



Contents

Rules for Charterers' Insurance

Articles of Association

Printed by PR-Offset AB, Gothenburg, Sweden
Published February 2018
1802PR500B

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Rules for Charterers' Insurance 2018/2019

Valid as from 20 February 2018

Chapter A Introductory

Rule 1 Definitions and standard terms

Rule 1 Definitions and standard terms

Section 1 Definitions of rules and language

Headings and List of Contents form part of these Charterers' Rules whereas Index to the Rules and Explanatory Notes are for guidance only.

In these Rules the following words or expressions shall mean:

Additional cover

Cover provided for by the Association that does not form part of either basic insurance cover or FD&D insurance cover.

Agree/Agreement

"Agree in writing"/"written agreement".

Annual basis

One (1) year.

Approval

"Approval in writing"/"written approval".

Association

Sveriges Ångfartygs Assurans Förening (The Swedish Club).

Charter

A contract for the use of a ship, either in full or in part, by time (other than bareboat or demise charter contracts), by voyage or by slot.

Charterer

A charterer of a ship or other floating structure, or part of a ship or other floating structure, by contract on time (other than bareboat or demise charter contracts), or by voyage charter contract (including contract of affreightment) insured by The Swedish Club per these Rules as Member, Joint-Member or Co-Assured.

Consent

"Consent in writing"/"written consent".

Contract works

Works performed in relation to a project for which the entered ship is engaged, including but not limited to: materials, components, parts, machinery and fixtures, equipment and any other property which is destined to become a part of the completed project.

Crew

Any person, including the Master, contractually obliged to serve on board the entered ship.

Document

Anything in which information of any description is recorded including, but not limited to, computer or other electronically generated information.

Hague Rules

The International Convention for the Unification of Certain Rules Relating to Bills of Lading signed at Brussels on 25 August 1924.

Hague-Visby Rules

Hague Rules as amended by the Protocol signed at Brussels on 23 February 1968.

Hull Insurance

The insurance effected on the hull and machinery of the entered ship, including hull excess liability insurance, hull interest insurance, freight interest insurance and other total loss insurances.

Member

Charterer, whether an individual or a corporation, in favour of whom the Association has issued a policy of insurance under these Rules and any Joint Member mentioned therein.

Notification/Notify

A notice in writing or by electronic means.

Passenger

A passenger shall mean a person carried on board 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 of carriage of goods.

P&I Insurance

The insurance effected under the full terms of the Association's Rules for P&I insurance.

Rules

Collectively refers to all Chapters, Sections, Rules, Conditions, Exclusions, Other Provisions, Articles and Appendixes as set out herein.

Ship

A ship or other floating structure used or intended to be used in navigation on water or any part thereof or share therein in respect of which the Association has issued a policy of insurance under these Rules.

Trader

Charterer or non-Charterer selling or buying goods for the carriage on board a ship.

Section 2 Standard Terms

The cover afforded by the Association is set out in these Rules subject to any special terms which may be agreed. The Member shall have the burden of proving that any claim against the Association results from a risk covered by these Rules.

Unless the Association otherwise decides the Member is only covered in respect of such sums as he has paid to discharge liabilities, costs or expenses referred to in Chapter B (Basic Insurance Cover), or such incurred costs or expenses referred to in Chapter C (FD&D Insurance cover), or such liabilities, costs or expenses referred to in Chapter D (Additional Covers) of these Rules.

The cover afforded by the Association shall not include the deductible fixed by the Association or otherwise agreed with the Member.

Unless otherwise agreed the Association is not liable for consortium claims (see Appendix I).

These Rules are subject to the Articles of the Association. Furthermore, the General Swedish Marine Insurance Plan of 2006 (SPL 2006) and Swedish Law in relevant parts to apply in matters not provided for in these Rules.

The Association may amend these Rules at any time during the period of insurance in order to avoid the Association becoming subject to any sanction, prohibition or adverse action by any State or International organisation.

Chapter B Basic Insurance Cover

Rule 1	Nature of cover
Rule 2	Liabilities in respect of persons
Rule 3	Liabilities in respect of cargo
Rule 4	Liabilities in respect of delay
Rule 5	Liabilities in respect of pollution
Rule 6	Liabilities for property, collision and contact
Rule 7	Loss of or damage to the entered ship, wreck removal and obstruction
Rule 8	Liabilities for extra bunker handling costs
Rule 9	Liabilities in respect of fines
Rule 10	Quarantine expenses
Rule 11	Towage
Rule 12	General Average and Salvage
Rule 13	Liabilities for costs
Rule 14	War, terrorism and strikes

Rule 1 Nature of Cover

The Member is covered in respect of liabilities, costs or expenses incurred by him in his capacity as Charterer of a ship and arising out of an event during the period of insurance as a direct consequence of the operation of that entered ship.

The Member is covered in accordance with these Rules, with the exception of Chapters C and D, unless otherwise agreed, up to the agreed insurance amount and there shall be no recovery of any amount in excess of same.

The cover afforded by the Association shall not exceed the sum to which the Member would be entitled to limit his liability under applicable law on limitation of liability.

Rule 2 Liabilities in respect of persons

Section 1 Crew and other persons

Liabilities related to illness, injury or death of crew members or other persons excluding passengers and contracted personnel.

Section 2 Stowaways and refugees

Liabilities for expenses incurred as a result of the entered ship having stowaways, persons saved at sea or refugees on board to the extent that the Member is legally liable for such expenses or they are incurred with the approval of the Association.

Section 3 Life salvage

Liability for sums legally due to third parties by reason of the fact that they have saved or attempted to save the life of any person on or from the entered ship.

Section 4 Diversion expenses

Liability for costs and expenses for fuel, insurance, wages, stores, provisions and port charges attributable to a diversion, in excess of those which would have been incurred but for the diversion, reasonably undertaken for the purpose of saving persons at sea or securing treatment of any injured or sick person on board the entered ship, or while awaiting a substitute for such person or for the purpose of landing stowaways, refugees or persons saved at sea, provided that such costs and expenses are incurred with the approval of the Association.

Rule 3 Liabilities in respect of cargo

Section 1 Cargo liabilities

Liabilities, costs or expenses for loss, shortage, damage or other responsibility relating to cargo before, during or after the contracted transport by the entered ship. The cover afforded by the Association is limited to a period starting fourteen days before the commencement of the transport and ending fourteen days after its completion.

For deck cargo, cover is afforded by the Association provided that the entered ship, cargo and containers and similar articles of transport are suitable for deck carriage in all the circumstances and that the bill of lading, waybill or other document containing or evidencing the contract of carriage contains a valid liberty clause to carry such cargo on deck and either:

- (a) states that the cargo is being so carried and excludes all liability for loss or damage to such cargo or;
- (b) makes the carriage subject to the Hague Rules or the Hague-Visby Rules.

Where the value of any cargo is declared to be more than USD 2,500 by reference to a unit, piece, package or otherwise in the bill of lading, waybill or other document containing or evidencing the contract of carriage, and where the effect of such declaration is to deprive the Member of any right of limitation to which he would otherwise have been entitled then liabilities exceeding USD 2,500 in respect of any such unit, piece, or package are excluded from cover.

Section 2 Cargo liabilities during through transports and lighterage

Liabilities, costs or expenses in respect of damage to cargo during through transports while the cargo is in the care of another carrier provided that the transport is performed under a through or transshipment bill of lading or other document of carriage approved by the Association providing for carriage partly to be performed by the entered ship. Damage caused by cargo is covered only if the claim is brought under the document of carriage.

Liabilities, costs or expenses in respect of cargo during contractual and customary lighterage.

Section 3 Liabilities for bill of lading particulars

Liability for incorrect or incomplete description of the cargo or other incorrect statements in a bill of lading, waybill or other document containing or evidencing the contract of carriage, except that there shall be no recovery in respect of liabilities, costs or expenses arising out of:

- (a) the issuance of an ante-dated or post-dated bill of lading, waybill or other document containing or evidencing the contract of carriage, which records the loading, shipment or receipt for shipment on a date prior or subsequent to the date on which the cargo was in fact loaded, shipped or received,
- (b) the issuance of a bill of lading, waybill or other document containing or evidencing the contract of carriage with a description of cargo, its quantity or condition, or of its port of loading or discharge which the Member or the Master of the entered ship knew to be incorrect.

Where the Member or the Member's agents has been authorised, whether in writing or otherwise, by the Owner of the entered ship to issue a bill of lading, waybill or

other document either containing or evidencing the contract of carriage on behalf of the master, the Member shall have an obligation to comply with all terms of such authority, failing which the Member shall have no right of recovery from the Association for any liabilities, losses, expenses or costs resulting from such breach.

