



APPENDIX

AMENDMENTS TO THE RULES

**TO BE CONSIDERED BY THE MEMBERS OF THE ASSOCIATION AT THE SPECIAL GENERAL
MEETING OF THE ASSOCIATION TO BE HELD IN BERMUDA ON 14TH JANUARY 2008**

RULES	EXPLANATORY NOTES
<p><u>RULE 2, SECTION 16 - QUARANTINE EXPENSES</u></p> <p><i>Amend Rule 2, Section 16 by deletion of the words below:</i></p> <p>Additional expenses incurred by the Owner of an entered ship as a direct consequence of an outbreak, or the suspicion thereof, of infectious disease on that ship, including quarantine and disinfection expenses and the net loss to the Owner (over and above such expenses as would have been incurred but for the outbreak) in respect of the cost of fuel, insurance, wages, stores, provisions and port charges.</p>	<p><u>RULE 2, SECTION 16 - QUARANTINE EXPENSES</u></p> <p><i>The purpose of this proposed amendment is to protect the Club's assets by removing the risk of an accumulation of claims as a result of a pandemic suspicion leading to a quarantine order affecting many ships in various ports.</i></p>
<p><u>RULE 3 – SPECIAL COVER</u></p> <p><i>Amend Rule 3 by addition of a new paragraph C in bold type below:</i></p> <p>C Without prejudice to the generality of Rule 13C, the Managers may reinsure in whole or in part the risk or risks of the Association insured under this Rule 3, or under Rule 4, and where such reinsurance is arranged the Owner shall be entitled to recover only the net amount actually recovered under such reinsurance arrangements, together with that portion (if any) of the risk or risks retained by the Association.</p>	<p><u>RULE 3 – SPECIAL COVER</u></p> <p><i>The purpose of this Rule amendment is to protect the assets of the Club by reducing the amounts which a Member may recover in respect of non-standard risks if there is a shortfall in reinsurance recovery. It should be noted that this protection, which is similar to that found in the rules of most other IG Clubs, is only in respect of special risks covered pursuant to Rule 3 or Rule 4, and does not affect cover for standard risks set out in Rule 2.</i></p>
<p><u>RULE 5(B) - LIMITATION OF THE ASSOCIATION'S LIABILITY – OIL POLLUTION</u></p> <p><i>Amend Rule 5(B)(ii) by deletion of proviso (c) below and adjusting the subsequent alphabetical order:</i></p> <p>e Unless otherwise determined by the Directors pursuant to sub-paragraph (ii) of this Rule 5(B), in the event that more than one charterer other than a demise or bareboat charterer is insured in respect of the same ship by the Association or by any other insurer which participates in the Pooling Agreement, the aggregate recovery in respect of all claims brought by all such charterers in respect of oil pollution arising out of any one accident or occurrence shall not exceed the limit determined by the Directors pursuant to sub-paragraph (ii) of this Rule 5(B) and the liability of the Association to each charterer insured by the Association shall be limited to such proportion of the limit as the maximum claim otherwise recoverable from the Association by each such charterer bears to the aggregate of all the said claims.</p>	<p><u>RULE 5(B) - LIMITATION OF THE ASSOCIATION'S LIABILITY – OIL POLLUTION</u></p> <p><i>The purpose of this proposed amendment is to remove the aggregation provision that applies just one limit of cover where there are two or more separate charterers' entries in respect of the same ship in a Club or Clubs in the International Group. The aggregation provision is no longer required as each such entry now enjoys its own single limit.</i></p> <p><i>However, it should be noted that if one charterer's entry includes more than one charterer as co-assureds, all such charterers will continue to share the single charterer's limit, as provided for in the Charterer's Co-assured Clause contained in the Addendum of the Rules - and this provision will remain unchanged.</i></p>

RULE 5(B) - LIMITATION OF THE ASSOCIATION'S LIABILITY – PASSENGER/SEAMAN

Amend Rule 5(B) by addition of a new sub-paragraph (iii) in bold type below:

For the purpose of this sub-paragraph and the provisos thereto, and without prejudice to anything elsewhere contained in the Rules, a "Passenger" shall mean a person carried onboard a ship under a contract of carriage or who, with the consent of the carrier, is accompanying a vehicle or live animals covered by a contract for the carriage of goods and a "Seaman" shall mean any other person onboard a ship who is not a Passenger.

