

# APPENDIX A

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

To be considered at a Special General Meeting of the Members of The United Kingdom Mutual Steam Ship Assurance Association (Europe) Limited, to be held in London on 16th January, 2020.

### AMENDMENTS TO THE RULES

#### Rule 2 Section 17 – Electronic Trading Systems

Amend Rule 2, Section 17 by adding a new proviso (g) as set out in blue bold type below:

##### **g. Electronic Trading Systems**

**There shall be no recovery from the Club in respect of liabilities, losses, costs and expenses arising from the use of any electronic trading system, other than an electronic trading system approved by the Club in writing, to the extent that such liabilities, losses, costs and expenses would not (save insofar as the Club in its sole discretion otherwise determines) have arisen under a paper trading system.**

Corresponding change:

Amend Rule 44 by addition of a new definition of “Electronic Trading System” as set out in blue bold type below:

**Electronic Trading System - An electronic trading system is any system which replaces or is intended to replace paper documents used for the sale of goods and/or their carriage by sea or partly by sea and other means of transport and which are documents of title, or entitle the holder to delivery or possession of the goods referred to in such documents, or evidence a contract of carriage under which the rights and obligations of either of the contracting parties may be transferred to a third party. For the purpose of the definition, a “document” shall mean anything in which information of any description is recorded including, but not limited to, computer or other electronically generated information.**

#### **Rule 5H(ii)&(vii) - Exclusion of certain liabilities, costs and expenses of salvage ships, drilling ships, dredgers and others**

Amend Rule 5H(ii)(a)(b) by deletion of the words indicated and by addition of words in blue bold type below:

ii. An entered ship which is

~~(a) constructed or adapted for the purpose of~~ **used to** carry 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~~

### EXPLANATORY NOTES

#### **Rule 2 Section 17 – Electronic Trading Systems**

This amendment incorporates within the Rules a term that was previously applied by means of a clause included in all certificates of entry. The amendment is therefore only administrative in nature and does not change the cover provided by the Club

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

These proposed amendments are to align the Rules with a recent change to the Pooling Agreement.

The purpose of the Pooling change is to improve contract certainty in relation to ships used as accommodation vessels for production operations. The new wording identifies the relevant vessels with the concept of being within a zone defined by a 500 metre distance from a production facility, in place of the former vague notion of being “positioned on site as an integral part” of a production operation.

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 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.

*Amend Rule 5H(vii) by addition of words in bold type below:*

vii. An entered ship which is used as an accommodation vessel, when the claim is in respect of personnel (other than marine crew) on board such ship employed otherwise than by the Owner, where **either:**

- a) **Such vessel is moored or anchored within 500 metres of an oil or gas production or exploration facility; or**
- b) there has not been a contractual allocation of risks as between the Owner and the employer of the personnel which has been approved by the Managers.

**Rule 5H(iii) - Exclusion of certain liabilities, costs and expenses of salvage ships, drilling ships, dredgers and others**

*Amend Rule 5H(iii) by deletion of the words indicated and by addition of words in blue bold type below:*

iii. An entered ship which is used for specialist operations including dredging, blasting, pile-driving, well-intervention, cable or pipe laying, construction, installation, maintenance work, core sampling, depositing of spoil, or power generation, **decommissioning, or such other operations as the Managers may determine from time to time**, when the claim arises as a consequence of: .....

**Rule 5H(iii) - Exclusion of certain liabilities, costs and expenses of salvage ships, drilling ships, dredgers and others**

*This amendment to the specialist operations exclusion is made necessary by an updated list of such operations in the Pooling Agreement. Additional words "or such other operations as the Managers may determine from time to time" cater for new types of operations which may be notified to the IG and be decided to be "specialist" during the policy year.*

**Rule 44 – Definitions – Convention Limit**

*Amend the definition of "Convention Limit" in Rule 44 by addition of words in blue bold type below:*

In respect of a ship, the limit of liability of the owner of that ship for claims (other than claims for loss of life or personal injury) at the Overspill Claim Date, calculated in accordance with Article 6 paragraph 1(b) **(but applying 334 Units of Account to each ton up to 500 tons)** of the International Convention on Limitation of Liability for Maritime Claims 1976 (the "Convention") and converted from Special Drawing Rights into United States Dollars at the rate of exchange conclusively certified by the Association as being the rate prevailing on the Overspill

**Rule 44 – Definitions – Convention Limit**

*This amendment, relevant to small vessels below 500gt only, removes a deemed minimum tonnage for such ships, for the purpose of calculating Overspill Calls. This amendment to the calculation of Overspill Calls has been agreed in principle by all Clubs in the International Group.*

Claim Date, provided that, (a) where a ship is entered for a proportion (the “relevant proportion”) of its tonnage only, the Convention Limit shall be the relevant proportion of the limit of liability calculated and converted as afore-said and (b) each ship shall be deemed to be a sea-going ship to which the Convention applies, notwithstanding any provision in the Convention to the contrary.

#### **Rule 44 – Definitions - Ship**

*Amend Rule 44 by deletion of the words indicated and by addition of words in blue bold type below:*

**Ship** (in the context of a ship entered or proposed to be entered in the Association) shall mean ship, boat, **hydrofoil**, hovercraft or other description of vessel **(including a lighter, barge or similar vessel howsoever propelled but excluding (a) a unit or vessel constructed or adapted for the purpose of carrying out drilling operations in connection with oil or gas exploration or production, (b) a fixed platform or fixed rig and (c) a wing-in-ground craft)** 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.