Section 4 Liabilities for delivery of cargo

Liability for misdelivery of cargo except:

- (a) as regards a negotiable bill of lading or similar document of title when delivery has been made without the production of that Bill of Lading or document by the person to whom delivery is made,
- (b) as regards a non-negotiable bill of lading, waybill or similar document when delivery has been made to a person who is neither named in the document as the person to whom delivery should be made nor, as regards waybill, is lawfully nominated by the shipper as the person to whom delivery should be made,
- (c) as regards a non-negotiable bill of lading, waybill or similar document when delivery has been made without production of that bill of lading, waybill or document by the person to whom delivery is made, where such production is required by the express terms of such bill of lading, waybill or document or by operation of law.

Section 5 Paperless trading

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

- (a) are documents of title, or,
- (b) entitle the holder to delivery or possession of the goods referred to in such documents, or,
- (c) evidence a contract of carriage under which the rights and obligations of either of the contracting parties may be transferred to a third party.

Section 6 Extraordinary handling costs

Legal liability for costs or expenses in excess of those which would normally have been incurred in respect of:

- (a) discharging or disposing of damaged, rejected or worthless cargo,
- (b) discharging, handling, storing and reloading cargo where the entered ship has sustained damage recoverable under the Hull insurance of the entered ship.

Extraordinary handling costs under (a) – (b) above are recoverable only if and to the extent that compensation is not afforded in General Average or recoverable from any other party and provided such costs are not caused by the nature of the cargo which was known or should have been known by the Member.

Section 7 Deviation

The Association shall not be liable to compensate the Member for liabilities, costs or expenses for which the Member has become liable as a consequence of a deviation whether geographical or other forms of deviation such as by delay or by non-performance.

Where the Member has reported the deviation to the Association as soon as the Member became aware of it, the Association may at its discretion agree to cover the Member fully, partly or against special conditions or an additional premium. Where the Association finds it necessary for the Member to arrange a special insurance to cover the deviation, the Association may agree to arrange such cover on the Member's behalf and at his expense.

Rule 4 Liabilities in respect of delay

Liability pursuant to mandatory rules of law for loss caused by delay in the carriage by the entered ship of passengers, luggage and cargo.

Rule 5 Liabilities in respect of pollution

Section 1 Pollution liabilities

Liabilities, costs or expenses incurred as a result of the discharge or escape from the entered ship of oil or any other substance or the threat of such discharge or escape, unless such liabilities, costs or expenses, form part or could form part of General Average under the York/Antwerp Rules of 1994 or of 2016.

Unless the Association shall otherwise decide, there is no cover in respect of any liability for loss, damage, costs and expenses arising as a consequence of the discharge or escape, or the threat of discharge or escape, of any hazardous waste, including fuel, stores, cargo or otherwise, previously carried on the entered ship, from any land-based dump, storage or disposal facility.

There shall be no cover under this Rule for costs or liability incurred in relation to the Member's ownership of or rights in the cargo.

Rule 6 Liabilities for property, collision and contact

Section 1 Liability for property

Liabilities, costs or expenses for loss of or damage caused to property not owned by the Member whether on board or outside the entered ship to the extent such risks are not regulated elsewhere in these Rules.

However, the Member shall not be entitled to be reimbursed by the Association in respect of loss of or damage to objects or property which he has borrowed, leased or bought under reservation of title.

Section 2 Liability for collision and contact

Liabilities, costs or expenses incurred as a result of a collision with another ship or contact with fixed and floating objects.

Rule 7 Loss of or damage to the entered ship, wreck removal and obstruction

Section 1 Loss of or damage to the entered ship

Liabilities, costs or expenses incurred by the Member for loss of or physical damage to the entered ship, as provided for in Appendix II.

Section 2 Wreck removal

Liability, costs or expenses relating to the raising, removal, destruction, lightering or marking of the wreck of the entered ship, its cargo, or equipment which relates to the entered ship or wreck, when such acts are compulsory by law or the costs thereof are legally recoverable from the Member.

Section 3 Obstruction

Liabilities, costs or expenses incurred where the entered ship as a result of a casualty has caused an obstruction to navigation.

Rule 8 Liabilities for extra bunker handling costs

Liabilities, cost or expenses incurred in connection with the removal, storage, processing and disposal of bunkers and lubrication oil in order to avoid or minimise liability for physical damage to the entered ship's engines or equipment.

There shall be no cover under this Rule in situations where the Member fail to order bunkers or lubrication oil with the correct specification, or where the Member has agreed to waive its rights of recourse against the supplier, sub-charterer or any other third party.

Rule 9 Liabilities in respect of fines

1. Liability for fines (dues, penalties or charges) as set out under (a) – (d) below, whether judicially imposed upon the Member, or a representative of the Member whom the Member may be liable to reimburse or reasonably reimburses with approval of the Association.
 - (a) fines imposed for short or over-delivery of cargo, or failure to comply with regulations concerning the declaration of goods, or documentation of cargo provided that the Member is insured by the Association for liability in respect of such cargo and subject to the terms of the entry in respect of such cargo cover,
 - (b) fines imposed for breach of any immigration law or regulation,
 - (c) fines imposed in respect of the accidental escape or discharge of oil or any other substance, provided that the Member is insured for pollution liability by the Association, and subject to the applicable limit of liability under Association entry,
 - (d) fines imposed for smuggling provided that such activity is unknown to the Member.
2. Liability for other fines judicially imposed may be recoverable provided that the Member has satisfied the Association that the Member took such steps as appeared to be reasonable to avoid the event giving rise to the fine or penalty.

Any amount claimed in respect of such fines shall be recoverable to such extent only as the Association in its absolute discretion may determine without having to give any reason for its decision.
3. Irrespective of points 1 and 2 above, the Association shall have no liability in respect of fines for the following reasons known to the Member:
 - (i) overloading of the entered ship,
 - (ii) carriage of more passengers than permitted,
 - (iii) illegal fishing,
 - (iv) lack of valid or prescribed certificates relevant in the Member's operation.

Rule 10 Quarantine expenses

Additional costs or expenses incurred by the Member in connection with quarantine and disinfection of the entered ship, its crew or passengers as a consequence of an infectious disease, except that there shall be no recovery from the Association for the ship's running expenses during the delay or indirect consequences thereof.

Rule 11 Towage

Section 1 Towage of the entered ship

- (a) Liability arising from towage for the purpose of entering or leaving port or manoeuvring within the port during the ordinary course of trading or from towage of such ships which are habitually towed in the ordinary course of trading from place to place,
- (b) Liability arising from other towage, however where such liability arises under the terms of a towage contract, cover is afforded only where such contract has been approved by the Association.

Section 2 Towage by the entered ship

- (a) Liability arising from towage during a voyage with the purpose of saving life or property in distress,
- (b) Liability arising from other towage but only when the Association has agreed in advance to afford cover for such towage.

Rule 12 General Average and Salvage

Section 1 General Average and Salvage

The Member's liability for their proportion of general average, special charges, expenses or salvage in respect of the Member's interest in freight at risk, property (other than cargo) and/or bunkers owned by the Member provided always that such liability is not covered by any other insurance.

Section 2 Unrecoverable General Average contributions

The proportion of General Average expenditure, special charges or salvage which the Member is or would be entitled to claim from the cargo interest or from some other party to the marine adventure and which is not legally recoverable solely by reason of a breach of the contract of carriage, provided always that the Member obtained adequate General Average security. Without such security, recovery from the Association can be obtained only if the Member can prove that, at the time of delivery of the cargo, the Member neither knew nor ought to have known that there had been an occurrence of General Average nature during the voyage.

Rule 13 Liabilities for costs

Section 1 Sue and labour and legal costs

Legal costs and other expenses incurred by the Member to defend or protect himself against liability which is falling or is likely to fall under these Rules and for which insurance has been effected provided the cost or expense has been approved in advance by the Association or determined by the Association in its absolute discretion to have been reasonably incurred.

Costs incurred after instructions from the Association.

Section 2 Preventive costs and amounts saved

Costs incurred by the Member in order to prevent or limit liability covered by the Association under these Rules provided the costs have been approved in advance by the Association or determined by the Association in its absolute discretion to have been reasonably incurred. If such costs have been incurred jointly for the interest insured and for other interest, only such portion is compensated that falls on the interest insured.

Where the Member, as a result of a casualty or event for which he is covered under these Rules, has obtained extra revenue, saved expenses or avoided liability, which would otherwise have been incurred and which would not have been covered by the Association, the Association may deduct from the compensation an amount corresponding to the benefit obtained.

Rule 14 War, Terrorism and Strikes

Section 1 Perils

This insurance is to indemnify the Member in respect of those liabilities costs and expenses insured herein for liabilities, costs and expenses arising from the perils detailed below:

- (a) war civil war revolution rebellion insurrection or civil strife arising therefrom or any hostile act by or against a belligerent power;
- (b) capture, seizure, arrest, restraint, or detainment and the consequences thereof or any attempt thereat;
- (c) mines, torpedoes, bombs, or other weapons of war whether derelict or otherwise;
- (d) strikers, locked-out workmen, or persons taking part in labour disturbances, riots, or civil commotions;
- (e) any terrorist or any person acting maliciously or from a political motive;
- (f) confiscation or expropriation.

