

APPENDIX A

AMENDMENTS TO THE RULES OF THE UNITED KINGDOM MUTUAL STEAM SHIP ASSURANCE ASSOCIATION (EUROPE) LIMITED

To be considered by the Members of the United Kingdom Mutual Steam Ship Assurance Association (Bermuda) Limited at the Special General Meeting of the Association to be held in Bermuda on 18th January, 2018.

AMENDMENTS TO THE RULES

Rule 2, section 17, proviso c)iii – Cargo liabilities – paperless trading system

Amend Rule 2, Section 17, proviso c)iii by addition of words in bold type below:

iii. Delivery of cargo carried under a negotiable bill of lading or similar document of title **(including an electronic bill of lading)** without production **(or the equivalent thereof in the case of an electronic bill of lading)** of that bill of lading or document by the person to whom delivery is made, except where cargo has been carried on the entered ship

- under the terms of a non-negotiable bill of lading, waybill or other non-negotiable document, and has been properly delivered as required by that document, notwithstanding that the Owner of that entered ship may be liable under the terms of a negotiable bill of lading or other similar document of title issued by or on behalf of a party other than that Owner providing for carriage partly by a means of transport other than the entered ship;
- **under the terms of an approved electronic trading system and has been properly delivered to the person so entitled in accordance therewith.**

Note: Proper delivery is required in the case of an electronic bill of lading as with a conventional bill of lading. See also Paperless Trading Endorsement.

Rule 5H(ii) – Exclusion of certain liabilities, costs and expenses of salvage ships, drilling ships, dredgers and others

Amend Rule 5H(ii) by addition in bold type as indicated below:

ii. An entered ship which is

- (a) constructed or adapted for the purpose of carrying out drilling operations in connection with oil or gas exploration or production, or
- (b) used for or in connection with drilling or oil or gas production operations, including any accommodation unit moored or positioned on site as an integral part of any such operations, when the claim arises out of or during those operations;

PROVIDED ALWAYS that for the purposes of paragraph ii(b) above:

(A) the entered ship shall be deemed to be carrying out production operations if (inter alia) it is a storage tanker or other ship engaged

EXPLANATORY NOTES

Rule 2, section 17, proviso c)iii – Cargo liabilities – paperless trading system

The purpose of this amendment, which will align the Rules with a recent change to the Pooling Agreement, is to ensure that cover in respect of liability for mis-delivery arising from the use of an approved paperless trading system (electronic bills of lading) is subject to the same or equivalent considerations as those which apply to traditional trading systems (traditional bills of lading).

Currently, three paperless trading systems (Bolero, ESS and e-title) have been approved by the International Group.

Rule 5H(ii) – Exclusion of certain liabilities, costs and expenses of salvage ships, drilling ships, dredgers and others

The purpose of the amendment is to maintain alignment between the exclusion in Rules and an equivalent exclusion in the Pooling Agreement.

The new wording defines the period of the exclusion applicable to a ship carrying out oil or gas production operations, as being from the time when the first direct or indirect connection is made between the ship and the well until the ship is finally disconnected from the well in accordance with the contract for employment of the ship in production operations.

in the storage of oil, and either:

(i) the oil is transferred directly from a producing well to the storage ship; or

(ii) the storage ship has oil and gas separation equipment on board and gas is being separated from oil whilst on board the storage ship other than by natural venting; **and**

(B) in respect of any entered ship employed to carry out production operations in connection with oil or gas production, the exclusion shall apply from the time that a connection, whether directly or indirectly, has been established between the entered ship and the well pursuant to a contract under which the entered ship is employed, until such time that the entered ship is finally disconnected from the well in accordance with that contract.

Rule 5U – Certificates and undertakings

Amend Rule 5(U) by deletion of the words as indicated and by addition of a new paragraph 'g' in bold type below:

U Certificates and undertakings

~~Notwithstanding the exclusions in Rule 5(E), 5(F) and 5(V),~~
Unless and to the extent that the Directors otherwise decide,
the Association ~~will~~ **shall** discharge on behalf of the Owner liabilities, costs, expenses arising under a demand made pursuant to the issue by the Association on behalf of the Owner of

g) subject always to the MLC Extension Clause 2016, certificates issued by the Association in compliance with Regulation 4.2, Standard A4.2, paragraph 1(b) and Regulation 2.5.2, Standard A2.5.2 of the Maritime Labour Convention 2006, as amended (MLC 2006).

Note: the terms of the MLC Extension Clause 2016 are to be found in the Owner's Addendum to the Rule Book.

Rule 5U – Certificates and undertakings

The purpose of the amendment is to add alongside other certificates listed in Rule 5U a reference to MLC financial security certificates, pursuant to which the Association is able discharge liabilities under the MLC 2006 on behalf of the Members, subject always to the terms of the MLC Extension Clause 2016.

Rule 14 – Membership

Amend Rule 14 by deletion of Sections E and F as indicated below:

~~E Any Owner who is or becomes a Member shall be and remain a Member of The United Kingdom Mutual Steam Ship Assurance Association (Isle of Man) Limited ("the IOM Company") (or its successors or assigns) subject always to the provisions of the memorandum and articles (or equivalent) of the IOM Company (or the constitutional documentation of any successor or assign) from time to time in force. It is a condition of acceptance of an application from an Owner for a ship to be entered in the Association that the aforesaid terms apply.~~

~~F In the event that the Directors determines, in its discretion, that for the protection and security of the Association's undertaking and property and the interests of the Owners against loss, damage or injury, the Association transfers its funds and business to the IOM Company, of which the Owner is also a member under Rule 14E, then any certificate of entry present and in force, issued to each Owner shall be transferred, assigned and conveyed to the IOM Company immediately whereupon the IOM Company shall provide the same coverage afforded under the applicable certificate of entry on the same terms and conditions as the certificate of entry present and in force issued by the Association. Entry of the ship with the IOM Company shall be on the same terms and conditions as entry with the Association.~~

Rule 14 – Membership

These sections of Rule 14 have been in place for many years. They envisaged using an alternative mutual in the Isle of Man, if it were necessary to change the jurisdiction of the Club's business at short notice, but such action would no longer be practicable in the modern regulatory environment. It is therefore proposed that these sections of the Rule be deleted as they no longer serve any useful purpose.