.

Rule 2 Risks

- 2A.6.2** General average and salvage shall be adjusted according to the law and practice obtaining at the place where the adventure ends, as if the contract of affreightment contained no special terms upon the subject; but where the contract of affreightment so provides the adjustment shall be according to the York-Antwerp Rules, 1974.
- 2A.6.3** When the Entered Ship sails in ballast, not under charter, the provisions of the York-Antwerp Rules 1974 (excluding Rules XX and XXI) shall be applicable, and the voyage for this purpose shall be deemed to continue from the port or place of departure until the arrival of the Entered Ship at the first port or place thereafter other than a port or place of refuge or a port or place of call for bunkering only. If at any such intermediate port or place there is an abandonment of the adventure originally contemplated the voyage shall thereupon be deemed to be terminated.
- 2A.6.4** No claim in respect of salvage, salvage charges or general average shall be recoverable from the Association unless the loss arose from a risk insured by the Association under Rule 2 Part A or the loss was incurred to avoid such a risk.
- 2A.6.5** Claims for salvage, salvage charges and general average, when recoverable hereunder, are payable in full if the Entered Ship liable to contribution is insured under Rule 2 for her full contributory value. If the Entered Ship is not insured under Rule 2 for her full contributory value or if only a part or percentage thereof is insured, the sum recoverable from the Association shall be reduced in proportion to the under insurance.

Rule 2 Risks

PROVIDED ALWAYS that:

the Directors shall have the power to admit a claim without reduction, or to direct that it shall only be reduced to some lesser extent, if the Directors in their discretion shall see fit.

2A.7 Collision

2A.7.1 An Insured Owner shall not be entitled to recover loss of or damage to an Entered Ship arising out of a collision with another ship or out of contact with any fixed or floating object unless such loss or damage has been caused by a risk insured by the Association under Rule 2 Part A.

2A.7.2 Should the Entered Ship come into collision with or receive salvage services from another ship belonging wholly or in part to the same Insured Owner, or under the same management, the Insured Owner shall have the same rights of recovery from the Association as if the other ship had been entirely the property of owners not interested in the Entered Ship. In case a dispute shall arise between the Insured Owner and the Association either on the liability for the collision or on the amount payable for the services rendered it shall be referred to arbitration by a sole arbitrator to be agreed upon between the Association and the Insured Owner.

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2A.7.3 If the Insured Owner shall become entitled to recover under Rule 2 Part A in respect of loss of or damage to the Entered Ship arising out of collision with another ship, claims in respect of such loss or damage shall be settled on the principle of cross liabilities as if the owners of each ship had been compelled to pay to the owners of the other of such ships such one-half or other proportion of the latter's damages as may have been properly allowed in ascertaining the balance or sum payable by or to the Insured Owner in consequence of such collision.

2A.8 New for Old

Average is payable without deductions new for old, whether the average be particular or general.

2A.9 Unrepaired Damage

2A.9.1 The measure of indemnity in respect of claims for unrepaired damage shall be the reasonable depreciation in the market value of the Entered Ship, at the end of the policy year in which the damage occurred, arising from such unrepaired damage, but not exceeding the reasonable cost of repairs.

2A.9.2 In no case shall the Association be liable for unrepaired damage in the event of a subsequent total loss whether or not covered under the Entered Ship's terms of entry in the Association.

2A.9.3 The Association will not be liable in respect of unrepaired damage for more than the Insured Value of the Entered Ship at the end of the policy year in which the damage occurred.

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2A.10 Freight or Passage Money

In the event of actual or constructive total loss no claim shall be made by the Association for freight or passage money, whether or not notice of abandonment has been given.

2A.11 Reduction in Amount Recoverable

2A.11.1 If an Entered Ship becomes an actual or constructive total loss the sum payable by the Association in respect of any claim for such actual or constructive total loss (hereinafter referred to in this Rule as “the sum payable”) shall be subject to the limits specified in paragraphs 2A.12.2 and 2A.12.3 of this Rule.

2A.11.2 If the Entered Ship is

- (a) insured by the Association on the basis of an Agreed Value or a proportion of an Agreed Value, and
- (b) insured under a Hull Policy,

the sum payable shall be limited to and shall not exceed whichever is the lower of

- (i) the Agreed Value or the proportion of the Agreed Value as the case may be, and
- (ii) a sum equivalent to 125 per cent of the aggregate value on the basis of which the ship is, at the time of the incident giving rise to the claim for actual or constructive total loss, insured under the terms of its Hull Policy, including any amount insured in respect of increased value whether in the Hull Policy or any other policy in force at that time.

Rule 2 Risks

2A.11.3 If the Entered Ship is insured by the Association on the basis of an Agreed Value or a proportion of an Agreed Value but is not insured under a Hull Policy, the sum payable shall be limited to and shall not exceed whichever is the lower of

- (i) the Agreed Value or the proportion of the Agreed Value as the case may be, and
- (ii) a sum equivalent to 125 per cent of the Insurable Value at the time of the incident giving rise to the claim for actual or constructive total loss.

2A.11.4 In paragraph 2A.12.2 of this Rule the words "value on the basis of which the ship is, at the time of the incident giving rise to the claim for actual or

2A.11.5 constructive loss, insured under the terms of its Hull Policy" shall mean the agreed value under the Hull Policy or if there is no such agreed value the Insurable Value irrespective of whether the insurance is given on such agreed value or Insurable Value or on a proportion of such agreed value or Insurable Value.

Rule 2 Part B – Detention or Diversion Expenses

2B.1 Risks Insured

Every Insured Owner is, unless otherwise provided in the Certificate of Entry, insured against loss sustained through the detention or diversion of an Entered Ship caused by any of the risks set out in Rule 2B.2.

2B.2 Causes of Loss

The Insured Owner is insured as provided in Rule 2B.1 if the detention or diversion is caused by

Rule 2 Risks

- 2B.2.1** by war, civil war, warlike operations, revolution, rebellion, insurrection, civil strife, any hostile act by or against a belligerent power or by conditions brought about as a result of any of the foregoing;
- 2B.2.2** as a result of compliance with orders, prohibitions or directions by the Directors or by any Department of the Government of the United Kingdom or any other Government having the right to give such orders or any British Military or Naval Authority given in order to avoid loss of or damage to the Entered Ship by any of the risks referred to in Rule 2 Part A or Part D;
- 2B.2.3** by any Government or department or agency thereof or by the armed forces of any Government or by any persons acting or purporting to act on behalf of any Government or any department or agency thereof where the detention or diversion is considered by the Directors in their discretion to have been caused, instigated, incited or encouraged by such Government or department or agency in furtherance of its political aims;
- 2B.2.4** by any group of persons which in pursuit of its political aims maintains an armed force;
- 2B.2.5** by terrorists, pirates, bandits or rioters;
- 2B.2.6** in order to avoid loss of or damage to the Entered Ship by any of the risks insured under Rule 2 Part A or Part D but only where and to the extent that the Directors in their discretion determine that the loss should be recoverable from the Association.

Rule 2 Risks

2B.3 Exclusions

There shall be no recovery under Rule 2 Part B

- 2B.3.1 if the loss was caused by strikers, locked-out workmen or persons taking part in labour disturbances, or as a result of strikes, lock-outs or labour disturbances, or in order to avoid loss of or damage to the Entered Ship by any of the said risks;
- 2B.3.2 if the Insured Owner intended to detain or divert the Entered Ship before the commencement of loading cargo or passengers for the voyage during which the detention or diversion shall have occurred;
- 2B.3.3 in the case of Rule 2B.2.2, if the orders, prohibitions or directions were given after the commencement of the voyage;
- 2B.3.4 in respect of loss of profit or in respect of the amortization of the capital cost of the Entered Ship or in respect of the depreciation thereof, or in respect of any payments of principal or interest made under any mortgage or other financial arrangements concluded in connection with the Entered Ship;
- 2B.3.5 any expenses to the extent that they have either been paid or are recoverable under Appendix A, paragraph A1.2.

2B.4 Amounts Recoverable

The sums recoverable from the Association in respect of a loss specified in Rule 2B.2 shall be as set out in Rules 2B.5 to 2B.7.

- 2B.5 In the event of the detention or diversion of an Entered Ship in any of the cases referred to in Rule 2B.2, the Insured Owner shall be entitled, subject to Rule 2B.8, to recover:

Rule 2 Risks

2B.5.1 in the case of the detention of the Entered Ship, the daily running expenses of the Entered Ship during the period of the detention;

2B.5.2 in the case of the diversion of the Entered Ship, the net extra running expenses of the Entered Ship incurred by the Insured Owner in consequence of the diversion over and above those which would have been incurred but for the same.

2B.6 In the case of the detention of the Entered Ship, the daily running expenses of the Entered Ship recoverable in respect of the period of the detention shall include only the relevant proportion of any Additional Premium or Premiums for the insurance of the Entered Ship under Rules 1.6, 2A, 2B, 2C and 2D.

2B.7 In the event of the detention of an Entered Ship by any of the causes referred to in Rules 2B.2.1, 2B.2.3, 2B.2.4 or 2B.2.5 and lasting for a continuous period exceeding 90 days, the Insured Owner shall be entitled, subject to Rule 2B.8, to recover from the Association in respect of such detention, in addition to any sums recoverable under Rule 2B.5, a sum calculated at the rate of 10 per cent per annum of the Insured Value of the Entered Ship as specified in the Certificate of Entry and applied pro rata to the whole of the detention.

2B.8 Deductible and reductions of amounts recoverable

The sums recoverable by an Insured Owner under Rules 2B.5, 2B.6 and 2B.7 shall be limited as follows:

2B.8.1 no sum shall be recoverable in an Insured Owner's claim for detention of an Entered Ship, in respect of any period during which that Ship is:

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2B.8.1.1 delayed solely because a decision on the part of the Insured Owner, his servants or agents, is awaited on the disposal, repair or movement of the Entered Ship, or

2B.8.1.2 awaiting repairs or being repaired, irrespective of whether the need for such decision or repairs has been created by damage caused to the Entered Ship by any of the risks specified in Rule 2 Part A or otherwise howsoever.

2B.8.2 From each claim there shall be deducted a sum equivalent to seven days daily running expenses of the Entered Ship or, in the case of a diversion claim for net extra expenses only, a sum equivalent to the net extra expenses for seven days.

2B.8.3 If the Insured Owner shall have received any hire or other contractual reward payable on a time basis (whether under a demise or time charterparty or otherwise howsoever) or payment under any loss of hire insurance in relation to a period in respect of which a claim is made under Rules 2B.5, 2B.6 and 2B.7, he shall give credit only on that time basis for amounts recoverable from the Association thereunder and not for the aggregate amount received for any such hire, other reward or payment in making his claim under Rules 2B.5.1 and 2B.7 and if he shall have any right to receive such hire, or other reward or payment but shall not have received the same he shall assign his rights therein to the Association.

Rule 2 Risks

2B.8.4 Unless the Directors in their discretion otherwise determine, no sum shall be recoverable from the Association in respect of any period after the Entered Ship has become or been accepted as an actual or constructive total loss (whether under the terms of a policy or contract against marine risks or under the cover specified in these Rules), or after the Association has accepted notice of abandonment or after the Association has notified the Insured Owner in writing, whether or not he has given any notice of abandonment, that the Association has decided to treat the Entered Ship as a constructive total loss, or the insurance has for any reason terminated, ceased or been cancelled.

Rule 2 Part C – Protection and Indemnity Risks

2C.1 Risks Insured

Every Insured Owner who has entered his ship for insurance under Rule 2 is insured against the Protection and Indemnity liabilities, costs and expenses specified in Rules 2C.2 to 2C.14 caused by any of the risks set out in Rule 2C.15, unless otherwise provided in the Certificate of Entry.

2C.2 Loss of Life, Personal Injury, Illness

2C.2.1 Liability of the Insured Owner to pay damages or compensation for loss of life of, personal injury to or illness of:

2C.2.1.1 any person in or on board or near the Entered Ship;

Rule 2 Risks

2C.2.1.2 any master, seaman or member of the crew of the Entered Ship or other person employed thereon while in or on board or near the Entered Ship and while proceeding to or from the Entered Ship;

2C.2.1.3 any person employed in relation to the handling of the cargo of the Entered Ship from the time of receipt for shipment on the quay or wharf until final delivery from the quay or wharf at the port of discharge;

2C.2.1.4 any person injured or killed by reason of a collision or contact involving the Entered Ship.

2C.2.2 Whenever the Insured Owner incurs a liability as specified in paragraphs 2C.2.1.1 to 2C.2.1.4 for which the Association is liable hereunder, the Insured Owner shall also be entitled to recover:

2C.2.2.1 any hospital, medical, funeral or other expenses for which the Insured Owner may be liable and which the Insured Owner may incur in connection with such loss of life, personal injury or illness;

2C.2.2.2 any expenses of maintaining the injured or ill person ashore or afloat or repatriating such person;

Rule 2 Risks

2C.2.2.3 any expenses of putting into port, when incurred to land the injured or ill person;

2C.2.2.4 any expenses necessarily incurred in sending abroad substitutes or in securing, engaging, repatriating or deporting a substitute engaged abroad to replace any person so killed, injured or ill.

2C.2.2.5 PROVIDED ALWAYS that:

the expenses referred to in paragraphs 2C.2.2.1 to 2C.2.2.4 shall not include wages, which shall only be recoverable hereunder as follows:

2C.2.2.6 wages paid to an injured or ill person for any period while he is undergoing medical or hospital treatment abroad, or while he is being repatriated;

2C.2.2.7 wages paid to substitutes (as referred to in paragraph 2C.2.2.4) engaged abroad, but only while awaiting and during repatriation.

2C.3 Wages and Expenses Consequent Upon Shipwreck or Actual or Constructive Total Loss

Liability of the Insured Owner for the following wages and expenses when consequent upon shipwreck or actual or constructive total loss of the Entered Ship:

2C.3.1 any expenses of repatriating the master, seamen, members of the crew of or other persons carried on board the Entered Ship;

Rule 2 Risks

2C.3.2 any wages payable to the master, seamen or members of the crew of the Entered Ship during unemployment consequent upon such shipwreck or actual or constructive total loss of the Entered Ship.

2C.4 Loss of Seamen's Effects

Any sums which the Insured Owner may be liable to pay to the master, seamen or members of the crew of an Entered Ship in respect of the loss of their effects.

2C.5 Captured or Detained Crew

2C.5.1 Payments made in accordance with applicable crew contracts or other collective bargaining agreements in respect of members of the crew of an Entered Ship who are captured or detained.

2C.5.2 Payments made to dependents of members of the crew of an Entered Ship who are detained in circumstances which the Directors in their discretion consider would have given rise to a claim under Rules 2B.2.1 or 2B.2.3 had the Entered Ship been detained. The amount recoverable shall be assessed by the Directors whose decision shall in all respects be final.

2C.6 Collision with Another Ship

2C.6.1 If the Entered Ship shall come into collision with any other ship, any liability for loss, liability, cost or expense which arises out of the collision and which is incurred by the Insured Owner for any of the following:

Rule 2 Risks

- 2C.6.1.1 loss of or damage to any other ship or property thereon;
- 2C.6.1.2 delay to or loss of use of any other ship or property thereon;
- 2C.6.1.3 general average, salvage of, or salvage under contract of, any other ship or property thereon;
- 2C.6.1.4 removal or disposal of obstructions, wrecks, cargoes or any other thing whatsoever;
- 2C.6.1.5 any real or personal property or any thing whatsoever (except other ships or property on other ships);
- 2C.6.1.6 the cargo or other property on the Entered Ship, or general average contributions, special charges or salvage paid by the owners of that cargo or property;
- 2C.6.1.7 loss of life, personal injury or illness.

2C.6.2 PROVIDED ALWAYS that:

the Association's liability under Rule 2C.6 shall only be for such collision liability as falls within one or more of the following heads, namely:

Rule 2 Risks

2C.6.2.1 It would have been recoverable under the Institute Time Clauses – Hulls (edition of 1.10.83 or any subsequent edition or amendment thereof current at the date of the casualty) had the ship been insured on such terms, but for the War Exclusion Clause, the Strikes Exclusion Clause, the Malicious Acts Exclusion Clause and the Violent Theft, Piracy and Barratry Exclusion Clause inserted therein or, as the case may be, the Institute Time Clauses – Freight (edition of 1.8.89 or any subsequent edition or amendment thereof current at the date of the casualty) had the ship been insured on such terms, but for the War Exclusion Clause, the Strikes Exclusions Clause or the Malicious Acts Exclusion Clause inserted therein.