Section 2 Exclusions

This insurance shall not indemnify the Member in respect of liabilities costs and expenses arising from the following:

- (a) the outbreak of war (whether there be a declaration of war or not) between any of the following countries:
 - (i) United Kingdom
 - (ii) United States of America
 - (iii) France
 - (iv) The Russian Federation
 - (v) The People's Republic of China;

- (b) requisition either for title or use or pre-emption;
- (c) 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 in which the entered ship is owned or registered;
- (d) arrest restraint detainment confiscation or expropriation under quarantine regulations or by reason of infringement of any customs or trading regulations;
- (e) the operation of ordinary judicial process failure to provide security or to pay any fine or penalty or any financial cause;
- (f) piracy (but this exclusion shall not affect cover afforded by Section 1 (d) above.

Section 3 Termination

Insurance cover provided by this Rule may be cancelled by either the Member or the Association giving 7 days' notice. Such cancellation shall become effective on the expiry of 7 days from 24:00:00 hours Greenwich Mean Time (GMT) on the day on which notice of cancellation is issued. However, the Association agrees to reinstate this insurance subject to reaching agreement with the Member prior to the expiry of the notice period as to any new premium terms conditions and warranties that are to apply.

Whether or not such notice of cancellation has been given this insurance shall terminate automatically in the following circumstances:

- (a) the outbreak of war (whether there be a declaration of war or not) between any of the following countries:
 - (i) United Kingdom
 - (ii) United States of America
 - (iii) France
 - (iv) The Russian Federation
 - (v) The People's Republic of China;
- (b) in the event of the vessel being requisitioned either for title or use.

Chapter C FD&D Insurance

Rule 1	Nature of cover
Rule 2	Disputes covered
Rule 3	Extent of cover
Rule 4	Discretion of the Association
Rule 5	Recovery from the Association
Rule 6	Employment of lawyers and other persons
Rule 7	Powers of the Association relating to the handling and settlement of claims

Rule 1 Nature of cover

The Member is covered in respect of costs or expenses incurred by him in his capacity as charterer of the entered ship and arising during the period of insurance as a direct consequence of the operation of that entered ship.

The cover afforded by the Association shall be limited to USD 5 million for any one dispute unless otherwise agreed.

Rule 2 Disputes covered

The Association insures the Member in the manner and to the extent provided for in Rule 3 in connection with claims, disputes or proceedings which arise:

- (a) out of events occurring during the period of insurance of the entered ship and
- (b) in respect of the Member's interest in the entered ship and which relate to the matters enumerated below:
 - (i) freight, deadfreight, demurrage, detention or any other matter arising out of a charterparty, bill of lading or other contract of affreightment or the carriage of goods in or the trading of the entered ship generally,
 - (ii) detention, salvage, general average contributions and charges, except where the entered ship is a salvage tug or other ship used or intended to be used for salvage operations and the claim arises as a result of or during any salvage operations or attempted salvage operations but the Association in its absolute discretion may allow claims of this type to be covered,
 - (iii) a policy of insurance other than with the Association,
 - (iv) damage sustained by the entered ship,
 - (v) representation at official inquiries and protection against any interference by a public body, authority, company or corporation in matters connected with the business of chartering ships,
 - (vi) any other contract in relation to the entered ship,
 - (vii) any other matter which in the opinion of the Association falls within the scope of these Rules.

Rule 3 Extent of cover

Subject to any special terms which may be agreed, the Member is entitled to:

- (a) recover from the Association the costs and expenses incurred in connection with any of the claims, disputes and proceedings described in Rule 2, including costs and expenses payable to other parties to such proceedings under any judgement or order therein, but only if the Association has decided that the case merits the support of the Association and has not withdrawn that support,

- (b) receive legal advice from the Association in connection with any of the claims, disputes and proceedings described in Rule 2 or the possibility thereof,
- (c) recover from the Association the costs and expenses incurred in obtaining advice in connection with the claims, disputes and proceedings aforesaid or the possibility thereof from lawyers, surveyors, representatives and persons other than employees of the Member, where the Association has consented to the obtaining of such advice.

Rule 4 Discretion of the Association

The Association shall have absolute discretion to determine whether any particular case merits the support of the Association and without prejudice to the generality of the foregoing the Association shall, in exercising its discretion, be entitled to take into account the consideration whether support of the Member in respect of any particular case is in the interest of the Membership.

The Association may at any and all times impose such terms as a condition of supporting the Member in any particular case as it thinks fit.

The Association may at any time withdraw its support from the Member in any particular case if it considers that such case ought to be settled or otherwise discontinued and the Association shall not be liable for any costs and expenses incurred in connection with such case after the time of such withdrawal of support.

If a claim or dispute for which the Member is insured is settled without the prior consent of the Association or without a provision for reasonable costs, the Association shall be entitled to recover a reasonable contribution to such costs or expenses incurred by the Association from the Member, provided such costs would otherwise have been recoverable.

Rule 5 Recovery from the Association

No costs or expenses shall be recoverable from the Association unless:

- (a) they have been incurred with the prior consent of the Association,
- (b) they have been incurred by the Association on behalf of the Member in accordance with Rule 6,
- (c) the Association in its absolute discretion shall decide that they were reasonably incurred and ought in all the circumstances to be borne by the Association.

Rule 6 Employment of lawyers and other persons

Without prejudice to any other provisions of these Rules and without waiving any of the Association's rights hereunder, the Association may at any and all times appoint and employ on behalf of the Member, upon such terms as it may think fit, lawyers, surveyors or other persons, whether or not lawyers, surveyors or other persons have

already been appointed or employed by the Member, for the purpose of dealing with any matter liable to give rise to a claim by the Member upon the Association, including, but not limited to, investigating, or advising upon any such matter and taking or defending legal or other proceedings in connection therewith.

The Association may also at any time discontinue such employment as it may think fit.

The costs and expenses incurred in connection with a particular case shall only be recoverable from the Association on condition that all lawyers, surveyors and other persons employed in the case are appointed with the prior consent of the Association, or by the Association under the first paragraph of this Rule.

All lawyers, surveyors and other persons appointed by the Association on behalf of the Member or appointed by the Member with the prior consent of the Association shall at all times be and be deemed to be appointed and employed on the terms:

- (i) that, without prejudice to their right to retire from the matter on any other grounds, they shall be entitled to retire from the matter if either the Association or the Member so requests or if such person considers that a conflict of interest has arisen or may arise between the Member and the Association so that he ought to retire from the matter,
- (ii) that they have been instructed by the Member 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 Member,
- (iii) that they are to produce to the Association without prior reference to the Member any documents or information in their possession or power relating to such matter, as if such person had been appointed to act and had at all times been acting on behalf of the Association and notwithstanding that any such advice, reports, documents or information would otherwise be the subject of legal or any other form of privilege.

Rule 7 Powers of the Association relating to the handling and settlement of claims

The Association shall have the right if it so decides:

- (a) to require the Member to settle, compromise or otherwise dispose of any claim, dispute or proceedings which may give rise to a claim by the Member upon the Association in such manner and upon such terms as the Association sees fit;
- (b) to require the Member to take any step in connection with the handling of such claim, dispute or proceedings which the Association may think appropriate.

If the Member does not settle, compromise, dispose of or take steps in connection with the handling of a claim, dispute or proceedings as required by the Association in accordance with the first paragraph of this Rule, any eventual recovery by the Member 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 Association.

Chapter D Additional Insurance Covers

Introduction to additional insurance covers

Introduction to additional covers

The Association can provide additional insurance covers for special or additional risks. Below are examples of additional insurance covers that are available either on an annual or a per voyage basis. The specific terms of any such additional insurance cover shall be agreed in writing between the Member and the Association, including the limits covered, premium and deductible for the specific risk. The additional insurance covers set out in this Chapter are, unless otherwise agreed, subject to the Rules of Chapters A, B, E, F and G.

D 1 Charterers' Liability All-In-One Insurance

All of the separate additional insurance covers listed in this Chapter are included as a package solution

D 2 Bunker Insurance

Additional insurance cover for loss of or damage to bunkers which are on board the entered ship and are owned by the Member.

D 3 Extended Cargo Liability Insurance

Additional insurance cover for liabilities, costs or expenses relating to cargo caused by the named risks selected and agreed separately which would otherwise be excluded by these Rules.

Examples of such named risks include but are not limited to:

- (a) Delivery of cargo without production of the original bill of lading
- (b) Delivery of cargo at a port other than that stated in the Bill of Lading
- (c) Delivery of cargo at a port other than that stated in the Bill of Lading and without production of the original Bill of Lading
- (d) Commingling or blending of cargo on board
- (e) Carriage of cargo on deck where an under deck Bill of Lading has been issued
- (f) Lightering and ship-to-ship transfer operations
- (g) Deviation

D 4 Charterers' Interest Insurance

Additional insurance cover for the Member's loss of profit when the entered ship becomes a total loss whether actual or constructive.