#### **Rule 44 – Definitions - Ship**

*The Club’s cover for offshore risks is now provided pursuant to a separate “Offshore Terms & Conditions” document, instead of the Rules. In the light of that change, this amendment brings the definition of “ship” in Rule 44 into alignment with the definition of ship in the Pooling Agreement.*

### **CHANGES NEEDED FOR SEPARATING CHARTERERS’ COVER FROM THE RULES**

#### **AMENDMENTS TO THE RULES**

##### **Rule 3 Special Cover**

*Amend Rule 3, paragraph B by addition of words as set out in bold type below:*

B Notwithstanding Rule 1(5), an Owner **or a Charterer** may be insured on the special term that the risks insured may arise otherwise than in respect of the entered ship or otherwise than in connection with the operation of the entered ship provided always that this shall have been expressly agreed in writing between the Owners and the Managers.

##### **Rule 4 Special Cover for Charterers, Specialist Operations, Passenger Ships, and TT Risks**

*Amend Rule 4 by deletion of the words indicated below and renumbering the subsequent sections:*

Rule 4 Special Cover for ~~Charterers~~, Specialist Operations, Passenger Ships, and TT Risks

##### **Section 1 Charterers**

~~For the purpose of this section, a ‘charterer’ shall mean a charterer other than a demise or bareboat charterer. Where the entry of a ship in the Association is in the name of or on behalf of a charterer, the following liabilities, losses, costs and expenses may be covered on such terms and conditions as may be agreed by the Managers in writing.~~

~~A Liability of the charterer, together with costs and expenses incidental thereto, to indemnify the owner or disponent owner of the entered ship in respect of the risks set out in Rule 2.~~

~~B Notwithstanding the provisions of sub-paragraphs (i), (ii) and (iii) of Rule 5(G) the charterer’s liability, together~~

#### **EXPLANATORY NOTES**

*Rules 3, 4, 5 and 44 – references to charterers*

*These amendments to Rules 3, 4, 5, and 44, are logical and editorial adjustments to the Rules, following the re-organisation of Charterers’ cover into a separate “Charterers’ Terms & Conditions” document.*

~~with costs and expenses incidental thereto, for loss of or damage to the entered ship.~~

~~Notwithstanding the provisions of sub-paragraph (ii) of Rule 5(G) the loss incurred by the charterer as a result of loss of or damage to bunkers, fuel or other property of the charterer onboard the entered ship. ....~~

#### **Rule 5 Conditions, Exceptions and Limitations**

*Amend Rule 5(K) by deletion of the words indicated below:*

K Classification and statutory requirements

Unless otherwise agreed in writing between the Owner and the Managers, the following conditions are terms of the insurance of every entered ship:

- i. The ship must be and remain throughout the period of entry classed with a Classification Society approved by the Managers, and
- ii. Any incident or condition in respect of which that Classification Society might make recommendations as to repairs or other action to be taken by the Owner must be promptly reported to that Classification Society.
- iii. The Owner must comply with all the Rules, recommendations and requirements of the Classification Society relating to the entered ship within the time or times specified by the Society.
- iv. The Owner authorises the Managers to inspect any information, relating to the maintenance of class of the entered ship, in the possession of any Classification Society with which that ship is or at any time has been classed, and will where necessary authorise such Classification Society or Societies to disclose and make available that information to the Managers upon request by the Managers and for whatsoever purposes the Managers may consider necessary.
- v. The Owner must immediately inform the Managers if, at any time during the period of entry, the Classification Society with which the ship is classed is changed and advise the Managers of all outstanding recommendations, requirements or restrictions specified by any Classification Society relating to that ship as at the date of such change.
- vi. The Owner must comply with all statutory requirements of the state of the ship's flag relating to the construction, adaptation, condition, fitment, equipment and manning of the entered ship and must at all times maintain the validity of such statutory certificates as are issued by or on behalf of the state of the ship's flag in relation to such requirements and in relation to the International Safety Management (ISM) Code and the International Ship and Port Facility Security (ISPS) Code.

Unless and to the extent that the Members' Committee otherwise decides, an Owner shall not be entitled to any recovery from the Association in respect of any claim arising during a period when that Owner is not fulfilling or has not fulfilled those conditions.

~~PROVIDED ALWAYS that: where the entry of a ship is solely in the name of or on behalf of a charterer other than a demise or bareboat charterer the rights of recovery of such charterer shall not be dependent on the fulfilment of conditions (ii), (iii), (iv), (v), or (vi) of this paragraph (K):~~

#### **Rule 44 – Definitions**

*Amend Rule 44 by addition of a new definition of “Charterer” as set out in blue bold type below:*

**Charterer** Charterer shall mean a charterer other than a demise or bareboat charterer.

*Amend Rule 44 by deletion of the word “charterer” where it appears within the definitions of Applicant Owner and Owner, as indicated below:*

**Applicant Owner** In relation to a ship which is desired or intended to be entered for insurance in the Association, means owner, owners in partnership, owners holding separate shares in severalty, part owner, mortgagee, trustee, ~~charterer~~, ...

**Owner** In relation to an entered ship means owner, owners in partnership, owners holding separate shares in severalty, part owner, mortgagee, trustee, ~~charterer~~, .....