2C.6.2.2 It would have been recoverable under the Rules of The United Kingdom Mutual Steam Ship Assurance Association Limited, had the Entered Ship been entered therein, but for Rule 5 (E) of the Rules of such Association.

2C.6.3 Notwithstanding Rule 2C.15 the Association shall not be liable under Rule 2C.6 for any collision liability recoverable by the Insured Owner under Rule 2 Part D.

Rule 2 Risks

2C.7 Damage to Fixed and Floating Objects

Liability of the Insured Owner for loss of or damage to any harbour, dock, pier, jetty, land, water or any fixed or movable thing whatsoever (not being another ship or any property thereon).

2C.8 Damage to Vessels otherwise than by Collision

Liability of the Insured Owner for loss of or damage to any other ship or any property thereon, and costs and expenses incidental thereto, occasioned otherwise than by collision with the Entered Ship.

2C.9 Wreck Removal

Liability of the Insured Owner for costs and expenses of or incidental to the raising, removal, destruction, lighting or marking of the wreck of an Entered Ship.

PROVIDED ALWAYS that:

2C.9.1 the value of all stores and materials saved, as well as of the wreck itself, shall first be deducted from such costs, charges and expenses, and only the balance thereof, if any, shall be recoverable from the Association;

2C.9.2 nothing shall be recoverable from the Association under Rule 2C.9 if the Insured Owner shall, without the consent of the Managers in writing, have transferred his interest in the wreck, otherwise than by abandonment, prior to the raising, removal, destruction, lighting or marking of the wreck;

Rule 2 Risks

2C.9.3 no liabilities or expenses shall be recoverable from the Association under Rule 2C.9 if and to the extent that the casualty giving rise to the wreck of the Entered Ship was caused by any of the King's Enemy Risks.

2C.10 Pollution

2C.10.1 Losses, liabilities, costs or expenses of the Insured Owner arising from any escape of or discharge of or threatened escape of or discharge of oil or of any other substance.

2C.10.2 The Association shall not provide insurance for any losses, liabilities, costs or expenses if the provision of such insurance would create a liability for the Owner under the Tanker Oil Pollution Indemnification Agreement 2006 (TOPIA 2006) to contribute to the IOPC Supplementary Fund.

2C.11 Cargo

Liability of the Insured Owner in respect of cargo intended to be or being or having been carried on an Entered Ship.

PROVIDED ALWAYS that:

the Association's liability hereunder shall be subject to the same provisos and conditions (apart from Rule 5 (E)) as are included in the rules of The United Kingdom Mutual Steam Ship Assurance Association Limited relating to liability for loss or shortage of and damage to or responsibility in respect of cargo or other property carried in an Entered Ship.

Rule 2 Risks

2C.12 Breach of any Contract of Carriage incurred by Direction of the Association

Liability of the Insured Owner in respect of the Entered Ship for breach of outstanding contracts of carriage resulting from compliance with orders, prohibitions or directions of the Directors.

2C.13 Other Liabilities and Expenses

Any other loss, liability, cost or expense other than those set out in Rules 2C.2 to 2C.11 which would have been recoverable under the rules of The United Kingdom Mutual Steam Ship Assurance Association Limited had the Entered Ship been entered therein, but for Rule 5 (E) of the Rules of that Association.

2C.14 Legal Costs

Legal costs and other similar charges which the Insured Owner may incur in respect of, or in avoiding or attempting to avoid, any liability or expenditure against which he is insured by Rule 2 Part C including Rules 2C.2 to 2C.12, provided that such costs have been incurred with the written consent of the Managers, or the Directors determine that such costs or expenses were reasonably incurred.

Causes of Loss

2C.15 The Insured Owner is insured as provided in Rule 2C.1 in respect of the liabilities, costs or expenses referred to in Rules 2C.2 to 2C.14 (save in Rules 2C.5.2, 2C.6 and 2C.12) and irrespective of whether a contributory cause of the same being incurred was any neglect on the part of the Insured Owner or on the part of the Insured Owner's servants or agents, caused by:

2C.15.1 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;

Rule 2 Risks

- 2C.15.2** capture, seizure, arrest, restraint or detainment and the consequences thereof or any attempt thereat;
- 2C.15.3** mines, torpedoes, bombs, rockets, shells, explosives or other similar weapons of war, save for those liabilities, costs and expenses which arise solely by reason of:
 - 2C.15.3.1** the transport of any such weapons whether on board the Entered Ship or not, or
 - 2C.15.3.2** the use of any such weapons either as a result of government order or through compliance with directions given by, or with the written agreement of, any other insurers where the reason for such use was the avoidance or mitigation of liabilities, costs or expenses which would otherwise fall within the cover of those other insurers.
- 2C.15.4** strikers, locked-out workmen, or persons taking part in labour disturbances, riots or civil commotions;
- 2C.15.5** any terrorist or any person acting maliciously, or from a political motive;
- 2C.15.6** piracy, barratry or violent theft by persons coming from outside the Entered Ship;
- 2C.15.7** confiscation or expropriation.

Rule 2 Risks

2C.16 Exclusions

- 2C.17** Except as provided in Rule 2C.18 there shall be no recovery of the liabilities, costs or expenses referred to in Rules 2C.2 to 2C.9 and 2C.11 to 2C.13 inclusive which arise solely out of the terms of any agreement, contract or indemnity unless the terms of such agreement, contract or indemnity have been approved by the Managers in writing. In giving such approval the Managers may impose any terms or conditions as they may think fit, including the imposition of a premium.
- 2C.18** There shall be no recovery of the liabilities, costs or expenses referred to in Rules 2C.2, 2C.3, 2C.4 and 2C.5.1 if and to the extent that such liabilities, costs and expenses are recoverable under any social security or fund, separate insurance or any other similar arrangement or statutory provision, unless the Directors in their discretion otherwise determine.
- 2C.19** Unless the Directors otherwise determine, it shall be a condition precedent of an Insured Owner's right of recovery from the Association in respect of each of the liabilities and expenses enumerated in Rule 2 Part C that the Insured Owner shall first have paid the same.

Amounts Recoverable

- 2C.20** The maximum recovery from the Association for claims under Rule 2 Part C in respect of any one accident shall be limited to whichever is the higher of the following:
- 2C.20.1** such limit of liability as may have been specified in or endorsed on the Certificate of Entry; or
 - 2C.20.2** such limit of liability as shall have been determined by the Directors before or at the beginning of any policy year and notified by the Managers to the Insured Owner.
- 2C.21** Different limits of liability may be specified for different classes or types of risk whether by the Certificate of Entry or by the Directors.

Rule 2 Risks

2C.22 If no other limit shall have been so fixed, the limit of liability for the purposes of Rule 2 Part C shall be the sum or sums for which the Association is reinsured in respect of the relevant claim.

2C.23 Such limit or limits shall be independent of and in addition to the sums insured for the purposes of the risks specified in Rule 2 Parts A and D.

Rule 2 Part D – King's Enemy Risks

2D.1 This Rule applies only to ships registered in the UK, the Isle of Man, any of the Channel Islands or any British overseas territory. It provides those ships with cover for certain risks arising out of hostilities or war involving the UK, known as "King's Enemy Risks". The insured perils are defined by UK statute, the Marine and Aviation Insurance (War Risks) Act 1952, and set out in Rule 2D.2. and Appendix A. The risks covered are: hull risks, detention, collision liability, wreck liability and risks of requisitioned or chartered ships. The cover the Association provides under this Rule is reinsured by the UK Government.

2D.2 The cover and other provisions relevant to King's Enemy Risks are set out in Appendix A and is subject to the Warranties, Conditions, Exceptions and Limitations and other terms set out therein and in Rules 4.9-4.22.

Rule 2 Part E – Sue and Labour

2E.1 Rule 2 Part E does not apply to the King's Enemy Risks.

2E.2 Extraordinary costs and expenses (not being the running expenses of the Entered Ship referred to in Rule 2B.5 or the liabilities and expenses referred to in Rule 2C.2-C.13 reasonably incurred on or after the occurrence of any casualty, event or matter liable to give rise to a claim upon the Association and incurred solely for the purpose of avoiding or minimising any losses, liabilities, costs or expenses against which the Insured Owner is insured by the Association.

Rule 2 Risks

PROVIDED ALWAYS that:

unless the Directors in their discretion shall otherwise determine, the following shall not be recoverable whether as sue and labour expenses or otherwise howsoever:

2E.2.1 any fines, penalties or other impositions such as are specified in Rule 4.10;

2E.2.2 any other sum of money paid in consideration of the release of an Entered Ship from any capture, seizure, arrest, detention, confiscation or expropriation.

Rule 2 Part F – Discretionary Claims

2F.1 Losses, liabilities, costs and expenses not otherwise recoverable under these Rules which the Directors may decide to be within the scope of the Association. Claims under Rule 2 Part F shall be recoverable to such extent only as the Directors may determine.

Rule 2 Part G – Optional Additional Insurance

2G.1 If and to the extent that the Certificate of Entry expressly so provides (but not otherwise), the Insured Owner may be insured against additional risks.

2G.2 The terms and conditions of any optional additional insurance provided by the Association under Rule 2 Part G shall be such as have been agreed in writing by the Managers and recorded in the Certificate of Entry.

3: Rule 3 Risks

Rule 3 – Freight and Disbursements and/or Increased Value

3.1 Risks Insured

Every Insured Owner who has entered his ship for insurance under Rule 3 is, unless otherwise provided in the Certificate of Entry, insured against loss of Freight and Disbursements and/or Increased Value when the loss has been caused by any of the risks set out in Rule 3.2.

3.2 Causes of loss

The Insured Owner is insured as provided in Rule 3.1 where loss is caused by:

- 3.2.1 war, civil war, revolution, rebellion, insurrection, or civil strife arising therefrom, or any hostile act by or against a belligerent power;
- 3.2.2 capture, seizure, arrest, restraint or detainment, and the consequences thereof or any attempt thereat;
- 3.2.3 mines, torpedoes, bombs or other weapons of war including derelict mines, torpedoes, bombs or other derelict weapons of war;
- 3.2.4 strikers, locked-out workmen or persons taking part in labour disturbances, riots or civil commotions;
- 3.2.5 any terrorist or any person acting maliciously or from a political motive;
- 3.2.6 piracy, barratry or violent theft by persons coming from outside the Entered Ship;
- 3.2.7 confiscation or expropriation.

Rule 3 Risks

3.3 Exclusions

3.4 There shall be no insurance under Rule 3 for any losses, liabilities, costs or expenses for which an Insured Owner is insured under Rule 2 Part D.

3.5 The Association shall not be liable for any claim based upon loss of or frustration of any voyage arising from any of the risks set out in Rule 3 or otherwise.

3.6 The Association shall not be liable for any claim consequent on loss of time arising from the risks set out in Rule 3 or otherwise.

3.7 The Association shall not be liable for any losses, liabilities, costs or expenses covered by the Standard Form of English Marine Policy with the Institute Time Clauses – Freight (edition of 1.8.89 or any subsequent edition or amendment thereof current at the date of the casualty) attached and with the War Exclusion Clause, the Strikes Exclusion Clause and the Malicious Acts Exclusion Clause inserted therein or which would have been covered thereby if the Entered Ship had been insured under such a policy. A loss shall be deemed to be so insured notwithstanding that it is excluded in whole or in part by any deductible or franchise specified in such a policy.

PROVIDED ALWAYS that:

losses, liabilities, costs or expenses caused by piracy, barratry or violent theft by persons coming from outside the Entered Ship shall be recoverable under Rule 3 notwithstanding that they are also covered by the Standard Form of English Marine Policy with the Institute Time Clauses – Freight (edition of 1.8.89 or any subsequent edition or amendment thereof current at the date of the casualty) attached.

Rule 3 Risks

- 3.8** The Association shall not be liable for any claim for loss of freight where such loss is due to any regulation, restriction or impediment affecting the transfer of any currency or the value thereof or to any other order, regulation, enactment or law whatsoever or to anything done or purporting to be done thereunder by any de jure or de facto authority, unless such order, regulation, enactment or law is imposed after the contract of affreightment has been made and in time of war, hostilities, warlike operations, civil commotions, civil war, rebellion or revolution affecting the country or any part thereof in which such order, regulation, enactment or law is imposed.
- 3.9** Terms as to the measure of indemnity or otherwise affecting the recoverability of loss
- 3.10** Maximum Liability and Measure of Loss
- 3.10.1** The maximum liability of the Association in respect of any claim for loss of Freight and Disbursements and/or Increased Value and/or other interests shall be an amount equivalent to the Sum Insured.
- 3.10.2** In relation to a claim which does not result from the total loss (either actual or constructive) of the Entered Ship, the liability of the Association shall, subject to the provisions of Rule 3.10.1, be limited to the amount of the freight which, as a result of the incident giving rise to the claim, is not recoverable by the Insured Owner under a contract existing at the date of such incident.

Rule 3 Risks

Total Loss

- 3.10.3** If the Entered Ship becomes a total loss (either actual or constructive) the Sum Insured under Rule 3 shall be paid in full, whether the Entered Ship be fully or partly loaded or in ballast and whether she be chartered or un-chartered. If however the Entered Ship becomes a constructive total loss, but the Insured Owner's claim against the Association under Rule 2 Part A shall be settled as a claim for partial loss only, this provision shall not apply.
- 3.10.4** In ascertaining whether the Entered Ship is a constructive total loss, the Insured Value for which she is insured under Rule 2 Part A shall be taken as the repaired value and nothing in respect of the damaged or break-up value of the Entered Ship or the wreck shall be taken into account.

General Average and Salvage

- 3.10.5** The insurance under Rule 3 covers, on the terms set out below, the proportion of salvage, salvage charges and/or general average attaching to:
- 3.10.5.1** the freight at risk;

Rule 3 Risks

3.10.5.2 the Entered Ship, to the extent that such proportion is not recoverable under Rule 2 Part A by reason of the Insured Value of the Entered Ship under Rule 2 Part A being less than her full contributory value; and in the case of general average sacrifice of the Entered Ship, the Insured Owner may recover the whole of the loss without first enforcing his rights of contribution from other parties.

3.10.6 General average and salvage shall be adjusted according to the law and practice obtaining at the place where the adventure ends, as if the contract of affreightment contained no special terms upon the subject; but where the contract of affreightment so provides the adjustment shall be according to the York-Antwerp Rules 1974.

3.10.7 When the Entered Ship sails in ballast, not under charter, the provisions of the York-Antwerp Rules 1974 (excluding Rules XX and XXI) shall be applicable, and the voyage for this purpose shall be deemed to continue from the port or place of departure until the arrival of the Entered Ship at the first port or place thereafter, other than a port or place of refuge or a port or place of call for bunkering only. If at any such intermediate port or place there is an abandonment of the adventure originally contemplated, the voyage shall thereupon be deemed to be terminated.

Rule 3 Risks

3.10.8 No claim in respect of salvage, salvage charges or general average shall be recoverable from the Association unless the loss arose from a risk insured by the Association under Rule 3 or the loss was incurred to avoid such a risk.

3.10.9 Claims for salvage, salvage charges and general average, when recoverable hereunder, are payable in full if the Sum Insured in respect of freight is not less than the full contributory value of such freight. If the Sum Insured is less than the full contributory value of such freight, the sum recoverable from the Association shall be reduced in proportion to the under insurance.

PROVIDED ALWAYS that:

the Directors shall have the power to admit a claim without reduction, or to direct that it shall only be reduced to some lesser extent, if the Directors in their discretion shall see fit.

3.11 Sister Ship

Should the Entered Ship come into collision with or receive salvage services from another ship belonging wholly or in part to the same Insured Owner, or under the same management, the Insured Owner shall have the same rights of recovery from the Association as if the other ship had been entirely the property of owners not interested in the Entered Ship.