D 5 Charterers' Loss of Hire

Additional insurance covering any shortfall of hire/freight in respect of sub-charter/Bill of Lading contracts, in situations where charter hire is deemed due under the head-charter for reasons due to the ship sustaining a particular average covered by the relevant hull and machinery insurance policy.

D 6 Freight All Risk

Additional insurance covering any shortfall in freight where freight is at risk when cargo is lost during transport. This cover includes freight's contribution to general average or salvage.

D 7 Charterers' Comprehensive Cover for Breach of Contract

Additional insurance cover for breach of contract, in the carriage of cargo to its contractual end destination, when a charterer is acting as a non-vessel operating common carrier (NVOCC) under a contract.

Examples of such breaches include, but are not limited to:

- (a) Storage of cargo whilst ship under repair
- (b) Extended warehouse storage of cargo
- (c) Lightering/ship-to-ship transfer operations
- (d) Dry-docking with cargo on oard
- (e) Ad Valorem cargo cover: Liability in excess of USD 2,500 per unit, piece or package
- (f) Deviation
- (g) Carriage of cargo on deck where an under deck Bill of Lading has been issued

D 8 Cargo Owners' and Traders' Legal Liability for Chartered and Non-Chartered Ships

Additional insurance cover for cargo owners/traders' liabilities as the owners of cargo when shipped on chartered and non-chartered ships. Cover includes liability, caused by cargo owned/traded by the Member, for:

- (a) Damage to the carrying ship, including salvage and detention
- (b) Damage to berth, terminal or other property
- (c) Personal injury
- (d) Wreck removal (including removal of cargo)
- (e) Pollution, including pollution during customary lighterage and ship-to-ship transfers and fines for accidental pollution.

D 9 Marine Kidnap & Ransom

Additional insurance cover for charterers' liabilities arising out of events involving kidnapping and/or hijacking. Cover includes liabilities towards the owners of the chartered ship, the cargo on board as well as charterers' contracted personnel and property on board.

D 10 Storage of Cargo

Additional insurance extending the fourteen day periods provided for in Chapter B Rule 3 Section 1 both prior to the commencement of the transport and after its completion. Additional periods to be agreed.

D 11 Passenger Liabilities

Additional insurance cover for liabilities to pay damages or compensation for personal injury, illness or death of any passenger on board the entered ship, excluded from cover by Chapter B Rule 2 Section 1.

D 12 Charterers' Contracted Personnel

Additional insurance cover for liabilities to pay damages or compensation for personal injury, illness or death of any charterers' contracted personnel on board the entered ship, excluded from cover by Chapter B Rule 2 Section 1.

D 13 Cargo Owners' and Traders' Extended FD&D Insurance for Chartered and Non-Chartered Ships

Insurance cover for Cargo Owners/Traders for named disputes arising out of the carriage of cargo on board a chartered or non-chartered ship.

Chapter E **Deductibles**

Rule 1 Deductibles

Rule 1 Deductibles

Section 1 Basic Insurance Cover

Liabilities, costs and expenses shall be subject to deductibles. Deductibles for the policy year to come are decided annually by the Association or otherwise agreed with the Member.

The deductible for cargo liability shall apply for each single voyage, all other deductibles shall apply on each accident or occurrence.

There shall be one deductible per event unless different type of liabilities are involved in which case each type of liability shall carry one deductible.

Section 2 FD&D Insurance

Costs and expenses shall be subject to deductibles. Deductibles for the policy year to come are decided annually by the Association or otherwise agreed with the Member.

Section 3 Additional Insurance Covers

The deductible shall be subject to agreement with the Member.

Chapter F Conditions, Exclusions and other Provisions

Rule 1 Conditions

Rule 2 Exclusions

Other provisions

Rule 3 Security for claims and certificates

Rule 4 Set-off

Rule 5 Right of recourse

Rule 6 Time bar

Rule 7 Payment by the Association

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Rule 13 Premiums

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Rule 15 Termination

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FD&D Insurance

Rule 23 Conditions for FD&D Insurance

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Rule 25 Bail or other security

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Rule 36 Termination

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Rule 39 Laid-up returns

Rule 40 Insurance premium tax

Rule 41 Joint members

Rule 42 Fleet entry

Rule 1 Conditions

Section 1 Member's obligations with regard to classification and requirements by Classification Society, insurance, flag State or otherwise.

Unless otherwise agreed the following conditions are terms of the insurance of the entered ship:

1. Classification and Insurance of the entered ship:
 - (a) The Members shall, at the time of the inception of the cover, ensure that the entered ship is classed with a Classification Society approved by the Association and use best endeavours to make sure that the entered ship remains classed throughout the period of cover.
 - (b) The Member shall use best endeavours to ensure that the entered ship complies 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.
 - (c) Unless otherwise agreed by the Association, the Members shall, at the time of the inception of the cover, ensure that the entered ship is insured for Owners' P&I risks with an underwriter that is a member of 'The International Group of Protection and Indemnity Clubs'.

Where the Member is in breach of Section 1.1 of this Rule the Member shall have no right of recovery from the Association for any liability, losses, expenses or costs resulting from the breach.

2. With regard to statutory requirements:

The Member shall use best endeavours to ensure that the entered ship complies with the flag State's or other competent authorities' requirements relating to the entered ship's design, construction, adaptation, fitment, condition, equipment, manning, safe operation, management and maritime security. Valid certificates covering such requirements, including 'The International Safety Management Code' certificates and 'The International Ship and Port Facility Code' certificates, must be maintained at all times.

If the Member fails to comply with Section 1.2 of this Rule the Association may reject to compensate liabilities, costs or expenses caused by such failure.

Section 2 Standard terms of contracts

The following applies to standard terms of contracts or agreements entered into by or on behalf of the Member:

- (a) Contracts for carriage of goods:

Such contracts shall not impose upon the Member a higher liability than would follow from the Hague Rules or the Hague-Visby Rules.

- (b) Contracts for through transport of goods:
Such contracts shall not impose upon the Member a higher liability than would follow from any mandatory provisions applicable to any separate part of such through transport.
- (c) Contracts of service and employment:
Such contracts or amendments thereto must be submitted to and approved by the Association.
- (d) Contracts for carriage of passengers:
Such contracts must be submitted to and approved by the Association.
- (e) Other contracts:
Such contracts must be submitted to and approved by the Association.

There shall be no recovery from the Association for liabilities, costs or expenses which would not have arisen had the Member complied with the conditions set out above.

Upon application by the Member the Association may agree to provide insurance cover for contracts containing terms less favourable than required under (a) – (b) above.

Notwithstanding what has been said above, the Association may reject to compensate the Member for liabilities, costs or expenses arising from the Member having entered contracts or agreements on unusually burdensome terms without the approval of the Association.

Section 3 Regulations

The Association may issue general or particular regulations in writing or by electronic means.

The Association may reject any claim or reduce any sum payable in respect of claims arising as a consequence of the Member not complying with such regulations.

Section 4 Obligations with regard to casualties and claims

The Member must take all reasonable steps to avert or minimise liabilities, costs or expenses in respect of any casualty or event which may give rise to a claim upon the Association.

The Member must promptly notify the Association of any such casualty or event and of any related formal enquiry or legal proceedings involving the entered ship. The Member must also promptly notify the Association when a claim has been made against the Member which may give rise to a claim upon the Association.

The Member must promptly provide the Association with all documents and evidence which may be relevant to the case and must produce any person for interview or to give evidence.

The Member shall not settle or admit liability for any claim for which he may be insured by the Association without the prior consent of the Association.

Where the Member commits any breach of these obligations, the Association may reject any claim by the Member against the Association or reduce any sum payable by the Association arising out of the casualty.

Where the Member does not accept a settlement of a claim recommended by the Association, the Association's liability in respect of such claim shall be limited to the amount so recommended.

Section 5 Survey

The Member shall ensure that the Association is allowed access to the entered ship to conduct any surveys and investigations which the Association considers necessary.

Section 6 Disclosure and increase of risk

The Member shall make full disclosure to the Association before the contract of insurance is concluded of every circumstance which would influence the Association in deciding whether and on what terms to provide cover.

The Member shall promptly disclose to the Association every change in circumstance which may increase the insured risk.

Where the Member commits any breach of these obligations, the Association may reject any claim against the Association if the Association would not have concluded the contract of insurance had the Association known about the circumstance, or reduce any sum payable to the extent the circumstance has had relevance for the claim.

Rule 2 Exclusions

Section 1 Member's intent or gross negligence

The Association shall not be liable for liabilities, costs or expenses caused by the intentional or grossly negligent acts or omissions of the Member nor for such acts or omissions which the Member knew or ought to have known would cause liabilities, costs or expenses.