Unless otherwise limited to a lesser sum, the Association's aggregate liability for any and all claims arising out of any one event shall not exceed (1) in respect of liability to Passengers US\$2,000 million; and (2) in respect of liability to Passengers and Seamen US\$3,000 million, for each ship entered by or on behalf of an Owner not being a charterer other than a demise or bareboat charterer.

PROVIDED ALWAYS that:

Where a ship entered in the Association by or on behalf of any person (except a charterer other than a demise or bareboat charterer) is also separately insured in the name of or on behalf of the same or any other such person by the Association or by any other insurer which is a party to the Pooling Agreement

- a. **the aggregate of claims in respect of liability to Passengers recoverable from the Association and/or such other insurers shall not exceed US\$2,000 million any one event and the liability of the Association shall be limited to such proportion of that sum as the claims recoverable by such persons from the Association bears to the aggregate of all such claims otherwise recoverable from the Association and all such insurers;**
- b. **the aggregate of all claims in respect of liability to Passengers and Seamen recoverable from the Association and/or such other insurers shall not exceed US\$3,000 million any one event and the liability of the Association shall be limited:**
 - i. **where claims in respect of liability to Passengers have been limited to US\$2,000 million in accordance with proviso (a) to such proportion of the balance of US\$1,000 million as the claims recoverable by such persons in respect of liability to Seamen bear to the aggregate of all such claims otherwise recoverable from the Association and all such insurers; and**
 - ii. **in all other cases, to such proportion of US\$3,000 million as the claims recoverable by such persons in respect of liability to Passengers and Seamen bear to the aggregate of all such claims otherwise recoverable from the Association and all such insurers.**

RULE 5(B) - LIMITATION OF THE ASSOCIATION'S LIABILITY – PASSENGER/SEAMAN

The purpose of this Rule change is to bring into the Rules those changes adopted by the Directors' Resolution of 29th January 2007 (Club circular ref. 5/07) limiting the Club's cover for claims in respect of liability to passengers and seamen. These limits have taken effect since 12 noon GMT on 20th February 2007.



UK P&I CLUB

RULE 23 – PAYMENT

Amend Rule 23 by addition of a new paragraph H in bold type below:

An Owner shall pay on demand to the Association or its order the amount of any premium tax or other tax levied on or in connection with the insurance or reinsurance provided by the Association to the Owner which the Association determines it or the Owner has or may become liable, and shall indemnify the Association and hold it harmless in respect of any loss, damage, liability, cost or expense which the Association may incur in respect of such premium tax or other similar tax.

RULE 23 – PAYMENT

This proposed change is to enable the Club to collect from a Member insurance premium tax or other tax in relation to the insurance or reinsurance provided by the Club, which the Club may be required to pay but which should properly be borne by the Member.

RULES – GENERAL – ANY ONE EVENT

Rule 2, introduction, proviso (ii); Appendix B to Rule 2, iii; Rule 5(B)(ii), proviso b;

Replace “any one accident or occurrence” with “any one event”

Rule 5(B)(ii); Rule 5(B)(ii), Note

Replace “each accident or occurrence” with “each event” and replace “the accident or occurrence” with “the event”

Rule 22, Section 1(A)

Replace “any one incident or occurrence” with “any one event”

Rule 22, Section 5(B)

Replace “the relevant incident or occurrence” with “the relevant event”

Rule 25(C)(i)&(iii)

Replace “an incident or occurrence” with “an event”

Rule 44.Overspill Claim Date:

Replace “the incident or occurrence” with “the event” and replace “such incident or occurrence” with “such event”

RULES – GENERAL – ANY ONE EVENT

The purpose of this change is to align the Rules and other Club documents on cover with that of the Pooling Agreement, the Group Excess Loss Reinsurance Contract, and most of the Club’s other reinsurance contracts to use the terminology of “any one event” consistently.