4: Warranties, Conditions, Exceptions and Limitations

4.1 Exclusion of Five Powers War Risks

The Association shall not be liable for any losses, liabilities, costs or expenses arising from the outbreak of war (whether there be a declaration of war or not) between any of the following countries: the United Kingdom, the United States of America, France, the Russian Federation, the People's Republic of China.

4.2 Exclusion of Nuclear Risks

The Association shall not be liable for any losses, liabilities, costs or expenses directly or indirectly caused by or arising from:

4.2.1 ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel;

4.2.2 the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof;

4.2.3 any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter,

4.2.4 the radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter, with the exception of radioactive isotopes, other than nuclear fuel, when such isotopes are being prepared, carried, stored or used for commercial, agricultural, medical, scientific or other similar peaceful purposes,

Warranties, Conditions, Exceptions and Limitations

PROVIDED ALWAYS that:

4.2.5 this exclusion shall not apply to any claim in respect of losses, liabilities, costs or expenses arising out of or in consequence of the emission of ionising radiations from, or the radioactive, toxic, explosive or other hazardous or contaminating properties of, “excepted matter”, as defined under the Nuclear Installations Act 1965 or any amendments thereto or regulations made thereunder, being carried as cargo in the Entered Ship.

4.3 Exclusion of chemical, biological, bio-chemical and electromagnetic weapons and computer viruses

The Association shall not be liable for any losses, liabilities, costs or expenses directly or indirectly caused by or contributed to by or arising from:

4.3.1 Any chemical, biological, bio-chemical or electromagnetic weapon;

4.3.2 The use or operation, as a means for inflicting harm, of any computer virus.

4.4 Exclusion of certain Pollution Hazards

The Association shall not be liable for any losses, liabilities, costs or expenses arising from compliance with any order or direction given or any measures taken by any Government or other Authority for the purposes of preventing or mitigating a pollution hazard or threat thereof, unless such hazard or threat has been caused by damage to the Entered Ship arising as a result of a risk specified in Rule 2 Part A or Rule 3.

Warranties, Conditions, Exceptions and Limitations

4.5 Notice of Cancellation and Automatic Termination of Cover

4.5.1 Cover provided by Rule 2 Parts A, B, C, E, F and G, by Rule 3 and by reason of an Entered Ship being accepted for insurance under Rule 1.6 may be cancelled by the Association giving seven days notice (such cancellation becoming effective on the expiry of seven days from midnight of the day on which notice of cancellation is issued by the Association). Cover will, however, be reinstated subject to agreement between the Association and the Insured Owner prior to the expiry of such notice of cancellation as to new rates of premium/contribution and/or conditions and/or warranties.

4.5.2 Whether or not notice of cancellation has been given under Rule 4.5.1, cover provided by Rule 2 Parts A, B, C, E, F and G, by Rule 3 and by reason of an Entered Ship being accepted for insurance under Rule 1.6 shall terminate automatically upon the outbreak of war (whether there be a declaration of war or not) between any of the following countries:

the United Kingdom, the United States of America, France, the Russian Federation, the People's Republic of China

4.5.3 Cover provided by Rule 2 Parts A, B, C, E, F and G, by Rule 3 and by reason of an Entered Ship being accepted for insurance under Rule 1.6 shall not become effective if, subsequent to acceptance by the Association and prior to the intended time of attachment of risk, there has occurred any event which would have terminated cover under the provisions of Rule 4.5.2

Warranties, Conditions, Exceptions and Limitations

4.6 Imprudent conduct

- 4.6.1 The Insured Owner shall take all such steps as are appropriate to protect its interests from the time the ship is entered in the Association and throughout the period of the ship's entry as it should or would have done if not protected by the insurance provided by the Association.

PROVIDED ALWAYS that:

- 4.6.1.1 where the Insured Owner has failed to act with due prudence as provided in Rule 4.6.1, the Directors may allow a claim either in whole or in part, if in all the circumstances the Directors shall in their discretion see fit.

4.7 Sanctions Exclusion and Limitation

- 4.7.1 The Association shall not provide insurance for any losses, damages, liabilities, costs or expenses, be liable to pay any claim or provide any benefit whatsoever to the extent that:

4.7.1.1 the provision of such insurance; or

4.7.1.2 the payment of any such claim; or

4.7.1.3 the provision of any such benefit

would result in the Association being in breach of any sanction, prohibition or restriction made under any resolution of the United Nations or under any trade or economic sanctions, laws or regulations of the European Union, the United Kingdom of Great Britain and Northern Ireland or the United States of America.

Warranties, Conditions, Exceptions and Limitations

- 4.7.2** Whenever so determined by the Managers and without prejudice to any other provision of these Rules, it shall be a condition precedent to the Association being liable for any claim otherwise payable under these Rules that the Insured Owner demonstrates that the original payment or incurring of liability for the losses, liabilities, costs or expenses for which indemnification is sought under these Rules would not amount to a breach of any sanction, prohibition or restriction made under any resolution of the United Nations or under any trade or economic sanctions, laws or regulations of the European Union, the United Kingdom of Great Britain and Northern Ireland or the United States of America.
- 4.7.3** The condition precedent in Rule 4.7.2 applies irrespective of whether the Insured Owner was in fact subject to such sanctions, prohibitions or restrictions.
- 4.7.4** Notwithstanding, and without prejudice to, any other provisions of these Rules, the Directors may terminate the insurance of an Owner in respect of any and all ships entered by him or on his behalf where, in the opinion of the Directors, the Owners has exposed or may expose the Association to a risk of being or becoming subject to a sanction, prohibition, restriction made under any resolution of the United Nations or under any trade or economic sanctions, laws or regulations of the European Union, the United Kingdom of Great Britain and Northern Ireland or the United States of America.

Warranties, Conditions, Exceptions and Limitations

4.7.5 An Owner of an Entered Ship shall in no circumstances be entitled to recover from the Association that part of any liabilities, costs or expenses which is not recovered by the Association from any reinsurer because of a shortfall in recovery from such reinsurer by reason of any sanction, prohibition or adverse action by a competent authority or government or the risk thereof if payment were to be made by such reinsurer. For the purposes of this paragraph, "shortfall" includes, but is not limited to, any failure or delay in recovery by the Association by reason of the reinsurer delaying payment or making payment into a designated account in compliance with the requirements of any competent authority or government.

4.8 Warranties

4.8.1 The breach of any one of the warranties contained in Rule 4.8.2 shall suspend the insurance given by Rule 2 Parts A, B, C, E, F and G, by Rule 3 and by reason of an Entered Ship being accepted for insurance under Rule 1.6 during the continuance of such breach.

PROVIDED ALWAYS that:

the breach of any one or more of these warranties shall not operate to suspend such insurance if the Insured Owner shall prove that such breach happened without the fault or privity of the Insured Owner or the managers of the Entered Ship, or was committed in order to avoid loss by the risks hereby insured.

Warranties, Conditions, Exceptions and Limitations

4.8.2 Warranties

4.8.2.1 The Entered Ship shall, at all times, be properly documented and shall not carry false papers.

4.8.2.2 The Entered Ship shall, so far as possible, comply with all orders given by the Government of the country where the Entered Ship is owned, registered or managed.

4.9 Time for determination of total loss

4.9.1 In the event of the detention of an Entered Ship which is caused by capture, seizure, arrest, restraint, detainment, confiscation or expropriation, no claim for an actual or constructive total loss shall arise before the expiry of a period of 183 days (or such shorter period as the Directors may in their discretion decide) from the commencement of such detention.

4.9.2 If, as a result of such detention, the Insured Owner loses the free use and disposal of the Entered Ship for a continuous period of 12 months, then, for the purpose of ascertaining whether the Entered Ship is an actual or constructive total loss, the Insured Owner shall be deemed to have been deprived of the possession of the Entered Ship without any likelihood of recovery.

4.10 Exclusion of Claims arising out of criminal or other proceedings

An Insured Owner of an Entered Ship is not insured for any loss, damage, liability, cost or any other expense or imposition arising out of any action taken by any state or public or local authority whatever the reason or motive for such action:

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- 4.10.1 under the criminal law of any State; or
- 4.10.2 on the grounds of any alleged contravention of the laws of any state; or
- 4.10.3 in order to enforce or secure payment of a fine, penalty or other imposition; or
- 4.10.4 under quarantine regulations.

PROVIDED ALWAYS that:

the Directors may allow a claim, either in whole or in part, which would otherwise be excluded by the provisions of this Rule 4.10.

4.11 Ordinary Judicial Process

The Association shall not be liable for any losses, liabilities, costs or expenses arising out of or from:

- 4.11.1 the operation of ordinary judicial process; or
- 4.11.2 action taken for the purpose of obtaining security for a claim; or
- 4.11.3 action taken for the purpose of enforcing or securing payment of a claim; or
- 4.11.4 any financial cause of any nature.

4.12 Seizure by a country where the Entered Ship is owned, registered or managed

The Association shall not be liable for any losses, liabilities, costs or expenses arising from capture, seizure, arrest, restraint, detainment, confiscation or expropriation by or under the order of the Government or any public or local authority of the country where the Entered Ship is owned, registered or managed.

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4.13 Requisition

The Association shall not be liable for any losses, liabilities, costs or expenses arising from the requisition, whether for title or use, of the Entered Ship.

PROVIDED ALWAYS that:

if the Insured Owner shall continue to have an insurable interest in the Entered Ship after the date of such requisition and if the Insured Owner shall thereafter sustain some further losses, liabilities, costs or expenses (such loss or damage not being the direct consequence of the requisition and not being proximately caused thereby) then nothing herein contained shall prevent recovery by the Insured Owner of such further losses, liabilities, costs or expenses.

4.14 Exclusion of Sums Insurable under P&I Rules

The Association shall not be liable for any losses, liabilities, costs or expenses (except insofar as such loss, damage, liability, cost or expense arises from piracy, barratry or violent theft by persons from outside the Entered Ship) which would be insurable under the Rules of The United Kingdom Mutual Steam Ship Assurance Association Limited, which are current at the date of the event or casualty giving rise to the same, irrespective of whether the Entered Ship is in fact entered in such Association, nor for any losses, liabilities, costs or expenses which would be so insurable:

- 4.14.1 if the rules of that Association did not include the rule in respect of double insurance; and
- 4.14.2 the Entered Ship were not insured by the Association against the risks set out in these Rules.

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4.15 Double Insurance

The Association shall not be liable for any losses, liabilities, costs or expenses recoverable under any other insurance on the subject matter insured by the Association or which would have been so recoverable:

- 4.15.1 apart from any term in such other insurance excluding or limiting liability on the grounds of double insurance; and
- 4.15.2 if the Entered Ship were not insured by the Association against the risks set out in these Rules.
- 4.15.3 PROVIDED ALWAYS that:
 - 4.15.3.1 with the approval of the Managers an Insured Owner may be insured by special agreement with the Association made either directly with himself or with the other insurers upon the terms that certain losses, liabilities, costs and expenses shall be borne by the Association notwithstanding such other insurance, protection or indemnity;
 - 4.15.3.2 this exclusion shall not apply to claims arising under Rules 2A.6, 2C.15.6 and 3.2.6 which shall (subject to Section 80 of the Marine Insurance Act 1906) be recoverable under these Rules notwithstanding any other insurance, protection or indemnity.

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4.16 Partial Insurance

- 4.16.1** For the purposes of Rule 2 Part D the insured value shall be the full Insured Value of the Entered Ship.
- 4.16.2** For the purposes of Rule 2 Parts A, B, C, E and G and Rule 3 where only a part or a percentage of the insured value is insured by the Association, the Insured Owner shall be his own insurer in respect of the uninsured balance. Without prejudice to the generality of the foregoing, the Insured Owner shall, unless the entry of the ship has been accepted on special terms which otherwise provide or unless the Directors in their discretion shall otherwise determine, only be entitled to recover from the Association such proportion of any claims arising under these Parts as the amount insured with the Association bears to the insured value.

4.17 Constructive Total Loss

- 4.17.1** In ascertaining whether an Entered Ship is a constructive total loss, the Agreed Value shall be taken as the repaired value and nothing in respect of the damaged or breakup value of the ship or wreck shall be taken into account.
- 4.17.2** No claim for constructive total loss based upon the cost of recovery and/or repair of the Entered Ship shall be recoverable hereunder unless such cost would exceed the Agreed Value.
- 4.17.3** Where the Entered Ship is insured by the Association for a proportion (“the specified proportion”) of the Agreed Value:

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- 4.17.3.1 the Agreed Value shall nevertheless be taken as the repaired value for the purposes of Rule 4.17.1.
- 4.17.3.2 there shall be no claim for constructive total loss based upon the cost of recovery and/or repair of the Entered Ship unless the specified proportion of the cost of recovery and/or repair would exceed the specified proportion of the Agreed Value.

4.17.4 If there is no Agreed Value, Rules 4.17.1 and 4.17.2 shall apply as if references to the Agreed Value were references to the Insurable Value.

4.17.5 The Directors may decide that an Entered Ship which has become a constructive total loss shall be treated as a constructive total loss for all the purposes of the Rules, notwithstanding that the Owner has not given any notice of abandonment to the Association. If the Directors so decide:

- 4.17.5.1 the Managers shall give notice of that decision to the Owner, and

- 4.17.5.2 no sum shall be recoverable from the Association under Rule 2, Part B in respect of any period after the date of that notice,

the Association shall have the same rights in relation to the ship as if the Owner had given such notice of abandonment.

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4.18 **Obligation to Sue and Labour**

Upon the occurrence of any casualty, event or matter liable to give rise to a claim by an Insured Owner upon the Association, it shall be the duty of the Insured Owner and his agents to take and to continue to take all such steps as may be reasonable for the purpose of averting or minimising any expense or liability in respect whereof he may be insured by the Association. In the event that an Insured Owner commits any breach of this obligation, the Directors may in their discretion reject any claim by the Insured Owner against the Association arising out of the casualty, event or matter, or reduce the sum payable by the Association in respect thereof by such amount as they may determine.

4.19 **Obligations with regard to claims**

- 4.19.1** An Insured Owner must promptly notify the Managers of every casualty, event or claim upon him which is liable to give rise to a claim upon the Association, and of every event or matter which is liable to cause the Insured Owner to incur losses, liabilities, costs or expenses for which he may be insured by the Association.
- 4.19.2** An Insured Owner must promptly notify the Managers of every survey or opportunity for survey in connection with a matter referred to in Rule 4.19.1.
- 4.19.3** An Insured Owner at all times promptly notify the Managers of any information, documents or reports in his or his agent's possession, power or knowledge relevant to such casualty, event or matter as is referred to in Rule 4.19.

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- 4.19.4** Whenever so requested by the Managers, promptly produce to the Association and/or allow the Association or its agents to inspect, copy or photograph all relevant documents of whatsoever nature in his or his agent's possession or power.
- 4.19.5** Whenever so requested by the Managers, promptly permit the Association or its agents to interview any servant, agent or other person who may have been employed by the Insured Owner at the material time or at any time thereafter or whom the Association may consider likely to have any direct or indirect knowledge of the matter or who may have been under the duty at any time to report to the Insured Owner in connection therewith.
- 4.19.6** An Insured Owner shall not settle or admit liability for any claim for which he may be insured by the Association without the prior consent of the Managers.
- 4.19.7** Compliance by the Insured Owner with his obligations referred to in Rules 4.19.1 to 4.19.6, shall be a condition precedent to the Insured Owner's right of recovery from the Association provided that the Directors shall have the power in their discretion to admit a claim in whole or in part, notwithstanding a breach of such condition.

4.20 The Association's Right to Set-Off

Without prejudice to anything elsewhere contained in these Rules, the Association shall be entitled to set off any amount due from an Insured Owner or Joint Owner against any amount due to such Insured Owner or Joint Owner from the Association.

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4.21 Time bar

In the event that:

- 4.21.1 an Insured Owner fails to notify the Managers of any casualty, event or claim referred to in Rule 4.19 within one year after he has knowledge thereof; or
- 4.21.2 an Insured Owner fails to submit a claim to the Managers for reimbursement of any losses, liabilities, costs or expenses within one year after discharging or settling the same; the Insured Owner's claim against the Association shall be discharged and the Association shall be under no further liability in respect thereof unless the Directors in their discretion shall otherwise determine.