Section 2 General exclusions

The Association shall not be liable for:

- (a) costs or expenses incurred for the normal fulfilment of a transport obligation,
- (b) costs or expenses incurred to make the entered ship fit to receive cargo,

- (c) costs or expenses incurred to discharge, reload, restow, store or tranship cargo or other similar measures caused by overloading, bad trim or incorrect stowage of the entered ship,
- (d) liability in relation to specie, bullion and precious metals or stones, plate or other objects of a rare or precious nature, cash, bank notes or other forms of currency, bonds or other negotiable instruments unless the carriage thereof has been approved by the Association,
- (e) liabilities, costs and expenses arising out of salvage or wreck removal operations conducted by the entered ship except for the purpose of saving or attempting to save life at sea,
- (f) loss of or damage to containers or similar articles of transportation owned, borrowed, leased or bought under reservation of title by the Member,
- (g) liabilities, costs or expenses arising out of the failure to arrive or late arrival of the entered ship at the port or place of loading or the failure to load any particular cargo in the entered ship,
- (h) liabilities, costs or expenses arising out of intentional discharge of cargo at a port or place other than that stipulated in the contract of carriage,
- (i) the Member's loss of time, freight or other revenue or Member's liability towards an owner or sub-charterer to pay such loss, extra fuel consumption, port charges or other similar expenses, unless covered under Chapter B Rule 7 Section 1.
- (j) liabilities, costs or expenses arising out of the entered ship carrying contraband or being employed in blockade running or in an unlawful trade or in a trade which under the circumstances is imprudent, unsafe, unduly hazardous or improper,
- (k) loss arising out of irrecoverable debts or out of the insolvency of any person,
- (l) liabilities, cost or expenses arising out of the Member's failure to comply with the entered ship's cargo securing manual.

Section 3 Special exclusions

Unless the Association otherwise agree in writing, the cover afforded by the Association under Chapter B shall exclude liabilities, costs or expenses arising:

- (a) for salvage ships or other ships intended to be used for salvage operations when the liability arises as a result of any salvage service or attempted salvage service,
- (b) for ships constructed or adapted for the purpose of carrying out drilling operations in connection with oil or gas exploration or production, including any accommodation unit moored or positioned on site as an integral part of any such operations,

- (c) for dredgers when the liability arises as a result of dredging operations,
- (d) for ships used in the operation of pile-driving, pipe or cable laying or blasting when the liability arises as a result of such operations,
- (e) for semi-submersible heavy lift ships or any other ships designed exclusively for the carriage of heavy lift cargo when the liability arises for loss of, damage to, or wreck removal of, or destruction of cargo carried on board,
- (f) for ships used for special operations when the liability arises as a result of such operations save for loss of life, injury or illness of crew and other personnel on board the entered ship, the wreck removal of the entered ship, and oil pollution from the entered ship, or the threat thereof, to the extent the liability is covered by these Rules,
- (g) from the failure to perform special operations by the Member or the fitness for purpose or quality of the Member's work, products or services,
- (h) from the loss of or damage to the contract works except that this exclusion shall not apply to loss of life, injury of crew and other persons on board, wreck removal of or oil pollution from the entered ship.

Section 4 Sanctions

The Association shall not be liable for liabilities, costs or expenses:

- (a) where the reimbursement or any payment in respect thereof would expose the Association to the risk of being or becoming subject to any sanction, prohibition or adverse action under United Nations Resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America,
- (b) in respect of that part of any liabilities, costs and expenses which is not recovered by the Association under the Pooling Agreement, Group Excess Loss Policies or any other reinsurance arranged by the Association because of a shortfall in recovery from such parties or reinsurers thereunder by reason of a sanction, prohibition or adverse action against them under United Nations Resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America or the risk thereof if payment were to be made by such parties or reinsurers.

For the purposes of this Rule "shortfall" includes any failure or delay in recovery by the Association by reason of such parties or reinsurers making payment into a designated account in compliance with the requirements of United Nations Resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

The provisions of this Section shall cease to apply in respect of any shortfall to the extent the same is subsequently recovered by the Association under any reinsurance arranged by the Association.

Section 5 Other insurance

The Association shall not be liable for liabilities, costs or expenses in connection with claims, disputes or proceedings in respect of the entered ship, which are recoverable under any other insurance.

The Association shall not be liable for any franchise, deductible or deductions of a similar nature borne by the Member under any other insurance nor for costs and expenses incurred in connection therewith.

Section 6 Nuclear risks

The cover afforded by the Association shall exclude liabilities, costs or expenses directly or indirectly caused by or contributed to by or arising from:

- (a) ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel,
- (b) the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof,
- (c) any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter,
- (d) the radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter.

However, the Association may cover liabilities, costs or expenses arising out of the carriage of "excepted matter" as defined in Section 26 (1) of the Nuclear Installations Act 1965 of the United Kingdom, provided that it is carried as cargo and that the carriage has been approved by the Association. "Excepted matter" consists of radioisotopes which are used or intended to be used for industrial, commercial, agricultural, medical or scientific purpose, natural uranium and depleted uranium.

This section shall override anything contained in these Rules inconsistent therewith.

Section 7 Cyber Attack Exclusion

The cover afforded by the Association shall exclude liabilities, costs or expenses directly or indirectly caused by or contributed to by or arising from the use or operation, as a means for inflicting harm, of computer virus, computer software programme or any other electronic system.

Other Provisions

Rule 3 Security for claims and certificates

In no circumstances shall the Association be obliged to provide security to obtain the release of or to prevent the arrest or attachment of the entered ship or of any property or assets of the Member.

The Member shall upon demand reimburse to the Association such sum or sums as the Association has paid on behalf of the Member under any bail, guarantee, certificate or security whatsoever provided by the Association to the extent that such payment in the opinion of the Association is in respect of liabilities, costs and expenses not recoverable from the Association.

Rule 4 Set-off

The Association shall be entitled to set off any amount due from the Member under these Rules or under any other policy against any amount due to the Member from the Association.

Rule 5 Right of recourse

For any amount paid by the Association to the Member or to a claimant, the Member's right of recovery from third parties is transferred to the Association, which is entitled to collect any amount recovered.

The Association has a right of recourse against the Member for any amount which the Association has paid on behalf of the Member and for which the Member is not entitled to compensation under these Rules.

Rule 6 Time bar

The Member's claim against the Association shall be extinguished if he:

- (a) fails to notify the Association of any casualty or event or claim referred to in Rule 1, Section 4 within six months after he has knowledge thereof,
- (b) fails to claim compensation from the Association within three years after having discharged liability or having paid costs or expenses.

Where the Member's claim against the Association has not been extinguished earlier, his right to claim compensation shall be extinguished after ten years from the time of the casualty or other event. However, where final judgement or adjustment has to be awaited before a claim for compensation from the Association can be made, the claim shall not be extinguished until one year after such judgement or adjustment having acquired legal force.

Where the Association has requested the Member in writing to submit his claim against the Association for decision in accordance with Rule 9 within a specific time which shall not be shorter than six months, the Member's rights to compensation shall be extinguished if he fails to comply with the request.

Rule 7 Payment by the Association

Payment to the Member of any sums due shall fully discharge the Association of its liabilities under these Rules unless otherwise agreed.

Rule 8 Forbearance

No act, omission, course of dealing, forbearance, delay or indulgence by the Association shall constitute a waiver of the Association's rights under these Rules.

Rule 9 Disputes

The contract of insurance shall be governed by Swedish law subject to the right of the Association under Rule 14 to enforce its right of lien. Disputes arising out of the contract of insurance shall be decided by a Swedish Average Adjuster or at the request of either party be referred to arbitration in Gothenburg in accordance with Swedish law.

Rule 10 Omnibus clause

The Association shall have the absolute discretion to compensate the Member for liabilities, costs or expenses as referred to in the first paragraph of Rule 1 in Chapter B even where such compensation would not have followed under these Rules.

Rule 11 Period of insurance

The cover afforded by the Association as set out in these Rules is for liabilities arising out of an event during the period of insurance.

Unless otherwise agreed by the Association the period of insurance shall be on Annual basis.

The period of insurance shall commence at the time and date stated in the policy of insurance issued by the Association and shall continue until 1200 hours UTC (Universal Time, Co-ordinated) of the date of expiry and thereafter from policy year to policy year unless it has been terminated or has ceased in accordance with these Rules.

Rule 12 Insurance premium tax

The Member shall be liable to pay any tax or other fiscal demand relating to premiums or other sums due under the insurance policy. In the event that the Association has become liable for any such tax or fiscal demand, the Member shall reimburse the Association on demand.

Rule 13 Premiums

Premiums for the policy year to come are decided annually by the Association.

Unless otherwise agreed the premium is due for payment in four equal instalments during the period of insurance.

Rule 14 Right of lien for amounts due to the Association

The Association shall be entitled to a lien on the Member's assets, property or any chartered or owned ships for all premiums and any other amounts due to it under these Rules. Such lien shall be in addition to and in no way be construed as a waiver or amendment to any other contractual or maritime lien, which the Association may expressly or impliedly possess in respect of the said assets, property or any chartered or owned ships. In order to exercise this right and notwithstanding Chapter F Rule 9 the Association may take action and/or commence proceedings to enforce its right of lien in any jurisdiction in accordance with local law in such jurisdiction.

Rule 15 Termination

The period of insurance may be terminated by a written notice of termination from the Member to the Association or from the Association to the Member. Where such notice of termination has been given the insurance cover shall terminate at noon 30 days' thereafter.

It shall be a condition precedent of the Member's right to recover from the Association in respect of any liabilities, costs or expenses that all premiums and other amounts due by the Member to the Association shall have been paid in full. Where the premium is not paid timeously, the Association shall not be liable and shall have the right to terminate the period of insurance on three days' written notice.

Where the premium is paid before such termination, the Association shall be liable from the date of payment only.

Where the premium for an ensuing period, an additional premium is not paid without delay, the Association shall have a right either to serve a written reminder regarding the date of payment, whereupon the Association shall be relieved from liability after seven days, or to terminate the period of insurance on three days' written notice.

Where the period of insurance and/or the entry of a ship is terminated or has become terminated due to the non-payment of premiums at a time when premiums or any other sums due to the Association are outstanding, it is agreed that the Association is entitled to a lien as provided for in Rule 14.

The Association may further terminate the period of insurance:

- (a) with immediate effect upon notification, at an event referred to in Rule 2 Section 1,
- (b) on three days' notice, where the Member has failed to pay, when due and demanded, any sums other than premiums,
- (c) on seven days' notice, where the Member has failed to comply with regulations issued by the Association,

- (d) on fourteen days' notice, where the Member becomes bankrupt or otherwise insolvent,
- (e) on thirty days' notice, without giving any reason.

Rule 16 Cesser

The Member shall cease to be insured by the Association:

- (a) where the entered ship is posted at Lloyd's as missing or is missing for thirty days since last heard of, whichever is the earlier,
- (b) where the entered ship becomes a total loss or is accepted by the Hull insurance as being a constructive, compromised or arranged total loss,
- (c) Unless otherwise agreed by the Association, where the entered ship is transferred to a new owner by sale or otherwise or the operation of the entered ship is transferred to another company or manager, in which case the insurance shall cease at the time of such transfer,
- (d) where the entered ship is requisitioned, in which case the insurance shall cease at the time of such requisition,
- (e) where the entered ship, with the knowledge of the Member, is being used to carry contraband or employed in blockade running or in an unlawful trade,
- (f) where the Member is in breach of Rule 1, Section 1 (a).

Rule 17 Effect of termination and cesser

Termination or cesser of the insurance shall have the following effect:

The Member shall remain liable for all premiums due for the current or previous policy years up to the date of termination or cessation but shall be entitled to a refund of premiums paid which refer to a period after that date.

The Association shall remain liable for all claims under these Rules arising out of events which occurred prior to the date of termination or cessation provided that premiums due shall have been paid.

Rule 18 Laid-up returns

The Member is not entitled to laid-up returns.

Rule 19 Joint members and co-assureds

Joint Members

The Association may allow several Members to be covered jointly (Joint Members) by the same insurance on the following conditions unless otherwise agreed.

The Joint Members shall be jointly and severally liable for all sums due to the Association.

The Association may fully discharge its obligations with regard to payment under these Rules by payment to any one of the Joint Members.

Any communication by the Association to any one of the Joint Members shall be deemed to be communicated to all. Failure by any one of the Joint Members to disclose material information shall be deemed to be the failure of all.

Act or omission of any one of the Joint Members which causes the insurance to cease or which entitles the Association to terminate the insurance or to reject or reduce any compensation shall be deemed an act or omission of all.

The liability of the Association to the Joint Members shall not exceed the limitation under the third paragraph of Rule 1 in Chapter B had the Member of the entered ship been the sole Member, except where the Joint member is:

- (a) any person interested in the operation, management or manning of the entered ship,
- (b) the holding company or the beneficial owner of the Member or of any Joint Member falling within category (a) above

and provided that the liability arises out of operations and/or activities customarily carried on by or at the risk and responsibility of the Charterer and which is within the scope of the cover afforded by these Rules and any special terms set out in the Certificate of Entry.

Co-assureds

The Association may allow other parties to become co-assureds under a Member's insurance on the following conditions unless otherwise agreed.

The liability of the association to co-assureds shall be limited to liabilities, costs or expenses which the Member would have incurred if the claim had been pursued against him and which would have been reimbursed by the Association under these Rules.

The Association may fully discharge its obligations with regard to payment under these Rules by payment to any one of the co-assureds.

Any communication by the Association to any one of the co-assureds shall be deemed to be communicated to all. Failure by any one of the co-assureds to disclose material information shall be deemed to be the failure of all.

Any act or omission of any one of the co-assureds which causes the insurance to cease or which entitles the Association to terminate the insurance or to reject or reduce any compensation shall be deemed an act or omission of all.

The liability of the Association to the co-assureds shall not exceed the limitation under the third paragraph of Rule 1 Chapter B had the claim been pursued against the Charterer of the entered ship.

Rule 20 Fleet entry

When the entered ship forms part of a fleet of chartered ships insured by the Association, the Members of the fleet shall be jointly and severally liable for premiums or any other sums due to the Association in respect of any chartered ship in the fleet.

Failure of any Member to pay premiums or other sums shall be deemed to be a failure of all the Members of the fleet and the Association shall be entitled to give notice of termination under Rule 15 and to set-off under Rule 4.

Rule 21 Affiliated companies

The Association may agree to extend the cover afforded by the Association to affiliated companies of the Member on such terms as may be agreed.

The liability of the Association to the Member and to affiliated companies to whom cover is extended shall be limited to liabilities, costs or expenses which the Member would have incurred if the claim had been pursued against him and which would have been reimbursed by the Association under these Rules.

The liability of the Association to the Member and to affiliated companies shall not exceed the limitation under the third paragraph of Rule 1 in Chapter B had the claim been pursued solely against the Member.

Rule 22 Surplus

The Association may decide partly or fully to refund surplus arising in a policy year. Such refund shall be distributed proportionally amongst Members on net premiums paid for that year.

FD&D Insurance

Rule 23 Conditions for the FD&D Insurance

Section 1 Classification of ship and insurance

The following conditions are terms of the insurance of the entered ship unless otherwise agreed:

- (a) The Members shall, at the time of the inception of the cover, ensure that the entered ship is classed with a Classification Society approved by the Association and use best endeavours to make sure that the entered ship remains classed throughout the period of cover.
- (b) The Member shall use best endeavours to ensure that the entered ship complies 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.
- (c) Unless otherwise agreed by the Association, the Members shall, at the time of the inception of the cover, ensure that the entered ship is insured for Owners' P&I risks with an underwriter that is a member of 'The International Group of Protection and Indemnity Clubs'.

The conditions under (b) above shall also apply in respect of obligations imposed by competent authorities.

Where the Member commits any breach of the conditions under (a) – (c) above, the Association may exercise its discretion pursuant to Rule 4 in Chapter C.

Section 2 ISM Code

The Member shall use best endeavours to ensure that the entered ship complies with the flag State's International Safety Management Code (ISM Code) requirements and maintains required ISM Code certificates, failing which and the Association shall not be liable for any costs or expenses incurred in connection with claims, disputes or proceedings.

Section 3 Regulations

The Association may issue general or particular regulations in writing or by electronic means.

The Association may exercise its discretion pursuant to Rule 4 in Chapter C in respect of claims, disputes or proceedings arising as a consequence of the Member not complying with such regulations.

Section 4 Obligations with regard to casualties and claims

The Member must take all reasonable steps to avert or minimise liabilities, costs or expenses in respect of any claim, casualty or event which may give rise to a claim upon the Association.

The Member must promptly notify the Association of any such claim, casualty or event and of any related formal enquiry or legal proceedings involving the entered ship.

The Member must promptly provide the Association with all documents and evidence which may be relevant to the case and must produce any person for interview or to give evidence. Furthermore, the Association must at any time be allowed admittance to the entered ship to conduct any surveys and investigations which the Association considers necessary.

The Member shall not settle or admit liability for any claim for which he may be insured by the Association without the prior consent of the Association.

Where the Member commits any breach of these obligations, the Association may exercise its discretion pursuant to Rule 4 in Chapter C.

Rule 24 Exclusions for the FD&D Insurance

Section 1 Member's intent or gross negligence

The Association shall not be liable for costs and expenses incurred in connection with claims, disputes or proceedings caused by the intentional or grossly negligent acts or omissions of the Member.