4.22 Piracy, barratry and violent theft – limitation of amount recoverable

Any claim for losses, liabilities, costs or expenses arising from piracy, barratry, or violent theft by persons coming from outside the Entered Ship shall be subject to such deductible as the Directors shall have determined before the beginning of the Policy Year during which the claim arises.

5: General Premium Notice

This Rule is divided into the following parts:

- A** **Modification or Termination of cover upon the giving of a General Premium Notice.**
- B** **Reinstatement of cover as regards risks other than the King's Enemy Risks.**

Modification or Termination of cover upon the giving of a General Premium Notice

- 5A.1** Rules 5A.2 to 5A.5 are applicable to each and every risk insured by the Association.
- 5A.2** 5A.2 If it shall appear to the Board of Trade that British ships or other ships accepted by him for reinsurance are, or may be, exposed to the King's Enemy Risks generally (and not in a particular area or areas), he may serve upon the Association a General Premium Notice requiring the payment of premiums. If such a notice shall be served the Managers shall give notice thereof to all the Insured Owners and the cover provided by these Rules shall be modified or automatically terminated in accordance with the provisions of Rules 5A.3 and 5A.4.
- 5A.3** The cover provided by these Rules against the King's Enemy Risks shall continue save only that, after the expiry of the periods stipulated in Rules 5A.4.1 to 5A.4.4, it shall be modified so that K.E.R. Premium and other payments are payable in respect of Premium Periods in accordance with the provisions of Appendix A paragraphs A3-A8.
- 5A.4** The cover provided by Rule 1.6, Rule 2 Parts A, B, C, E, F and G and by Rule 3 shall continue until the expiry of the following periods when it shall automatically terminate. If on the day that a General Premium Notice is served:
 - 5A.4.1** an Entered Ship is on a voyage to a friendly port, until three clear days after her arrival at that friendly port; or

General Premium Notice

- 5A.4.2 an Entered Ship is on a voyage to a hostile port, or to a friendly port which during the voyage becomes a hostile port, until three clear days after her arrival at a friendly port; or
- 5A.4.3 an Entered Ship is within a hostile port, or a port which becomes a hostile port within three clear days of arrival, until three clear days after her arrival at a friendly port; or
- 5A.4.4 in respect of any other Entered Ship, for three clear days.

5A.5 For the purposes of Rule 5A.4 friendly port shall mean a port which is not a hostile port.

Reinstatement of cover as regards risks other than King's Enemy Risks

- 5B.1 Rules 5B.2 to 5B.4 are applicable to each and every risk insured by the Association other than the King's Enemy Risks.
- 5B.2 At any time after a General Premium Notice has been served the Directors may, in their discretion, offer to reinstate the cover or part thereof to any Insured Owner whose cover has terminated or will terminate under the provisions of Rule 5A.4.
- 5B.3 Such offer may:
 - 5B.3.1 offer to insure the Insured Owner against any or all of the risks set out in Rule 2 (other than Rule 2 Part D) or Rule 3, or such Part or Parts thereof as the offer shall describe;
 - 5B.3.2 stipulate that the insurance shall be subject to any additional warranties, conditions, exceptions, limitations, or other terms, to those which are set out in these Rules;

General Premium Notice

- 5B.3.3** require that Contributions or Premiums shall be payable by the Insured Owner;
 - 5B.3.4** provide that such insurance is offered for a Policy Year or for any shorter period;
 - 5B.3.5** provide that such insurance shall cease upon the expiry of the period for which it is given unless it is renewed in response to any subsequent offer which the Directors may make under Rules 5B.2 and 5B.3.
- 5B.4** If any Insured Owner shall accept such offer, the insurance of the Entered Ship shall be reinstated on the terms which have been agreed and, where not inconsistent with such terms, on the provisions of these Rules.

6: Insured Owners and Successors bound by Rules

- 6.1** All policies or contracts of insurance effected by the Association shall, save and insofar as they contain any special terms inconsistent herewith, be deemed to incorporate and shall incorporate all the provisions of these Rules.
- 6.2** An Owner or other person (including an insurer to be reinsured under Rule 11) by whom or on whose behalf an application is made for insurance or reinsurance by the Association shall be deemed to have agreed not only on his own behalf but also on behalf of his Successors and each of them that both he and they will in every respect be subject to and bound by the provisions of these Rules and by any policy or contract of insurance with the Association.

7: Applications for Insurance

- 7.1** Any Owner who wishes to be insured by the Association shall make application for such insurance in such form as may from time to time be required by the Managers.
- 7.2** The Managers shall be entitled, in their discretion and without assigning any reason, to refuse any application for insurance whether or not the Owner is a Member of the Association.

8: Fair Presentation of Risk

- 8.1** When applying for insurance, giving notice under Rule 28.3 or on the renewal of any insurance, an Owner or Insured Owner shall make to the Managers a fair presentation of the risk by providing to the Managers all such particulars and information as may be material to the insurance given by the Association or as the Managers may require and by ensuring that all the particulars and information disclosed by him are true so far as he and his servants and agents know or ought to have known. Failure to make a fair presentation of risk may result in the policy and/or contract of insurance being avoided, a reduction to the claim being made and/or the terms of the policy and/or contract of insurance being varied with effect from the beginning of the policy year.
- 8.2** The Association may accept an application for insurance of more than one ship by one or more Owners on the basis that those ships will be treated together as a fleet for underwriting purposes.
- 8.3** Where one or more ships have been entered as a fleet in accordance with Rule 8.2 then the debts of any one Insured Owner or Joint Owner in respect of any such Entered Ship shall be treated as the debt of all the other Insured Owners and Joint Owners whose ships are or were entered as part of the same fleet and the Association shall be entitled to act as if all the ships forming the fleet were entered by the same Owner.

9: Certificates of Entry and Endorsement Slips

- 9.1** As soon as reasonably practicable after accepting an application for the entry of a ship for insurance in the Association, the Managers shall issue to the Insured Owner of such Entered Ship, a Certificate of Entry in such form as may from time to time be prescribed by the Managers so that such Certificate of Entry shall state:
- 9.1.1** the date of the commencement of the insurance;
 - 9.1.2** the terms and conditions on which the Entered Ship has been accepted for insurance;
 - 9.1.3** whether the ship is entered for the risks insured under Rule 2 or Rule 3 or both such Rules;
 - 9.1.4** in respect of the risks insured under Rule 2, the Insured Value of the Entered Ship;
 - 9.1.5** in respect of the risks insured under Rule 3, the Sum Insured;
 - 9.1.6** where only a part or percentage of the Insured Value is insured by the Association, that part or percentage;
 - 9.1.7** in the case of a ship which is not a British Ship, the country in which the Entered Ship is to be registered and the flag under which she is to sail.
- 9.2** If at any time or from time to time the Managers and the Insured Owner of any Entered Ship shall agree to vary the terms relating to the Entered Ship, the Managers shall, as soon as reasonably practicable thereafter, issue to the Insured Owner of such Entered Ship an endorsement slip stating the terms of such variation and the date from which such variation is to be effective.

10: Joint Insured Owners

- 10.1** If a ship shall be entered in the names of more than one Insured Owner, they shall be collectively referred to as Joint Insured Owners and:
- 10.1.1** all Joint Insured Owners shall be jointly and severally liable to the Association to pay all Contributions, Additional Premiums, Premiums, K.E.R. Premium (if applicable), or other sums due to the Association in respect of such entry;
 - 10.1.2** if, at the time of entry, the Joint Insured Owners shall have directed that all payments of any sums payable by the Association shall be paid to one of the Joint Insured Owners or to some other party, payment of such sums by the Association in the manner directed shall be a complete discharge of the Association's liabilities to all Joint Insured Owners. If no such directions shall have been given, payment by the Association, in its discretion, to any one of the Joint Insured Owners shall operate as a similar complete discharge of its liabilities to all Joint Insured Owners;
 - 10.1.3** failure by any Joint Insured Owner to make a fair presentation of the risk shall be deemed to have been the failure of all the Joint Insured Owners;
 - 10.1.4** conduct of any Joint Insured Owner which would have entitled the Association to decline to indemnify him shall be deemed to be the conduct of all Joint Insured Owners;

Joint Insured Owners

- 10.1.5 unless the Managers have otherwise agreed in writing, the contents of any communication from or on behalf of the Association to any Joint Insured Owner shall be deemed to be within the knowledge of all the Joint Insured Owners, and any communication from any Joint Insured Owner to the Association shall be deemed to have been made with the full approval and authority of all the Joint Insured Owners;
- 10.1.6 no disputes of whatever nature or howsoever arising between Joint Insured Owners shall be the subject of any insurance given by the Association or form the basis of any recovery from it;
- 10.1.7 where any claims shall be pursued against any one of the Joint Insured Owners for which he is insured by the Association, he shall be deemed for all the purposes of this insurance to have the same rights to limit his liability as if he were the registered Owner of the Entered Ship.

11: Reinsurance

- 11.1** The Directors may, in their discretion, accept applications for reinsurance (other than for King's Enemy Risks which are reinsured by the Board of Trade) by the Association of any ship or other interest insured by another insurer against war risks. If such an application should be accepted, each ship so reinsured shall be deemed for all the purposes of these Rules to be an Entered Ship. In the absence of written agreement to the contrary, the insurer of such Entered Ship shall (subject to the provisions of Rule 12.2) have the same rights and be under the same obligations for all the purposes of these Rules as though he were the Insured Owner of the Entered Ship.
- 11.2** The Directors may, in their discretion, reinsure all or any part of the risks insured or reinsured by the Association, whether or not such risks are in relation to all the ships entered in the Association, or to any one particular Entered Ship, or to any number of Entered Ships, with such reinsurers and on such terms as they consider appropriate.

12: Membership

- 12.1** If the Managers accept an application from an Owner who is not already a Member for a ship to be entered in the Association, such Owner shall, as from the date of acceptance of such entry, be and become a Member and his name shall be entered in the Register of Members.
- 12.2** Whenever the Directors accept an application for reinsurance in accordance with the provisions of Rule 711.1 they may, in their discretion, accept the insurer reinsured by the Association, or the Owner of any ship insured by such insurer or both such insurer or such Owner, as a Member or Members.
- 12.3** An Insured Owner, or an insurer or the Owner of any ship insured by him who shall have been accepted as a Member under the provisions of Rule 12.2, shall cease to be a Member if for any reason whatever the insurance or reinsurance of all ships entered in the Association has terminated, ceased or been cancelled.

13: Assignment

- 13.1** No insurance given by the Association and no interest under these Rules or under any policy or contract between the Association and any Insured Owner may be assigned without the written consent of the Managers who shall have the right in their discretion to give or refuse such consent without stating any reason or to give such consent upon any such terms or conditions as they may think fit. Any purported assignment made without such consent or without there being due compliance with any such terms and conditions as the Managers may impose shall, unless the Managers in their discretion otherwise determine, be unenforceable against the Association.
- 13.2** Whether or not the Managers shall expressly so stipulate as a condition for giving their consent to any assignment, the Association shall be entitled in settling any claim presented by the assignee to deduct or retain such amount as the Managers may then estimate to be sufficient to discharge any liabilities of the assignor to the Association, whether existing at the time of the assignment or having accrued or being likely to accrue thereafter.

14: Period of Insurance

- 14.1** Subject as otherwise provided in these Rules, the insurance by the Association of an Entered Ship shall commence at the time and date specified in the Certificate of Entry and, unless otherwise agreed by the Managers, shall continue until noon G.M.T. on 20th February next ensuing, and thereafter, from Policy Year to Policy Year, unless it terminates, ceases or is cancelled in accordance with these Rules.
- 14.2** The insurance shall be subject to the Rules and any other terms and conditions in force at the time of the casualty, event or claim liable to give rise to a claim on the Association.

15: Variation of Contract

- 15.1** If before the end of any Policy Year these Rules shall have been altered in any respect which affects the terms and conditions of the policy or contract of insurance between the Insured Owner and the Association, then unless it has taken effect earlier in accordance with Rule 15.3, such alteration shall be binding upon the Insured Owner and for all purposes take effect as from the commencement of the next ensuing Policy Year.
- 15.2** If the Managers shall have given notice not later than noon G.M.T. on the 20th January in any Policy Year that for the next ensuing policy year they require some change to be made in the terms or conditions of entry, including, but not limited to, the application of a deductible to claims arising under the cover afforded by Rule 2 Parts A, B, C, E, F and G, or Rule 3 or Rule 1.6, or any one or more or any part of them, unless the claim results from an actual total loss or a constructive total loss, then the insurance of the Entered Ship for the next ensuing Policy Year shall continue upon the existing terms varied in accordance with the terms of the said notice, unless the Insured Owner shall notify the Managers in writing before noon G.M.T. on the 20th February next following the date of the said notice that he is not willing to accept such terms, whereupon the insurance of the Entered Ship shall cease at the end of the Policy Year during which the said notice was given by the Managers.
- 15.3** Notwithstanding the provisions of Rule 15.1 above, where, in the opinion of the Directors, there occurs or may occur a material change in the risks to the Association or the cover provided by it, either as a result of the implementation of new legislation or for any other reason whatsoever, the Association may alter the Rules in accordance with Article 10 of the Articles and decide that such alteration shall take effect during the policy year on no less than 30 days' notice.

16: Notice of Termination

- 16.1** The insurance of any Entered Ship may be terminated in the following manner:
- 16.1.1** the Managers in their discretion and without giving any reason may give a written notice of termination to any Insured Owner not later than noon G.M.T. on the 20th January in any year;
 - 16.1.2** an Insured Owner in his discretion and without giving any reason may give a written notice of termination to the Association not later than noon G.M.T. on the 20th January in any year.
- 16.2** If a notice shall have been given pursuant to Rule 16.1, the period of insurance shall terminate at noon G.M.T. on the 20th February immediately following such notice. Save with the agreement of the Managers, and without prejudice to Rule 16.3 an Entered Ship may not be withdrawn from the Association nor may any notice of termination be given at any other time.
- 16.3** Without prejudice to Rule 16.1 and Rule 16.2, the Directors may at any time and without stating a reason terminate the Owner's insurance on 30 days' written notice, given not later than 30 days before the expiry of the period of insurance specified in Rule 14.
- 16.4** Unless the Managers otherwise agree an Entered Ship may not be withdrawn from the Association nor may any notice of termination be given except as provided in Rule 16.1

17: Orders, Prohibitions and Directions

- 17.1** The Directors shall at all times have power to give any or all Insured Owners such orders, prohibitions or directions as the Directors in their discretion may see fit as regards routes, trading areas, ports, stoppages, convoys, cargoes, methods of loading or discharging cargoes, modes of management or of navigation of Entered Ships and manning or equipment, including orders to an Insured Owner that an Entered Ship shall not proceed to or remain at any port, place, country, zone or area or that an Entered Ship shall depart therefrom, or prohibitions to an Insured Owner against an Entered Ship proceeding to or remaining at or in any port, place, country, zone or area.
- 17.2** Any of the orders, prohibitions or directions referred to in Rule 17.1 may be given so that they apply to any one or more Entered Ships or class of Entered Ships or generally to all Entered Ships and so that they remain in force for any one or more specified occasions or for a specified period or until further notice, in which latter event they shall remain in force until revoked by the Directors even if the period extends beyond the then current Policy Year and into any one or more future Policy Years.
- 17.3** Every insurance given by the Association shall be deemed to contain a warranty by the Insured Owner that all such orders, prohibitions or directions as are referred to in Rules 17.1 and 17.2 shall be acted upon and complied with by the Entered Ship irrespective of whether they were made before or after its date of entry.

Orders, Prohibitions and Directions

- 17.4** Notwithstanding any order, prohibition or direction made by the Directors, an Entered Ship may be specially insured on the terms that a specific order, prohibition or direction shall not apply and that failure to comply therewith shall not be deemed a breach of warranty and shall not suspend the cover. An Entered Ship may be specially so insured on terms that an additional premium is payable by the Insured Owner to the Association and/or on terms that, while the Entered Ship is in a port, place, country, zone or area subject to such order, prohibition or direction, the Insured Owner shall only be insured against certain specified or restricted risks and/or on such other terms as the Managers may think fit.
- 17.5** No Entered Ship shall be deemed to be insured on the special terms referred to in Rule 17.4 hereof unless the exemption from the particular order, prohibition or direction is specified in writing by the Managers. If any such exemption shall be specified in writing, the said exemption shall apply to the order, prohibition or direction referred to therein and not to any other order, prohibition or direction given by the Directors.

18: Maximum Amounts Insured

The maximum amounts for which any one Entered Ship or the interests therein may be insured by the Association shall be determined from time to time by the Directors.

19: Constitution of Additional Premium Areas

- 19.1** If it shall appear to the Board of Trade that British ships or other ships accepted by it for reinsurance are, or may be, exposed to King's Enemy Risks in a particular area or areas, it may, under the terms of the Reinsurance Agreement, serve on the Association a notice (hereinafter called a "Special Premium Notice") defining the area or areas to which it applies.
- 19.2** If a Special Premium Notice shall have been served as aforesaid, the Managers as soon as practicable thereafter shall notify the Insured Owners of the receipt of such notice and the area or areas to which it applies. On the expiry of a period of seven days from the date of the notice given by the Managers, unless an Insured Owner shall have exercised the option referred to in Rule 19.5, each Insured Owner's terms of entry shall be deemed to contain and shall contain a term that until further notice the area or areas so specified shall constitute an Additional Premium Area or Areas in respect of the King's Enemy Risks with the consequences set out in Rule 28.
- 19.3** At any time or times, whether before or during the currency of any Policy Year, the Directors may, in respect of the risks other than the King's Enemy Risks, determine:
- 19.3.1** that any ports, places, countries, zones or areas (whether of land or sea) shall be Additional Premium Areas;
 - 19.3.2** that any special terms, conditions, exceptions or limitations of or to the Association's cover shall apply while an Entered Ship shall be or remain in any one or more of such Additional Premium Areas.

Constitution of Additional Premium Areas

- 19.4** The Managers shall notify the Insured Owners of all decisions made by the Directors pursuant to Rule 19.3. On the expiry of a period of seven days from the date of the notice given by the Managers, unless an Insured Owner shall have exercised the option referred to in Rule 19.5, each Insured Owner's terms of entry shall be deemed to contain and shall contain a term that until further notice the area or areas so mentioned shall constitute an Additional Premium Area or Areas in respect of the risks insured by the Association, other than the King's Enemy Risks, with the consequences set out in Rule 28.
- 19.5** If the Managers shall give any such notice to the Insured Owners as is mentioned in Rules 19.2 or 19.4, an Insured Owner, at any time within the next ensuing period of seven days, but not at any time thereafter, shall have the option by giving notice in writing to the Managers to cancel any one or more of his entries with the Association. In the event of such option being exercised, the entry or entries so specified shall terminate at the expiry of the said period of seven days and that Insured Owner shall only be liable to pay contributions to the Association pro rata for the proportion of the relevant Policy Year during which he was insured by the Association.
- 19.6** Whenever an application is made by an Owner or other person for the entry of any ship for insurance or reinsurance in the Association, and whenever negotiations take place as to the terms on which the insurance of an Entered Ship is to continue for the next following Policy Year, such application or negotiations shall proceed on the basis that, if the application be accepted or if the insurance continues for the next following Policy Year, the terms of entry shall be deemed to contain a provision that the Association's current Additional Premium Areas and all current special terms, conditions, exceptions or limitations applicable thereto, whether or not they shall have been notified to the Owner, shall apply to the insurance of the Entered Ship.

Constitution of Additional Premium Areas

19.7 If at any time during the currency of any Policy Year the Managers shall notify the Insured Owners that any Additional Premium Area or Areas or one or more parts thereof shall cease to be Additional Premium Areas or that any special terms, conditions, exceptions or limitations shall cease to apply, then such Area or Areas or part thereof or such special terms, conditions, exceptions or limitations (as the case may be) shall thereupon cease to form part of the terms of entry of the Insured Owners.

20: Safe Ports and Places of Safety

The Directors may in their discretion determine for all the purposes of these Rules what is and what is not a safe port or place of safety and the date which is to be deemed that of the declaration of war or the outbreak of or cessation of hostilities.

21: Membership of Organisations

The Directors may cause the Association to become affiliated to, support, sponsor and/or sustain other organisations or bodies concerned with the provision of war risks insurance for ships which are eligible for entry in the Association and for this purpose may authorise the payment by the Association to such organisations or bodies of such sums as the Directors may think fit.

22: Sums payable by Insured Owners

- 22.1** The Association shall be entitled to require payment of Contributions, Additional Premiums, Premiums and K.E.R. Premium in accordance with the cover which is required by the Insured Owner.
- 22.2** Every Insured Owner shall be obliged to pay Contributions levied in accordance with Rules 23, 24, 25, 26 and 29.
- 22.3** Where an Insured Owner desires cover to be maintained whilst the Entered Ship is within any Additional Premium Area as specified in Rule 19, he shall be required to pay an Additional Premium as provided by Rule 28.
- 22.4** Where an Insured Owner desires to obtain cover under the provisions of Rules 2C.2, 5B (where reinstatement of cover is offered on the basis that a premium shall be paid) or 17.4, he shall be required to pay a premium as provided by those Rules.
- 22.5** After the service of a General Premium Notice, the Insured Owners, who have or continue to have ships entered in the Association for King's Enemy Risks where those risks are reinsured by the Government of the United Kingdom (that is to say British Ships and other ships to which the provisions of Appendix A, paragraph A2 apply), shall be required to pay K.E.R. Premium as provided by Appendix A paragraph A4.

23: Contributions

23.1 The Insured Owners who have entered ships in the Association for the risks insured under Rule 1.6, Rule 2 or Rule 3 or all such Rules for any Policy Year, not being a Policy Year which has been closed, shall provide by way of Contributions all funds which in the opinion of the Directors are required:

23.1.1 to meet such of the general expenses of the Association as the Directors may from time to time think fit to charge in respect of that Policy Year against the Association's insurance business;

23.1.2 to meet the claims, expenses and outgoings, whether incurred, accrued or anticipated, of the Association's insurance business in respect of that Policy Year;

23.1.3 for any transfers to reserves or provisions which the Directors may deem it expedient to make out of the Contributions paid in respect of such Policy Year and which the Directors may from time to time think fit to charge against the Association's insurance business for that Policy Year including, without prejudice to the generality of the foregoing, such transfer to reserves and provisions in respect of any deficiency which has occurred or which may be thought likely to occur in respect of risks in any previous Policy Year, including any closed Policy Year, as the Directors may think proper;

Contributions

23.1.4 to provide all such sums as the Association may by any governmental or other similar legislation or regulation be required to set aside in order to establish and/or maintain an adequate solvency margin and/or guarantee fund in respect of any Policy Year. Without in any way limiting the obligations of Insured Owners to pay such sums, the Directors may, in their discretion and at any time or times, require any or all Insured Owners to guarantee specifically the payment of such sums in such terms and with such security as the Directors may from time to time decide.

23.2 The said Contributions shall be levied by means of Advance and Supplementary Contributions in accordance with the provisions of Rules 24, 25 and 26.

24: Advance Contributions

- 24.1** Before the beginning of each Policy Year, or so soon thereafter as may be practicable, the Directors shall, in respect of each Insured Owner, decide the percentage of the Insured Value and of the Sum Insured, in respect of each Entered Ship, which amount, or such other amount as may be determined by the Managers, is to be levied on the Insured Owner and is to be paid by way of an Advance Contribution for such Policy Year.
- 24.2** The percentage or percentages so fixed shall be applied:
- 24.2.1** in the case of risks insured under Rules 1.6 and 2, Parts A, B, C, E, F and G, to the Insured Value of each Entered Ship for which she is insured;
 - 24.2.2** in the case of risks insured under Rule 3, to the Sum Insured;
 - 24.2.3** where only a part or percentage of the Insured Value is insured by the Association, to that part or percentage so insured.
- 24.3** The amounts so calculated shall be the amounts so payable by the Insured Owner.

25: Supplementary Contributions

At such subsequent time or times during or after the end of each Policy Year as the Directors think fit, but not after such Policy Year has been closed, the Directors may decide to levy from the Insured Owners whose ships are or were entered in the Association for that Policy Year one or more Supplementary Contributions. Such Supplementary Contributions shall be at such percentage of the net Advance Contribution as the Directors think fit and shall be applied to the total amount of the net Advance Contribution paid or payable by each Insured Owner in respect of such Policy Year.

26: General Provisions as to Contributions

- 26.1** As soon as is reasonably practicable after the rate of any Advance or Supplementary Contribution shall have been fixed, the Managers shall notify each Insured Owner concerned of the following:
- 26.1.1** whether the Contribution is an Advance or Supplementary Contribution;
 - 26.1.2** the Policy Year and the Rule to which the Contribution relates;
 - 26.1.3** the rate determined by the Directors;
 - 26.1.4** the amount or amounts payable by the Insured Owner;
 - 26.1.5** the date on which the Contribution is payable or, if such Contribution is payable by instalments, the amounts of instalments and the respective dates on which they are payable;
 - 26.1.6** the currency or currencies in which the Contribution is payable.
- 26.2** If it shall be agreed between an Insured Owner and the Managers that a ship is to be entered in the Association as from a specified date occurring after the commencement of any Policy Year, or that the Association is otherwise on risk in respect of any insurance for only a part of any Policy Year (save in the circumstances set out in Rule 26.3), then the Contributions due from the Insured Owner to the Association in respect of that Policy Year shall be payable on a pro rata basis representing the time that such ship is entered for insurance during the Policy Year.

General Provisions as to Contributions

- 26.3** If in the course of a Policy Year, it shall be agreed between the Insured Owner and the Managers that the Insured Value for which the Entered Ship is insured under Rules 1.6 and 2, Parts A, B, C, E, F and G or the Sum Insured under Rule 3 shall be varied, then the Contributions due from the Insured Owner to the Association in respect of that Policy Year shall be increased or reduced pro rata according to the increase or reduction of the Insured Value or of the Sum Insured and according to the proportion of the whole Policy Year during which such increase or reduction is to be effective.
- 26.4** When the Insurance of an Entered Ship by the Association terminates, ceases or is cancelled, the Insured Owner shall, notwithstanding the termination, the cesser or cancellation of such insurance, remains liable to pay Contributions in respect of such ship as follows:
- 26.4.1** if the insurance shall have terminated at the end of a Policy Year, for the whole of such Policy Year, unless and to the extent that such liability may have been otherwise agreed or assessed under Rule 37; or
 - 26.4.2** if the insurance shall have terminated in the course of a Policy Year, for the whole of such Policy Year, unless Rule 36 shall be applicable or unless and to the extent that such liability may have been otherwise agreed or assessed under Rule 37.

27: Laid Up Returns

- 27.1** The Directors may in their discretion direct that returns of Contributions or allowances against the same be paid or allowed to Insured Owners whose Entered Ships are laid up and unemployed (otherwise than for the purpose of repair or maintenance) in any safe port or place outside any Additional Premium Area.
- 27.2** The Directors may in their discretion determine from time to time:
- 27.2.1** the minimum period for which an Entered Ship must be so laid up;
 - 27.2.2** the percentage of the Contributions to be returned to such Insured Owner;
 - 27.2.3** the period for which such a return shall be allowed.
- 27.3** If the Directors shall make a direction in accordance with Rule 27.1, a return shall be made to such Insured Owner consisting of the percentage of the Contributions so directed on a pro-rata basis, commencing at noon G.M.T. on the day on which the Entered Ship was laid up and ending at noon G.M.T. on the day on which that Entered Ship ceased to be laid up.
- 27.4** PROVIDED ALWAYS that:
- 27.4.1** the Directors may in their discretion determine that a return may be made in respect of ships unemployed and laid up (other than for the purpose of repair or maintenance) in any one or more current Additional Premium Areas or part thereof;

Laid Up Returns

27.4.2 no return shall be made in respect of a ship which is unemployed and laid up in circumstances which give rise to a claim on the Association;

27.4.3 if an Insured Owner fails to notify the Managers of his intention to claim such a return within three months of the end of the Policy Year during which such claim arose, he shall be deemed to have waived such claim.

28: Additional Premiums

If an Entered Ship shall proceed to or be or remain in any Additional Premium Area the provisions of Rule 28 shall have effect.

28.1 The Insured Owner shall pay to the Association an Additional Premium or Premiums as follows:

28.1.1 if, by virtue of a decision of the Directors, the area is an Additional Premium Area in respect of risks other than the King's Enemy Risks, an Additional Premium or Premiums at such rate or rates, and for such period or periods, as shall be agreed with the Managers;

28.1.2 if, by virtue of a Special Premium Notice, the area is an Additional Premium Area in respect of King's Enemy Risks, an Additional Premium or Premiums at such rate or rates, and for such period or periods, as the Board of Trade shall from time to time determine;

28.2 The Insured Owner shall continue to be insured while the Entered Ship proceeds to or is or remains within such area.

28.3 It is a condition of the insurance given by the Association that the Insured Owner shall give written notice to the Association:

28.3.1 before the Entered Ship proceeds into the Additional Premium Area;

28.3.2 immediately on the commencement of insurance by the Association if the Entered Ship is within an Additional Premium Area at the time of such commencement; and

28.3.3 immediately upon being notified of any determination under Rule 19 if at the time of such notification the Entered Ship is within an Additional Premium Area which is the subject of that determination.

Additional Premiums

28.4 If this condition is not fulfilled then:

28.4.1 if, by virtue of a Special Premium Notice, the area is an Additional Premium Area in respect of the King's Enemy Risks, the Insured Owner shall not be entitled to any recovery from the Association in respect of any claim arising from any of the King's Enemy Risks and arising out of events occurring in the Additional Premium Area;

28.4.2 if, by virtue of a decision of the Directors, the area is an Additional Premium Area in respect of the risks other than the King's Enemy Risks, the Insured Owner shall not be entitled to any recovery from the Association in respect of any claim arising from any risks other than the King's Enemy Risks and arising out of events occurring in the Additional Premium Area;

28.4.3 if the area is an Additional Premium Area in respect of both the King's Enemy and the non-Kings Enemy Risks, an Insured Owner shall not be entitled to any recovery from the Association in respect of any claim arising out of events occurring in the Additional Premium Area.

28.4.4 PROVIDED ALWAYS that:

the Directors may in their discretion decide to allow recovery from the Association which would otherwise be excluded by Rule 28.4 either in whole or in part. Where the Directors do not exercise their discretion to allow recovery as aforesaid, the Association shall return to the Insured Owner any Additional Premium which may have been paid pursuant to Rule 28.1.

Additional Premiums

- 28.5** The terms of the insurance of the Entered Ship while in an Additional Premium Area shall be those current for the relevant Policy Year and any special terms, conditions, exceptions or limitations set out in the Certificate of Entry.

PROVIDED ALWAYS that:

if, in respect of risks other than the King's Enemy Risks, the Managers shall specify that any special terms, conditions, exceptions or limitations shall apply whilst an Entered Ship shall be or remain in any Additional Premium Area, then the terms shall be those which are current for the relevant Policy Year as modified by such special terms, conditions, exceptions or limitations.

- 28.6** An Insured Owner shall be entitled to give written notice to the Association at any time before the Entered Ship enters an Additional Premium Area stating that he desires the cover of the Entered Ship to be suspended or restricted while the Entered Ship is within the said Area.

PROVIDED ALWAYS that:

if the Entered Ship is mortgaged, an Insured Owner shall not be entitled to give any such notice unless he shall have obtained and produced to the Association the written consent of his mortgagees to the suspension or restriction of the cover.