Section 2 General exclusions

The Association shall not be liable for costs and expenses incurred in connection with claims, disputes or proceedings arising out of the entered ship carrying contraband or being employed in an unlawful trade or, if the Association having regard to all the circumstances, shall be of the opinion that the carriage, trade, voyage or any other activity on board or in connection with the entered ship, was imprudent, unsafe, unduly hazardous or improper.

Section 3 Other insurance

- (a) The Association shall not be liable for costs and expenses incurred in connection with claims, disputes or proceedings in respect of the entered ship, which are recoverable under any other insurance.
- (b) The Association shall not be liable for costs and expenses incurred in connection with claims, disputes or proceedings in respect of the entered ship which would have been recoverable if the ship had been covered for basic insurance cover in accordance with Chapter B.
- (c) The Association shall not be liable for any franchise, deductible or deductions of a similar nature borne by the Member under any other insurance or for costs and expenses incurred in connection therewith.

Other Provisions for the FD&D Insurance

Rule 25 Bail or other security

In no circumstances shall the Association be obliged to provide bail or other security to obtain the release of or to prevent the arrest or attachment of the entered ship or

of any other property or assets of the Member.

The Association may agree in exceptional cases to provide such bail or security on such terms as it in its discretion may consider necessary. If it does so agree:

- (a) the Association shall be entitled to recover from the Member the expenses incurred in connection with the provision of such bail or security,
- (b) the Member shall immediately forward to the Association a cash deposit, bank guarantee or any other form of counter security in favour of the Association that the Association deems appropriate.

Rule 26 Set-off

The Association shall be entitled to set off any amount due from the Member under these Rules or under any other policy against any amount due to the Member from the Association.

Rule 27 Right of recourse

For any amount paid by the Association to the Member or to a claimant, the Member's right of recovery from third parties is transferred to the Association, which is entitled to collect any amount recovered.

The Association has a right of recourse against the Member for any amount which the Association has paid on behalf of the Member and for which the Member is not entitled to compensation under these Rules.

Rule 28 Time bar

The Association shall have no liability under these Rules if the Member:

- (a) fails to notify the Association of any claim, casualty or event referred to in Rule 23 Section 4, within six months after he has knowledge thereof,
- (b) fails to claim compensation from the Association within three years after having paid costs or expenses.

Where the Member's claim against the Association has not been extinguished earlier, his right to claim compensation shall be extinguished after ten years from the time of the casualty or other event. However, where final judgement or adjustment has to be awaited before a claim for compensation from the Association can be made, the claim shall not be extinguished until one year after such judgement or adjustment has acquired legal force.

Where the Association has called upon the Member in writing to submit his claim for decision in accordance with Rule 31 within a time not exceeding six months from the receipt of such request, and the Member fails to comply with the request, his rights to compensation from the Association shall be extinguished.

Rule 29 Payment by the Association

Payment to the Member of any sums due shall fully discharge the Association of its liabilities under these Rules unless otherwise agreed.

Rule 30 Forbearance

No act, omission, course of dealing, forbearance, delay or indulgence by the Association shall constitute a waiver of the Association's rights under these Rules.

Rule 31 Disputes

Disputes arising out of the contract of insurance shall be decided by a Swedish Average Adjuster or at the request of either party be referred to arbitration in Gothenburg in accordance with Swedish law.

Rule 32 Omnibus clause

The Association shall have the absolute discretion to compensate the Member for claims or for costs or expenses as referred to in paragraph one Rule 1 in Chapter C even where such compensation would not have followed under these Rules.

Rule 33 Period of insurance

The cover afforded by the Association as set out in these Rules is for events occurring during the period of insurance.

Unless otherwise agreed by the Association the period of insurance is on an Annual basis.

The period of insurance shall commence at the time and date stated in the policy of insurance issued by the Association and shall continue until 1200 hours UTC (Universal Time, Co-ordinated) of the date of expiry and thereafter from policy year to policy year unless it has been terminated or has ceased in accordance with these Rules.

Rule 34 Premiums

Premiums for the policy year to come are decided annually by the Association.

Unless otherwise agreed by the Association, the premium is due for payment in two instalments, half of the annual premium at inception and half of the premium six months after inception.

Rule 35 Right of lien for amounts due to the Association

The Association shall be entitled to a lien on the Member's assets, property or any chartered or owned ships for all premiums and any other amounts due to it under these Rules. Such lien shall be in addition to and in no way be construed as a waiver

or amendment to, any other contractual or maritime lien which the Association may expressly or impliedly possess in respect of the said assets, property or any chartered or owned ships. In order to exercise this right and notwithstanding Rule 31 the Association may take action and/or commence proceedings to enforce its right of lien in any jurisdiction in accordance with local law in such jurisdiction.

Rule 36 Termination

The period of insurance may be terminated by a written notice of termination from the Member to the Association or from the Association to the Member. Where such notice of termination has been given the insurance cover shall terminate at noon 30 days' thereafter.

It shall be a condition precedent of the Members' right to recover costs and expenses and to receive legal advice from the Association that all premiums and other amounts due by the Member to the Association shall have been paid in full.

Where the premium is not paid timeously, the Association shall not be liable and shall have the right to terminate the period of insurance on three days' written notice. Where the premium is paid before such termination, the Association shall be liable from the date of payment only.

Where the premium for an ensuing period is not paid without delay, the Association shall have the right either to serve a written reminder regarding the date of payment, whereupon the Association shall be relieved from liability after seven days, or to terminate the period of insurance on three days' written notice.

Where the period of insurance and/or the entry of a ship is terminated or has become terminated due to the non-payment of premiums at a time when premiums or any other sums due to the Association are outstanding, it is agreed that the Association is entitled to a lien as provided for in Rule 35.

The Association may further terminate the period of insurance:

- (a) with immediate effect upon notification, where the Member has wilfully caused or tried to cause a casualty,
- (b) on three days' notice, where the Member has failed to pay, when due and demanded, any sums other than premiums,
- (c) on seven days' notice, where the Member has failed to comply with regulations issued by the Association,
- (d) on fourteen days' notice, where the Member becomes bankrupt or otherwise insolvent,
- (e) on thirty days' notice, without giving any reason.

Notice of termination of basic insurance cover in accordance with Chapter B of the entered ship shall be regarded as a notice of termination of this insurance.

Rule 37 Cesser

The Member shall cease to be insured by the Association:

- (a) where the entered ship is posted at Lloyd's as missing or is missing for thirty days since last heard of, whichever is the earlier,
- (b) where the entered ship becomes a total loss or is accepted by the Hull insurance as being a constructive, compromised or arranged total loss,
- (c) Unless otherwise agreed by the Association, where the entered ship is transferred to a new owner by sale or otherwise or the operation of the entered ship is transferred to another company or manager, in which case the insurance shall cease at the time of such transfer,
- (d) where the entered ship is requisitioned, in which case the insurance shall cease at the time of such requisition,
- (e) where the entered ship, with the knowledge of the Member, is being used to carry contraband or employed in an unlawful trade,
- (f) where the Member is in breach of Rule 23, Section 1 (a).

Rule 38 Effect of termination and cesser

Termination or cesser of the insurance shall have the following effect.

The Member shall remain liable for all premiums due for the current or previous policy years up to the date of termination or cessation but shall be entitled to a refund of premiums paid which refer to a period after that date.

The Association shall remain liable for all claims under these Rules in respect of events which occurred prior to the date of termination or cessation provided that premiums due shall have been paid.

Rule 39 Laid-up returns

The Member is not entitled to laid-up returns.

Rule 40 Insurance premium tax

The Member shall be liable to pay any tax or other fiscal demand relating to premiums or other sums due under the insurance policy. In the event that the Association has become liable for any such tax or fiscal demand, the Member shall reimburse the Association on demand.

Rule 41 Joint members

The Association may allow several Members to be covered jointly (Joint Members) by the same insurance on the following conditions unless otherwise agreed.

The Joint Members shall be jointly and severally liable for all sums due to the Association.

The Association may fully discharge its obligations with regard to payment under these Rules by payment to any one of the Joint Members.

Any communication by the Association to any one of the Joint Members shall be deemed to be communicated to all. Failure by any one of the Joint Members to disclose material information shall be deemed to be the failure of all.

Any act or omission of any one of the Joint Members which causes the insurance to cease or which entitles the Association to terminate the insurance or to decline or reduce any compensation shall be deemed an act or omission of all of them.

The Association shall not be liable for any costs or expenses incurred in connection with any dispute or proceedings between the Joint Members or any of them.

Rule 42 Fleet entry

When the Member and the Association have agreed that the entered ship forms part of a fleet of chartered ships insured by the Association, the Members of the fleet shall be jointly and severally liable for premiums or any other sums due to the Association in respect of any chartered ship in the fleet.