- 28.7** If, where permitted by Rule 28.6, an Insured Owner gives notice in writing that he desires the cover of the Entered Ship to be suspended, then:

28.7.1 the cover given by the Association in respect of the Entered Ship so specified shall be suspended and the Insured Owner shall remain uninsured in respect of such Entered Ship during the period while the Entered Ship is and remains in the Additional Premium Area; and

Additional Premiums

- 28.7.2** the Insured Owner shall be under no liability to pay an Additional Premium in accordance with Rule 28.1 but shall not be entitled to any return of Contributions paid or payable in respect of the Entered Ship unless the Directors in their discretion otherwise determine.
- 28.8** Unless the Insured Owner gives notice of suspension before the ship enters the designated Additional Premium Area, the cover of the Entered Ship shall not be suspended but the provisions of Rules 28.1, 28.2, 28.3, 28.4 and 28.5 shall be applicable.
- 28.9** If, where permitted by Rule 28.6, an Insured Owner gives notice in writing that he desires the cover of the Entered Ship to be restricted, then:
- 28.9.1** at any time before the Entered Ship enters an Additional Premium Area, the Insured Owner and the Managers may agree in writing the terms of the cover which shall be applicable to the Entered Ship while within such Additional Premium Area and the amount of the premium payable to the Association for such a period;
- 28.9.2** in the event that no such agreement in writing shall be reached between the Insured Owner and the Managers as is referred to in Rule 28.8.1 before the Entered Ship enters the Additional Premium Area then the cover of the Entered Ship shall not be restricted but the provisions of Rules 28.1, 28.2, 28.3, 28.4 and 28.5 shall be applicable.

29: Provisions as to Payment

- 29.1** If any Contribution or Premium or any other sum due from any Insured Owner to the Association is not paid by such Insured Owner on or before the date specified for payment thereof, the Insured Owner shall, without prejudice to the rights of the Association under any other provision of these Rules, pay interest on the amount overdue from the date on which the amount became due until the date of payment at such rate of interest as the Directors may from time to time determine. The Directors may in any case waive payment of such interest in whole or in part.
- 29.2** No claim of any kind whatsoever by an Insured Owner against the Association shall constitute any set-off against the Contributions or Premiums or other sums due by an Insured Owner to the Association or shall entitle an Insured Owner to withhold or delay payment of any such sum whether or not any set-off has in the Managers' discretion been allowed at any time in the past.
- 29.3** The Association shall have a lien or other right of action against an Entered Ship in respect of the Contribution, Premium or any other sum of whatsoever nature due from the Insured Owner of that Entered Ship and that lien or right of action shall continue notwithstanding that the insurance in respect of any ship entered in the Association by that Insured Owner has terminated, ceased or been cancelled in accordance with the Rules.

30: Closing of Policy Years

- 30.1** The Directors shall with effect from such date after the end of each Policy Year as they think fit declare that such Policy Year shall be closed.
- 30.2** The Directors may declare that any Policy Year is closed notwithstanding that it is known or anticipated that there are in existence or may in the future arise claims, expenses or outgoings in respect of such Policy Year which have not yet accrued or whose validity, extent or amount has not yet been established.
- 30.3** If upon the closing of any Policy Year or at any time thereafter the aggregate of the Contributions, Premiums and other receipts paid and payable for that Policy Year shall be found to exceed the aggregate of claims, expenses, outgoings, transfers to reserves and provisions referred to in Rule 23, the Directors may decide to dispose of the excess in one or more of the following ways:
- 30.3.1** by bringing it forward to the next open Policy Year and making it available for the payment of claims, expenses, outgoings, transfers to reserves and provisions arising in respect of that Policy Year;
 - 30.3.2** by returning the excess to such Owners insured for the relevant Policy Year as the Directors may decide and, if the Directors shall so decide, the excess or part thereof shall be returned to such Owners in such proportions and having regard to such considerations as the Directors shall determine and the decision of the Directors with regard thereto shall be conclusive and binding upon all Owners;
 - 30.3.3** by transferring the excess or any part thereof to the General Reserves or Operating Funds of the Association.

31: Reserves and Investments

- 31.1** The funds of the Association shall be constituted as follows:
- 31.1.1** the balance of the funds available as certified in the accounts of the Association last approved by the Members in general meeting shall constitute the General Reserves of the Association;
 - 31.1.2** any funds of the Association not comprised in the General Reserves shall constitute the Operating Funds of the Association.
- 31.2** The Directors may apply the sums standing to the credit of the General Reserves and of the Operating Funds for any of the purposes for which the General Reserves are maintained or Operating Funds contributed or received or, whenever the Directors consider this to be in the interests of the Association, for any different purposes and the Directors may so apply those sums, even though payments are made in respect of any different Policy Year from that from which such sums originated.
- 31.3** The funds of the Association may be invested in any way the Directors may determine and any investment returns applied to any Policy Year as they think fit.

32: Cesser of Insurance

Without prejudice to the generality of these Rules:

32.1 An Insured Owner shall cease to be insured by the Association in respect of any and all ships entered by him or on his behalf upon the occurring of any of the following events or circumstances:

32.1.1 where the Insured Owner is an individual,

32.1.1.1 upon his death, or

32.1.1.2 if a receiving order is made against him, or he makes any composition or arrangement with his creditors generally in order to avoid or prevent the making of such receiving order, or

32.1.1.3 if he becomes bankrupt, or

32.1.1.4 if he becomes incapable by reason of mental disorder of managing or administering his property and affairs.

32.1.2 Where the Insured Owner is a corporation,

32.1.2.1 upon the passing of any resolution for its voluntary winding up (other than voluntary winding up for the purposes of company or group reorganisation), or

32.1.2.2 upon an order being made for its compulsory winding up or an administration order being made, or

32.1.2.3 upon its dissolution, or

Cesser of Insurance

- 32.1.2.4 upon a receiver, or an administrative receiver or manager being appointed of all or part of its business or undertaking, or
- 32.1.2.5 upon possession being taken of any of its property by or on behalf of a secured party, or
- 32.1.2.6 upon its commencing proceedings under any bankruptcy or insolvency laws to seek protection from its creditors or to reorganize its affairs.

32.2 Unless otherwise agreed in writing by the Managers, an Insured Owner shall cease to be insured by the Association in respect of a ship entered by him or on his behalf upon the occurring of any of the following events or circumstances in relation to such ship:

- 32.2.1 the Insured Owner parting with or assigning the whole or any part of his interest in the Entered Ship whether by bill of sale or other formal document or agreement or in any other way whatsoever, or
- 32.2.2 the managers of the Entered Ship being changed by the appointment of new managers.

32.3 Unless otherwise agreed in writing by the Managers, an Insured Owner shall cease to be insured by the Association in respect of a ship entered by him or on his behalf upon the occurring of whichever shall be the earliest of the following events or circumstances in relation to such Entered Ship:

Cesser of Insurance

- 32.3.1** the Entered Ship being missing for ten days from the date when she was last heard of;
- 32.3.2** the Entered Ship being posted at Lloyd's as missing;
- 32.3.3** the Entered Ship becoming an actual total loss;
- 32.3.4** acceptance by hull underwriters or by the Association that the Entered Ship is a constructive total loss;
- 32.3.5** payment to the Insured Owner of the Entered Ship by marine underwriters or by the Association of an unrepaired damage claim which exceeds the market value of the Entered Ship, without commitment, immediately prior to the casualty which gave rise to such claim;
- 32.3.6** a compromise settlement with marine underwriters or with the Association on the basis of which the Entered Ship is considered or deemed to be an actual or constructive total loss;
- 32.3.7** a decision by the Association that the Entered Ship is to be considered or deemed to be an actual or constructive total loss or otherwise commercially lost.

Cesser of Insurance

32.4 PROVIDED ALWAYS that:

- 32.4.1** notwithstanding cesser of the insurance under Rule 32.3 consequent upon actual total loss, constructive total loss or other loss of the Entered Ship, the Association shall, subject always to the Rules and to the terms and conditions of the entry of the Entered Ship in the Association, remain liable in respect of claims which are within the scope of those terms and conditions and which flow directly from the casualty which has given rise to that actual total loss or constructive total loss or other loss;
- 32.4.2** the Managers may, as a condition of agreement that the insurance of the Entered Ship shall continue after the occurring of any of the events or circumstances listed in Rules 33.2 and 33.3 impose such terms and conditions as they think fit for the continuation of the insurance.

33: Cancellation for Non- Payment

Without prejudice to the generality of these Rules:

33.1 where the Association has required an Insured Owner to pay under the terms of entry and these Rules any Contribution, Additional Premium, Premium or interest, and the Insured Owner has not paid the same in full within the time permitted by the Association, the Managers may give the Insured Owner notice in writing:

33.1.1 requiring him to pay such amount by any date specified in such notice, not being less than fourteen days from the date on which the notice is given, and

33.1.2 informing him that if he fails to pay such amount in full on or before the date so specified, his insurance in respect of the Entered Ship or Ships relating to which payment of that amount was required, and also, if the Managers so specify, his insurance in respect of any and all other ships entered in the Association by him or on his behalf, shall be cancelled forthwith without any further notice or formality.

33.2 If an Insured Owner fails to comply with the requirements set out in any notice issued by the Managers in accordance with Rule 33.1, that Insured Owner's insurance shall be cancelled as specified in such notice, notwithstanding that the amount payable by the Insured Owner to the Association, as referred to in the notice, related only to one, or to more than one but not to all, of the Entered Ships in respect of which the Insured Owner's insurance is cancelled.

Cancellation for Non- Payment

- 33.3** Cancellation as provided in Rule 33 shall operate independently of and separately from any cancellation, termination or cesser which may be effected or which may occur by virtue of any termination or cesser other provisions of these Rules.
- 33.4** An Insured Owner's insurance may be cancelled as provided in Rule 33 irrespective of whether that insurance is current on the date of the cancellation or has ceased by virtue of the provisions of Rule 32 or has ceased, been terminated or cancelled in accordance with any other provisions of these Rules.
- 33.5** PROVIDED ALWAYS that:
- if after the issue of a General Premium Notice the Insured Owner shall have failed to pay when due and demanded by the Managers any K.E.R. Premium levied under the provisions of paragraph A4 of Appendix A to these Rules, the provisions of paragraph A6 of the said Appendix shall apply.

34: Effects of Cesser and Cancellation of Insurance

- 34.1** When an Insured Owner's insurance terminates, ceases or is cancelled under or by reason of the operation of any of these Rules other than Rule 33:
- 34.1.1** such Insured Owner and his Successors shall be and remain liable for all Contributions, Additional Premiums, Premiums and any other sums whatsoever payable in respect of the Policy Year in which the insurance terminates, ceases, or is cancelled, and in respect of previous Policy Years, unless and to the extent that Rule 36 is applicable and/or the Insured Owner's liability may have been otherwise agreed under Rule 37;
- 34.1.2** subject to Rule 34.2 and to the other provisions of these Rules and to the terms of entry in the Association of the Entered Ship or Ships in respect of which insurance has terminated, ceased or been cancelled, the Association shall remain liable in respect of such Entered Ship or (as the case may be) Ships for all claims under these Rules arising out of any event which has occurred prior to the time of such termination, cessation or cancellation of the insurance, but shall not otherwise be under any liability whatsoever by reason of anything occurring after such time.
- 34.2** When an Insured Owner's insurance is cancelled in accordance with Rule 33 (which time is hereinafter in Rule 34 referred to as "the date of cancellation"):

Effects of Cesser and Cancellation of Insurance

- 34.2.1** such Insured Owner and his Successors shall be and remain liable for all Contributions, Additional Premiums, Premiums and other sums payable in respect of the Policy Year in which the date of cancellation occurs pro-rata only for the period up to the date of cancellation or such earlier date as the Managers in their discretion decide and stipulate in writing, and in respect of previous Policy Years;
- 34.2.2** the Association shall with effect from the date of cancellation cease to be liable for any claims of whatsoever kind under these Rules in respect of any and all ships entered in the Association by or on behalf of such Insured Owner irrespective of whether:
- 34.2.2.1** such claims have occurred or arisen or may arise by reason of any event which has occurred at any time prior to the date of cancellation, including during previous Policy Years;
 - 34.2.2.2** such claims arise by reason of any event occurring after the date of cancellation;
 - 34.2.2.3** the Association may have admitted liability for or appointed lawyers, surveyors or any other person to deal with such claims;

Effects of Cesser and Cancellation of Insurance

34.2.2.4 the Association at the date of, or prior to the date of, cancellation knew that such claims might or would arise, and as from the date of cancellation any liability of the Association for such claims shall terminate retrospectively and the Association shall be under no liability to such Insured Owner for any such claims or on any account whatsoever.

34.3 The Directors may in their discretion and upon such terms as they think fit, including but not restricted to terms as to payment of Contributions, Additional Premiums, Premiums or other sums, agree to pay either in whole or in part any claim in respect of any ship entered by an Insured Owner for which the Association is under no liability by virtue of Rule 34, whether such claim has arisen before or arises after the date of cessation or the date of cancellation, as the case may be, or remit wholly or partly any payment of Contributions, Additional Premiums, Premiums or other sums paid or payable to the Association.

35: Sums due to the Association for the purpose of application of the Rules on Cesser of Insurance

35.1 For the purpose of determining whether any (and if so, what) sum is due for the purposes of Rule 34.1 or otherwise under these Rules, no account shall be taken of any amount due or alleged to be due by the Association to the Insured Owner on any ground whatsoever, and no set-off of any kind, including set-off which might otherwise have arisen by reason of the bankruptcy, winding up or administration of the Insured Owner, shall be allowed against such sum (whether or not any set off against Contributions or Premiums has been allowed at any time in the past), except to the extent (if any) to which any sum demanded by the Managers as due, and required by the Managers to be paid, may in the Managers' discretion in itself have already allowed for a set-off or credit in favour of the Insured Owner.

35.2 Without prejudice to the generality of Rule 45, no act, omission, course of dealing, forbearance, delay or indulgence of any kind by or on behalf of the Association nor the granting of time, nor the acceptance by the Association (whether expressed or implied) of liability for, or the recognition of, any claim, and whether occurring before or after any date of cessation as hereinbefore referred to shall derogate from the effect of Rules 32 to 35.1 inclusive or be treated as any waiver of any of the Association's rights thereunder.

36: Calculation of Contributions after Cesser of Insurance

If any of the events specified in Rule 32.2 shall occur in relation to an Entered Ship then in every such case, provided the Insured Owner gives notice in writing of such event to the Managers within one month after the date thereof, the Insured Owner shall be liable to pay Contributions in respect of such ship for the relevant Policy Year on a pro rata basis, namely the proportion of such Contributions applicable to the period beginning at the commencement of that Policy Year (or in the case of a ship entered during that Policy Year, the date of entry) and ending at noon G.M.T. on the date of the happening of such event.

37: Release Contributions

- 37.1** When the insurance by the Association of an Entered Ship terminates, ceases or is cancelled, for any reason, whether or not the circumstances giving rise thereto shall be any of those specified in Rules 15 and 16 or in Rule 32, the Managers may:
- 37.1.1** release the Insured Owner from further Contributions in respect of such ship, wholly or partly or upon such terms as the Managers in their discretion may deem to be appropriate in the circumstances;
 - 37.1.2** whether or not negotiations may have taken place with the view to the application of Rule 37.1.1, assess at the date of the cesser of insurance the amount which seems to the Managers in their discretion to represent the likely liability of the Insured Owner for further Contributions in respect of such ship.
- 37.2** If the Managers shall exercise their powers under Rules 37.1.1 or 37.1.2, then:
- 37.2.1** any terms imposed by the Managers or agreed between the Managers and the Insured Owner pursuant to Rule 37.1.1 shall be performed at such time or times as the Managers shall have specified;
 - 37.2.2** the amount of any assessment made under Rule 37.1.2 shall be payable by the Insured Owner without deduction on demand;
 - 37.2.3** the Insured Owner shall be under no liability for any Contributions which the Directors may decide to levy after the date of a release given under Rule 37.1.1 or after the date of an assessment made under Rule 37.1.2, as the case may be, and the Insured Owner shall have no right to share in any return of Contributions or other monies which the Directors may thereafter, decide to make in accordance with Rule 30.

38: Managers' Remuneration

The Managers shall be remunerated by the Association on such basis as may be approved by the Directors.

39: Employment of Lawyers and Others

- 39.1** Without prejudice to any other provisions of these Rules and without waiving any of the Association's rights hereunder, the Managers may at any and all times appoint and employ on behalf of the Insured Owner upon such terms as the Managers may think fit lawyers, surveyors or other persons for the purpose of dealing with any matter which might give rise to a claim by an Insured Owner upon the Association, including investigating or advising upon any such matter and taking or defending legal or other proceedings in connection therewith. The Managers may also at any time discontinue such employment if they think fit.
- 39.2** All lawyers, surveyors and other persons appointed by the Managers on behalf of the Insured Owner or appointed by the Insured Owner with the prior consent of the Managers shall at all times be and be deemed to be appointed and employed on the terms that they have been instructed by the Insured Owner at all times (both while so acting and after having retired from the matter) to give advice and to report to the Association in connection with the matter without prior reference to the Insured Owner and to produce to the Association without prior reference to the Insured Owner any documents or information in their possession or power relating to such matter, all as if such person had been appointed to act and had at all times been acting on behalf of the Association.

40: Powers of the Managers relating to the handling and settlement of claims

- 40.1** The Managers shall have the right if they so decide to control or direct the conduct of any claim or legal or other proceedings relating to any liability, loss or damage in respect whereof the Insured Owner is or may be insured in whole or in part, and to require the Insured Owner to settle, compromise or otherwise dispose of such claim or proceedings in such manner and upon such terms as the Managers see fit.
- 40.2** If the Insured Owner does not settle, compromise or dispose of a claim or of proceedings after being required to do so by the Managers in accordance with Rule 40.1 any eventual recovery by the Insured Owner from the Association in respect of such claim or proceedings shall be limited to the amount he would have recovered if he had acted as required by the Managers.
- 40.3** In the event of a casualty giving rise to loss or damage to an Entered Ship which may be recoverable from the Association, the Managers may take, or require the Insured Owner to take, tenders for the repair of such damage.

41: Subrogation

- 41.1** Wherever any claim shall have been paid by the Association, the Association is thereby subrogated to all the rights and remedies of the Insured Owner in and in respect of the claim as from the time of the casualty causing the loss.
- 41.2** The Insured Owner shall afford to the Association all possible assistance in exercising the said rights of subrogation.
- 41.3** The Insured Owner hereby authorises the Association in exercising such rights to commence any legal or other proceedings, whenever the Association may think fit, in the name of the Insured Owner on furnishing an undertaking to the Insured Owner to indemnify him in respect of the costs thereof.
- 41.4** The Insured Owner hereby undertakes at any time upon the request of the Association to execute a formal assignment of all or any such rights to the Association or to execute a formal deed of subrogation and to produce all such information, documents and evidence as the Association may require.

42: Information to be supplied by Owners

42.1 Whenever so required by the Managers, an Insured Owner shall disclose to them in respect of any ship entered by him in the Association:

42.1.1 all information which is presently in, or which may come into, his possession, or which he may ascertain by reasonable enquiries regarding the position of any ship or her past, present or future employment;

42.1.2 all details of any additional insurance effected or proposed to be effected by him with parties other than the Association in respect of any interest howsoever described which is insured, or which he proposes to insure, with the Association;

42.1.3 the total marine insured value, that is to say the total sum for which the Entered Ship is insured for total loss under marine policies;

42.1.4 all such other information that the Board of Trade shall reasonably require for the purposes of the Reinsurance Agreement.

43: Meetings of the Directors

- 43.1** The Directors shall meet as often as they may consider necessary for the settlement of claims which shall be paid by the Association as the Directors may determine in accordance with these Rules and the Directors shall have power from time to time to authorise the Managers, without prior reference to the Directors, to effect payment of claims of such types and up to such sums as the Directors may determine. No Director shall act as such in the settlement of any claim in which he is interested.
- 43.2** Wherever any discretion or power is granted to the Directors under these Rules, and notwithstanding any provision in these Rules or the Articles to the contrary, the Directors shall in exercising any such discretion or power with respect to any matter in any way affecting insurance against King's Enemy Risks or the recovery of any claim in respect thereof have regard to or take into account or act in accordance with the views or wishes or requirements of the Board of Trade and the Association may by agreement with the Board of Trade bind the Directors not to exercise such discretions or powers without the consent of the Board of Trade and in such circumstances the discretions and powers shall not be exercised by the Directors without such consent.
- 43.3** Representatives of the Board of Trade shall be entitled to attend all meetings of Directors at which and to the extent that any matter relating to the insurance of King's Enemy Risks is considered.

44: Exercise of Powers

- 44.1** Whenever any power, duty or discretion is conferred or imposed upon the Managers by or under these Rules, power, such duty or discretion may, subject to any terms, conditions or restrictions contained in these Rules, be exercised by any one or more of the Managers or by any servant or agent of the Managers to whom the same shall have been delegated or sub-delegated.
- 44.2** Whenever any power, duty or discretion is conferred or imposed upon the Directors by these Rules, such power, duty or discretion shall be exercisable by the Directors unless the same shall have been delegated to any Committee of the Directors or to the Managers in accordance with the provisions as regards delegation contained in the Bye-Laws, in which event the power, duty or discretion may be exercised by any person to whom the same shall have been so delegated.
- 44.3** In the exercise of any such power, duty or discretion, the Managers, the Directors, and every other person to whom such exercise may have been delegated shall respectively be entitled to act or refrain from acting at its, their or his absolute discretion and without giving any reason or explanation for such conduct.

45: Forbearance

No act, omission, course of dealing, forbearance, delay or indulgence by the Association in enforcing any of these Rules or any of the terms or conditions of its policies or contracts with an Insured Owner nor any granting of time by the Association shall prejudice or affect the rights and remedies of the Association under these Rules or under such policies or contracts and no such matter shall be treated as any evidence of waiver of the Association's rights thereunder, nor shall any waiver of a breach by an Insured Owner of such Rules, policies or contracts operate as a waiver of any subsequent breach thereof. The Association shall at all times and without notice be entitled to insist on the strict application of these Rules and on the strict enforcement of its policies or contracts with Insured Owners.

46: Disputes

- 46.1** Save for the exercise of any right referred to in Rule 29.3, the Association and each Insured Owner hereby submits to the exclusive jurisdiction of the High Court of Justice of England in respect of any dispute or difference between the Insured Owner and the Association arising out of or in connection with these Rules or out of or in connection with any contract between the Insured Owner and the Association.
- 46.2** Save for any claim by the Association in respect of the sums which the Association may consider to be due to it from an Insured Owner either the Association or the Insured Owner may, by giving written notice of election to the other, elect to have such dispute or difference referred to the arbitration in London of three arbitrators (one to be appointed by the Association, one to be appointed by the Insured Owner and the third appointment by the two so chosen) subject to the provision of Rules 46.3 to 46.5.
- 46.3** If either party fails to appoint an arbitrator under Rule 46.2 within 14 clear days of being called upon to do so, such an arbitrator may then be appointed by the other party.
- 46.4** Any arbitrator appointed under Rules 46.2 or 46.3 shall be a full member of the London Maritime Arbitrators Association or a King's Counsel practising primarily in the Commercial Court in the King's Bench Division of the High Court of Justice of England and in either case shall be conversant with the business of shipping and mutual insurance (protection and indemnity and freight demurrage and defence) associations.
- 46.5** The submission to arbitration and all proceedings therein shall be subject to the English Arbitration Act 1996 and to any statutory modification thereof.

47: Notices

- 47.1** A notice or other document required under these Rules to be served on the Association may be served by sending it to the Association's registered office for the time being of the Managers.
- 47.2** A notice or other document required under these Rules to be served on an Insured Owner may be served by sending it to such Insured Owner
- 47.2.1** at his address as appearing in the Register of Members of the Association,
- 47.2.2** or at the address of the intermediary or broker through whom the Entered Ship is entered in the Association.
- 47.2.3** the address provided by the Insured Owner as the address at which notices from the Association may be served on it.
- 47.3** In the case of Joint Insured Owners all such notices or other documents shall be served on the senior of the Joint Insured Owners and such service shall be sufficient on all the Joint Insured Owners, and for this purpose the senior as between Joint Insured Owners shall be the first named in the Certificate of Entry.
- 47.4** Any such notice or other document, if served
- 47.4.1** by post, shall be deemed to have been served on the day following the day on which it was posted.
- 47.4.2** by email shall be deemed to have been served on the day on which it was transmitted.

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- 47.5** Any such notice or other document may be sent or supplied to the Insured Owner by making it available on the Association's website (www.ukwarrisks.com), and it is deemed served or delivered when the Insured Owner is notified by email that it is available on such website.
- 47.6** The records held by the Association of any email sent to or received by the Association shall, in the absence of manifest error, be conclusive evidence of the communication, its despatch or its receipt.
- 47.7** The successors of anyone who is or was at any time an Insured Owner shall be bound by a notice or other document served as aforesaid if sent to the last address of such Insured Owner, notwithstanding that the Association may have notice of the Insured Owner's death, disability, mental disorder, bankruptcy, liquidation or administration.

48: Rules subject to the Marine Insurance Act 1906 and the Insurance Act 2015

These Rules and all policies or contracts of insurance made by the Association shall be subject to and incorporate the provisions of the Marine Insurance Act 1906 and Insurance Act 2015 of the United Kingdom and any statutory modifications thereof except insofar as such Act or modification may have been excluded by these Rules or by any term of such contracts.

49: Law of Contract

These Rules and any policy or contract of insurance howsoever made between the Association and an Insured Owner shall be deemed to have been concluded in London unless otherwise stated in such contract and both these Rules and any such contract shall be governed by and construed in accordance with English Law.

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ADDITIONAL PROVISIONS RELATING TO THE KING'S ENEMY RISKS ("K.E.R.")

1. An Insured Owner who has entered his Ship for insurance under Rule 2 Part D is insured against the losses, liabilities, costs and expenses caused by any of the following risks (hereunder called "the King's Enemy Risks") which are specified in paragraphs A1.1-1.6.

PROVIDED ALWAYS that:

- 1(a) the losses, liabilities, costs or expenses caused by the risks specified in paragraphs A1.1-1.6 must have arisen out of war or other hostilities involving the United Kingdom; and
- 1(b) the King's Enemy Risks shall not extend to cover any risks which are not war risks as defined by Section 10(1) of the Marine and Aviation Insurance (War Risks) Act 1952; and
- 1(c) the Association shall not be liable for any losses, liabilities, costs or expenses covered by the Standard Form of English Marine Policy with the Institute Time Clauses – Hulls (edition of 1.10.83 or any subsequent edition or amendment thereof current at the date of the casualty) attached and with the War Exclusion Clause, the Strikes Exclusion Clause, the Malicious Acts Exclusion Clause and the Violent Theft, Piracy and Barratry Exclusion Clause inserted therein or which would have been covered thereby if the Entered Ship had been insured under such a policy. A loss shall be deemed to be so insured notwithstanding that it is excluded in whole or in part by any deductible or franchise specified in such a policy.

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- 1(d) the breach of any one of the warranties contained in paragraphs 1(d)(i)-(iii) shall, subject to paragraph 1(e), suspend the insurance given by Rule 2D during the continuance of such breach.
- 1(d)(i) where a ship is entered in the Association on the basis that she is registered in a particular country and sails under a particular flag, and that she is entitled to be so registered and to remain so registered in that country and to sail under that flag, she shall remain continually so registered in that country and continually sail under that flag unless otherwise agreed by the Managers in writing.
- 1(d)(ii) the Entered Ship shall, so far as possible, comply with all orders given by or on behalf of His Majesty's Government of the United Kingdom and, subject to those orders, comply with all orders, prohibitions and directions made under Rule 17, irrespective of whether such orders, prohibitions and directions were made before or after the date of entry of the Entered Ship.
- 1(d)(iii) the Insured Owner must at all times maintain the validity of any statutory certificates as are required and issued by or on behalf of the state of the Entered Ship's flag in relation to the International Ship & Port Facility Security Code unless otherwise agreed by the Managers in writing.

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PROVIDED ALWAYS that:

the Directors may authorise payment of a claim, either in whole or in part, which would otherwise be excluded by the provisions of this paragraph 1(d)(iii) in all the circumstances the Directors shall in their sole discretion see fit.

- 1(e) the breach of any one or more of the warranties shall not operate to suspend such insurance if the Insured Owner shall prove that such breach happened without the fault or privity of the Insured Owner or the managers of the Entered Ship, or was committed in order to avoid loss by the risks hereby insured.

A1 King's Enemy Risks

A1.1 Loss, whether partial or total, of the Entered Ship's hull, materials, machinery and all other parts and equipment thereof when caused by any of the following risks:

A1.1.1 war or any hostile act by or against a belligerent power;

A1.1.2 capture, seizure, arrest, restraint or detainment and the consequences thereof or any attempt thereat;

A1.1.3 mines, torpedoes, bombs or other weapons of war, including derelict mines, torpedoes, bombs or other derelict weapons of war.

A1.2 Detention following capture, seizure, arrest, restraint or detainment

In the event of the Entered Ship being captured, seized, arrested, restrained or detained, the Insured Owner shall be entitled to recover from the Association:

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- A1.2.1** the daily running expenses of the Entered Ship during the period of the detention, save for the first seven days thereof;
- A1.2.2** the expenses, other than the expenses insured by paragraph A1.2.1, incurred in respect of the capture, seizure, arrest, restraint or detainment and the recapture, release and restoration of the Entered Ship, including claims for damage to property arising in respect of the Entered Ship during the period of capture, seizure, arrest, restraint or detainment which are recoverable in law from the Insured Owner;
- A1.2.3** if the detention of the Entered Ship should last for a continuous period exceeding 90 days, in addition to any sums recoverable under paragraphs A1.2.1 and A1.2.2 and 2D.3.2, a sum calculated at the rate of 10 per cent per annum of the Insured Value of the Entered Ship as specified in the Certificate of Entry and applied pro rata to the whole of the detention.
- PROVIDED ALWAYS that:
- A1.2.4** unless the Directors in their discretion otherwise determine, the Insured Owner shall give credit against the said amount payable under paragraph A1.2.3 for any claim paid or payable by the Association for damage received by the Entered Ship during such period.

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A1.3 The sums recoverable under paragraph A1.2 shall be limited as follows:

A1.3.1 No sum shall be recoverable, in an Insured Owner's claim for detention of an Entered Ship, in respect of any period during which that Entered Ship is:

A1.3.1.1 delayed solely because a decision on the part of the Insured Owner, his servants or agents, is awaited on the disposal, repair or movement of the Entered Ship, or

A1.3.1.2 awaiting repairs or being repaired, irrespective of whether the need for such decision or repairs has been created by damage caused to the Entered Ship by any of the risks specified in Rule 2 Part D, Appendix A or otherwise howsoever.

A1.3.2 If the Insured Owner shall have received any hire or other contractual reward payable on a time basis (whether under a demise or time charter party or otherwise howsoever) for the period in respect of which a claim is made hereunder, he shall give credit for such hire or other reward in making his claim under paragraphs A1.2.1 and A1.2.3 and if he shall have any right to receive such hire or other reward but shall not have received the same he shall assign his rights therein to the Association.

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A1.3.1.3 Unless the Directors in their discretion otherwise determine, no sum shall be recoverable from the Association in respect of any period after the Entered Ship has become or been accepted as an actual or constructive total loss (whether under the terms of a policy or contract against marine risks or under the cover specified in these Rules), or after the Association has accepted notice of abandonment or after the Association has notified the Insured Owner in writing, whether or not he has given any notice of abandonment, that the Association has decided to treat the Entered Ship as a constructive total loss.

A1.4 Collision Liability

Any losses, liabilities, costs and expenses incurred by an Insured Owner by way of damages for:

- A1.4.1** loss of or damage to any other Ship or property thereon;
- A1.4.2** delay to or loss of use of any such other Ship or property thereon;
- A1.4.3** salvage of, or salvage under contract of, any such other Ship or property thereon and general average expenditure incurred by such other Ship.

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A1.4.4 PROVIDED ALWAYS that:

- A1.4.4.1 such losses, liabilities, costs or expenses arose in consequence of the Entered Ship coming into collision with any other Ship; and
- A1.4.4.2 such losses, liabilities, costs or expenses arose from one or more of the risks referred to in paragraph A1.1.

A1.5 Wreck Liability

Any losses, liabilities, costs and expenses incurred by an Insured Owner:

- A1.5.1 relating to the raising, removal, destruction, lighting or marking of an Entered Ship, when such raising, removal, destruction, lighting or marking is compulsory by law or the costs thereof are legally recoverable from the Insured Owner;
- A1.5.2 arising as the result of any such raising, removal, destruction, lighting or marking of the wreck of an Entered Ship as is referred to in paragraphs A1.5.1 or any attempt thereof;
- A1.5.3 arising as the result of the presence or involuntary shifting of the wreck of the Entered Ship or as the result of the Insured Owner's failure to raise, remove, destroy, light or mark such wreck, including liability arising from the discharge or escape from such wreck of oil or any other substance.

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A1.5.4 PROVIDED ALWAYS that:

such losses, liabilities, costs or expenses arose in consequence of the Entered Ship becoming a wreck as the result of a casualty or event occurring during the period of that Ship's entry in the Association and the Entered Ship became a wreck as the result of one or more of the risks referred to in paragraph A1.1.

A1.6 Requisitioned and Chartered Ships

A1.6.1 If the Board of Trade and the Insured Owner so desire an Entered Ship which is requisitioned or chartered on behalf of the Government of the United Kingdom shall be insured against the losses, liabilities, costs and expenses caused by the following risks:

A1.6.1.1 the risks specified in paragraphs A1.1-A1.5;

A1.6.1.2 civil war, revolution, rebellion, or civil strife arising therefrom;

A1.6.1.3 piracy;

A1.6.1.4 any liability to pay a contribution in general average or salvage on the net hire or freight at risk receivable by the Insured Owner under any charterparty under which the Entered Ship is running whilst on requisition and/or charter but only where the liability to contribute in general average or salvage arises out of one or more of the risks listed or referred to in paragraphs A1.6.1.1-A1.6.1.3.

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A1.6.2 PROVIDED ALWAYS that:

- A1.6.2.1 if the Entered Ship is a British Ship, the provisions of paragraph 1(c) shall not apply to any insurance provided under paragraph A1.6;
- A1.6.2.2 if the Entered Ship is not a British Ship, the provisions of paragraph 1(a) shall not apply during the continuance of any war or other hostilities involving the United Kingdom to any insurance provided under paragraph A1.6;
- A1.6.2.3 no sum shall be recoverable under paragraph A1.6 to the extent that the losses, liabilities, costs or expenses incurred thereunder are recoverable from the Government of the United Kingdom under the terms of the requisition or the charterparty by which the Entered Ship is engaged, or by the terms of any statute.

A1.7 Sue and Labour

- A1.7.1 Extraordinary costs and expenses reasonably incurred on or after the occurrence of any casualty, event or matter liable to give rise to a claim upon the Association within any of paragraphs A1.1-A1.6 and incurred solely for the purpose of avoiding or minimising any losses, liabilities, costs or expenses against which the Insured Owner is insured under any such Rule.

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A1.7.2 PROVIDED ALWAYS that:

the following costs or expenses shall not be recoverable whether as sue and labour expenses or otherwise howsoever:

A1.7.2.1 any fines, penalties or other impositions such as are specified in Rule 4.10;

A1.7.2.2 any other sum of money paid in consideration of the release of an Entered Ship from any capture, seizure, arrest, detainment, confiscation or expropriation.

A1.7.3 PROVIDED ALWAYS that:

unless the Directors in their discretion shall otherwise determine, the following shall not be recoverable whether as sue and labour expenses or otherwise howsoever:

A1.7.3.1 any fines, penalties or other impositions such as are specified in Rule 4.10;

A1.7.3.2 any other sum of money paid in consideration of the release of an Entered Ship from any capture, seizure, arrest, detainment, confiscation or expropriation.

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A2 Acceptance by the Board of Trade

- A2.1** Where a ship, other than a British Ship, is, or is to be, entered for insurance against the King's Enemy Risks, the Owner or Insured Owner shall produce to the Managers a certificate from the Board of Trade that the ship, or Entered Ship, is accepted by him for reinsurance under the Reinsurance Agreement. In such event the insurance of the Entered Ship by the Association for the King's Enemy Risks shall commence from, and continue during, such a time as the conditions stipulated in such certificate shall have arisen or have otherwise been complied with.
- A2.2** If, having given such a certificate, the Board of Trade shall subsequently give notice to the Association that he withdraws his acceptance of an Entered Ship for reinsurance under the Reinsurance Agreement:
- A2.2.1** before the service of a General Premium Notice, the Association shall not thereafter insure the Entered Ship against the King's Enemy Risks;

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A2.2.1.1 PROVIDED ALWAYS that:

if at the time that the Board of Trade gives such notice of withdrawal the Entered Ship is within an area specified by a Special Premium Notice, and is being insured by the Association against the King's Enemy Risks at an Additional Premium, the insurance against the King's Enemy Risks provided by these Rules shall continue only until the end of the current period for which the Entered Ship is being given insurance at an Additional Premium, and shall then terminate; save that in all cases such insurance shall not terminate in less than seven days;

A2.2.2 after the service of a General Premium Notice, the insurance against the King's Enemy Risks provided by these Rules shall continue only until the end of the Premium Period in which it is given, or at the end of any subsequent Premium Period as the Board of Trade may require, and shall then terminate; save that in all cases such insurance shall not terminate in less than seven days.

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A3 K.E.R. Premium Periods

A3.1 Upon the service of a General Premium Notice, the Board of Trade shall declare a Premium Period. If the General Premium Notice has not been withdrawn and is still in force at the time of the expiry of the first Premium Period, the Board of Trade shall declare further Premium Periods in succession to one another. All Premium Periods shall be such length and duration as the Board of Trade shall determine.

A4 K.E.R. Premium

A4.1 The Insured Owners who, after the service of a General Premium Notice upon the Association, have or continue to have ships entered in the Association for insurance against the King's Enemy Risks where those risks are reinsured by the Government of the United Kingdom (that is to say British Ships and other ships to which the provisions of Rule 4A.1 apply) shall pay to the Association in respect of each such Entered Ship:

A4.1.1 Advance K.E.R. Premium, which shall be expressed as a percentage of the Insured Value of each such Entered Ship, at the rate determined by the Board of Trade in respect of each Premium Period;

A4.1.2 Supplementary K.E.R. Premium, which shall be expressed as a percentage of the Advance K.E.R. Premium to which it relates, at the rate determined by the Board of Trade;

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A4.1.3 such further sums, which shall be expressed as a percentage of the Insured Value of each such Entered Ship, in respect of the expenses of the Association at such rate as the Directors shall from time to time, and for such period of time, determine.

A4.2 K.E.R. Premium shall be payable in full in respect of each Premium Period during which such Entered Ship is entered in the Association for insurance against the King's Enemy Risks. If any such Entered Ship shall be insured for only part of a Premium Period, the Board of Trade may determine that the K.E.R. Premium payable in respect of such Entered Ship shall be payable on a pro-rata basis representing the time that such Entered Ship is so insured during the relevant Premium Period.

A4.3 No K.E.R. Premium shall be levied in respect of any such Entered Ship until the expiry of the period stipulated in Rule 5A.4.

A5 Notices

A5.1 As soon as is reasonably practicable, the Managers shall notify each Insured Owner of the following:

A5.1.1 such declarations and determinations of Premium Periods which are made by the Board of Trade;

A5.1.2 the rate at which a K.E.R. Premium is charged by the Board of Trade;

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- A5.1.3 whether a K.E.R. Premium is an Advance or a Supplementary K.E.R. Premium and the Premium Period to which it relates;
- A5.1.4 the amount or amounts which are payable by the Insured Owner;
- A5.1.5 the date by which any K.E.R. Premium is payable by the Insured Owner, and, if it is payable by instalments, the amount of each instalment and the date by which it is payable.

A6 Unpaid K.E.R. Premium

- A6.1 If an Insured Owner shall have failed to pay in respect of any Entered Ship when due and demanded by the Association any K.E.R. Premium, the provisions of paragraphs A6.2 and A6.3 shall have effect.
- A6.2 The Association shall not accept for payment or pay or otherwise commit itself to pay to that Insured Owner any claim for losses, liabilities, costs or expenses caused by the King's Enemy Risks until such time as the K.E.R. Premium is paid in full.
- A6.3 PROVIDED ALWAYS that:

the Directors may, with the consent of the Board of Trade, exercise one or more of the following powers:

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- A6.3.1** accept security for the payment of the unpaid K.E.R. Premium in such form and for such amount, and on such terms and conditions, as they require for the whole or any part that may be due;
- A6.3.2** without prejudice to the Association's rights under Rule 4 19, appropriate K.E.R. Premium paid in respect of a later Premium Period to K.E.R. Premium due and owing in respect of an earlier Premium Period;
- A6.3.3** accept and pay any claim arising in any Premium Period in respect of which K.E.R. Premium is fully paid;
- A6.3.4** require that interest shall be charged under Rule 30.
- A6.3.5** The Directors may, and if required by the Board of Trade shall, give notice to the Insured Owner in the form prescribed by Rules 33.1.1 and 33.1.2. If the Insured Owner fails to comply with the requirements of such notice, the provisions of Rules 33.2 to 33.4 and 34.2 and 34.3 shall have effect.
- A6.3.6** PROVIDED ALWAYS that:
- in the case that the Insured Owner's cover shall have been reinstated under Rule 5B, the Directors may, in their discretion, give notice under this paragraph which shall cancel the King's Enemy Risks cover only.

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A7 Extension and Termination of Current Policy Year

- A7.1** The Policy Year in the course of which a General Premium Notice is served shall extend (if necessary beyond noon G.M.T. on the 20th February next) and shall terminate at the date when the period or periods provided in Rule 5A.4 have expired in respect of all the ships which are entered for insurance in the Association or at such other date as the Directors may, in their discretion, determine.
- A7.2** In the event that the said Policy Year shall extend beyond noon G.M.T. on the 20th February next in the manner described in paragraph A7.1, the respective rights and obligations of the Insured Owner and the Association shall continue to be governed in all respect by the provisions of these Rules until the Policy Year shall have terminated in accordance with the provisions of paragraph A7.1.

A8 Reinstated Entries

- A8.1** If the Directors shall make an offer under the provisions of Rule 5B, the provisions of paragraphs A8.2 and A8.3 shall apply.
- A8.2** If such offer shall require the payment of Contributions or Premiums, and provide that the insurance is to be offered for a shorter period than any Policy Year, then that shorter period shall constitute a Policy Year for all the purposes of these Rules notwithstanding that such period is shorter than the Policy Year as defined by these Rules.
- A8.3** The risks so insured by the Association shall be financed by means of a different fund from that used to finance the insurance afforded by the Association in respect of the King's Enemy Risks.

- A9.1** The Board of Trade may, in accordance with his powers under the Reinsurance Agreement, require that the Insured Value of an Entered Ship for insurance against the King's Enemy Risks shall be altered to such sum as he may determine. In the event of such determination the Managers shall give notice to the Insured Owner that the Insured Value of that Entered Ship for insurance against the King's Enemy Risks shall, subject only to the provisions of Paragraph A9.2, be such figure as the Board of Trade determines.
- A9.2** If an Insured Owner shall not agree to such determination by the Board of Trade he may, within 28 days of the receipt of notice from the Managers, require that any dispute on the proper value of an Entered Ship for insurance against the King's Enemy Risks shall be submitted to arbitration in accordance with the terms of the Reinsurance Agreement. The Insured Owner may require that the Association shall agree to the appointment of a sole arbitrator of his choice or, as the case may be, shall appoint an arbitrator of his choice (such arbitrators to be experienced in the valuation of ships for war risks purposes) and may, if he wishes, present his case to the arbitrator, arbitrators or umpire. The award of an arbitrator, arbitrators or umpire shall be conclusive and binding as regards the Insured Value of an Entered Ship for insurance against the King's Enemy Risks for all the purposes of these Rules.

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A9.3 If it shall appear to the Board of Trade that a substantial increase of King's Enemy Risks has occurred or is likely to occur, he may determine that the Insured Values of all ships which are entered in the Association for insurance against the King's Enemy Risks shall not be further changed without his consent. In the event of such determination, the Managers shall give notice to all the Insured Owners of such determination.

A9.4 If the Board of Trade shall serve a General Premium Notice upon the Association, the Insured Values of all Entered Ships, which are insured by the Association in currencies other than Sterling, shall, for the purpose of insurance against the King's Enemy Risks, be converted into Sterling and such Entered Ships shall thereafter be insured by the Association in that currency. This conversion shall be effected by using the average of the daily rates of exchange for the previous 90 days based on the average daily rate supplied by the Bank of England.

A10 Terms as to the measure of indemnity or otherwise affecting the recoverability of loss

A10.1 Franchise or Deductible

The insurance under Rule 2 Part D shall not be subject to a franchise or deductible.

A10.2 General Average and Salvage

A10.2.1 The insurance under Rule 2 Part D covers, on the terms set out below, the Entered Ship's proportion of salvage, salvage charges and/or general average. In case of general average sacrifice of the Entered Ship the Insured Owner may recover the whole of the loss without first enforcing his right of contribution from other parties.

A10.2.2 General average and salvage shall be adjusted according to the law and practice obtaining at the place where the adventure ends, as if the contract of affreightment contained no special terms upon the subject; but where the contract of affreightment so provides the adjustment shall be according to the York-Antwerp Rules, 1974.

A10.2.3 When the Entered Ship sails in ballast, not under charter, the provisions of the York-Antwerp Rules 1974 (excluding Rules XX and XXI) shall be applicable, and the voyage for this purpose shall be deemed to continue from the port or place of departure until the arrival of the Entered Ship at the first port or place thereafter other than a port or place of refuge or a port or place of call for bunkering only. If at any such intermediate port or place there is an abandonment of the adventure originally contemplated the voyage shall thereupon be deemed to be terminated.

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A10.2.4 No claim in respect of salvage, salvage charges or general average shall be recoverable from the Association unless the loss arose from a risk insured by the Association under Rule 2 Part D or the loss was incurred to avoid such a risk.

A10.2.5 Claims for salvage, salvage charges and general average, when recoverable hereunder, are payable in full if the Entered Ship liable to contribution is insured under Rule 2 for her full contributory value. If the Entered Ship is not insured under Rule 2 for her full contributory value or if only a part or percentage thereof is insured, the sum recoverable from the Association shall be reduced in proportion to the under insurance.

PROVIDED ALWAYS that:

the Directors shall have the power to admit a claim without reduction, or to direct that it shall only be reduced to some lesser extent, if the Directors in their discretion shall see fit.

A10.3 Collision

A10.3.1 An Insured Owner shall not be entitled to recover loss of or damage to an Entered Ship arising out of a collision with another ship or out of contact with any fixed or floating object unless such loss or damage has been caused by a risk insured by the Association under Rule 2 Part D.

A10.3.2 Should the Entered Ship come into collision with or receive salvage services from another ship belonging wholly or in part to the same Insured Owner, or under the same management, the Insured Owner shall have the same rights of recovery from the Association as if the other ship had been entirely the property of owners not interested in the Entered Ship.

A10.3.3 If the Insured Owner shall become entitled to recover under Rule 2 Part D in respect of loss of or damage to the Entered Ship arising out of collision with another ship, claims in respect of such loss or damage shall be settled on the principle of cross liabilities as if the owners of each ship had been compelled to pay to the owners of the other of such ships such one-half or other proportion of the latter's damages as may have been properly allowed in ascertaining the balance or sum payable by or to the Insured Owner in consequence of such collision.

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A10.4 New for Old

Average is payable without deductions new for old, whether the average be particular or general.

A10.5 Unrepaired Damage

A10.5.1 The measure of indemnity in respect of claims for unrepaired damage shall be the reasonable depreciation in the market value of the Entered Ship, at the end of the policy year in which the damage occurred, arising from such unrepaired damage, but not exceeding the reasonable cost of repairs.

A10.5.2 In no case shall the Association be liable for unrepaired damage in the event of a subsequent total loss whether or not covered under the Entered Ship's terms of entry in the Association.

A10.5.3 The Association will not be liable in respect of unrepaired damage for more than the Insured Value of the Entered Ship at the end of the policy year in which the damage occurred.

A10.6 Freight or Passage Money

In the event of actual or constructive total loss no claim shall be made by the Association for freight or passage money, whether or not notice of abandonment has been given.

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About Thomas Miller

UK War Risks is managed by Thomas Miller – an independent, international provider of insurance, professional and investment services. With origins in the provision of management services to mutual organisations, Thomas Miller has a particularly strong presence in the international transport and professional indemnity sectors; where today it manages some of the foremost insurance mutuals.