Failure of any Member to pay premiums or other sums shall be deemed to be a failure of all the Members of the fleet and the Association shall be entitled to give notice of termination under Rule 36 and to set-off under Rule 26.

Chapter G Articles of Association

Articles of Association

Article 1

The Association's registered name is Sveriges Ångfartygs Assurans Förening. The Association's English name is The Swedish Club.

Article 2

The members of the Association shall be the policy holders. A holder of a reinsurance policy with the Association shall, however, not in this capacity be a member.

Article 3

The object of the Association's operations is to issue both direct and indirect insurance in Sweden and abroad - including countries outside the European Economic Area (EEA) - in the following classes of non-life insurance:

- Ship (Class 6)
- Ship liability (Class 12)
- Legal expenses (Class 17)

Article 4

The Board's registered office is Gothenburg, Sweden.

Article 5

The Board shall be elected each year at the Annual General Meeting for the period ending on the next Annual General Meeting, and shall comprise not less than ten and not more than twenty-five Directors.

A majority of the Directors shall consist of persons who either are members of the Association or have an active management function with members and whose principal activities are in the shipping business of such members.

Article 6

For examination of the administration of the Board and the Managing Director, the annual report and the Association's accounts, one or two auditors, who shall be authorised accountants, and up to a corresponding number of deputies, shall be appointed annually at the Annual General Meeting for the period up to the end of the next Annual General Meeting. A registered auditing firm may be appointed as auditor.

Article 7

Notice of a General Meeting shall be given by letter or e-mail to the members and through announcement on the Association's website not earlier than four weeks and not later than two weeks before the meeting.

To attend the General Meeting, members must not later than on the day specified in the notice to attend the meeting, notify the Association of their intention. The day so specified may not be a Sunday, any other public holiday, a Saturday, Midsummer Eve, Christmas Eve or New Year's Eve and may not occur earlier than five days before the meeting.

Article 8

The Annual General Meeting shall be held each year in May or June, in Gothenburg or Stockholm.

The following business shall be dealt with at the Annual General Meeting:

1. Election of the chairman at the meeting.
2. Checking of the voting list.
3. Approval of the agenda.
4. Election of a person to check and sign the minutes jointly with the chairman.
5. Consideration of whether the meeting has been duly convened.
6. Presentation of the Annual Report and Audit Report.
7. Approval of the profit and loss statement and the balance sheet.
8. Appropriations with respect to the Association's profit or loss according to the approved balance sheet.
9. Consideration of discharge from liability for the Directors and Managing Director.
10. Determination of the number of Directors.
11. Determination of compensation to the Directors and auditors.
12. Election of Directors.
13. Election of auditors and deputy auditors.
14. Appointment of an electoral committee to prepare next year's election of Directors and auditors.
15. Any other business duly referred to the meeting.

Article 9

Each member is entitled to vote at a General Meeting, with one vote for each commenced portion of SEK 100,000 of the estimated aggregate total of his premiums for the current financial year provided that it can be assumed that the insurance of such member will remain unchanged throughout the relevant year. No member may exercise his voting right with more than 1/10 of the total number of votes of the members represented at the meeting.

A resolution that the Association shall enter into liquidation in the absence of a legal obligation to do so, or a resolution that the entire insurance portfolio of the Association shall be assigned shall be approved by two general meetings and subject to the following requirements.

If a resolution is supported by members representing not less than two thirds of the aggregate number of votes in the Association at the first meeting, the Board may refer the matter to a second general meeting to be held not earlier than ninety days after the first general meeting. At the second general meeting a resolution as set out in this paragraph can be made if supported by not less than three quarters of the votes represented at this second general meeting. If the Board shall not refer the resolution to a second general meeting the decision by the first meeting shall be without effect.

Article 10

The Association may not, on its own account, assume any responsibility deemed to entail a risk of the Association incurring a loss, for one and the same event, exceeding the sum of (a) 60% of expected total premium income for mutual insurance of ship liability for the current financial year plus (b) 20% of the Association's total disclosed equity capital plus reserves not corresponding to obligations or, for one and the same case (risk), the sum of (a) 30% of total premium income for mutual insurance of ship liability for the current financial year plus (b) 10% of total disclosed equity capital plus reserves not corresponding to obligations.

Article 11

The Association's annual profit is, unless otherwise stipulated by law or a regulation issued pursuant to the law, at the disposal of the Annual General Meeting.

A residual loss in the non-life insurance classes Ship (Class 6), Ship liability (Class 12) and Legal expenses (Class 17) that remains after utilisation of reserves not corresponding to obligations and also utilisation of equity capital shall be distributed as follows. The loss shall be levied on those who were members of the Association during any part of the financial year in which the loss arose, and in relation to each member's premiums payable in the year of the loss. The right to levy a loss is, however, limited to an amount corresponding to each member's premiums payable in the loss year.

The Board shall implement the levy immediately after the Annual General Meeting has adopted the balance sheet for the relevant financial year. Payment of the amount levied may be divided into a maximum of six instalments. The last instalment shall be paid within three years of the Board's implementation resolution. Members shall receive written notice to this effect at least one month before each day on which an instalment falls due.

Article 12

In the event of the Association's dissolution, its retained assets shall be distributed among those who, at the time of the liquidation resolution, were members of the Association, in proportion to the aggregate amount of each member's premiums for the past five financial years.

Article 13

Disputes arising between the Association and a Director, the Managing Director, a receiver in a liquidation or a member shall, unless such dispute relates to indemnity due to insurance, be settled by arbitrators according to the Swedish arbitration act which applies at the relevant time. Swedish law shall apply and the arbitration shall take place in Gothenburg.

Article 14

The English version of these Articles is a translation of the original Swedish text which is subject to confirmation by the Swedish Financial Supervisory Authority and registration by the Swedish Companies Registration Office.

Adopted by the General Meeting
Gothenburg, 4 June 2009

Appendix I

Chapter 1 Consortium claims

Appendix II

Chapter 1 Charterers' Liability to Hull insurance

Chapter 2 War and strikes clause

Appendix I

Chapter 1 Consortium claims

Section 1 Definitions

Consortium Agreement: any arrangement under which a Member agrees with other parties to the reciprocal exchange or sharing of cargo space on the entered ship and consortium ships.

Consortium ship: a ship or space thereon, not being the entered ship, employed to carry cargo under a consortium agreement.

Consortium Claim: a claim shall be a consortium claim where:

- (a) it arises under a P&I entry of an insured ship; and
- (b) it arises out of the carriage of cargo on a consortium ship; and
- (c) the Member and the operator of the consortium ship are parties to a consortium agreement; and
- (d) at the time of the entry of the Member in respect of consortium claims, the Member employs an insured ship pursuant to that consortium agreement.

Section 2 Extent of cover and limitation

Unless otherwise agreed the Association is not liable for consortium claims.

A consortium agreement must be submitted and approved by the Association.

The Association's liability in respect of a consortium claim shall be limited to such sum or sums and be subject to such terms and conditions as the Association may from time to time determine and the aggregate amount recoverable from the Association and/or all other Associations participating in the Pooling Agreement for consortium claims arising out of one and the same incident or occurrence shall not exceed that limit.

Limitation of cover

The aggregate of all claims recoverable from the Association or and/or all other associations' participating in the Pooling Agreement from any one consortium ship shall not exceed USD 350 million any one event.

Appendix II

Chapter 1 Charterers' Liability to Hull Insurance

Section 1 Reference

The reference to Rules refers to the current version of The Swedish Club Rules for Charterers' Insurance Cover, unless otherwise stated.

Section 2 Vessels covered by this insurance

This insurance is in respect of the Member's interest as time, voyage, space or slot charterer of a vessel or as otherwise agreed by the Association. It does not apply to vessels on demise or bareboat charter, which are outside the scope of this insurance.

Section 3 Limit of liability

Where the Association separately and specially agrees a sum insured for the chartered vessel, the liability of the Association under this insurance shall not exceed the sum insured agreed for the chartered vessel in respect of any loss or series of losses arising out of one event.

Section 4 Liability for loss of or damage to the vessel

This insurance is to indemnify the Member in respect of those liabilities, costs and expenses, incurred by the Member as charterers, for loss of and/or physical damage to the chartered vessel, its equipment, outfit, stores and/or supplies.

Section 5 Liability for loss of use of the vessel

In the event that there is loss of and/or physical damage to the chartered vessel and the Member is held to be legally liable for such loss and/or physical damage then this insurance is extended to indemnify the Member in respect of claims for demurrage, loss of use and/or hire of the chartered vessel arising from that loss and/or physical damage provided always that the Member is found to be legally liable for such demurrage, loss of use and/or hire.

Section 6 Carriage of nuclear substances

In the event that nuclear substances (other than those approved for carriage by the Association) are to be carried by the chartered vessel it is a condition precedent to the liability of the Association hereunder that the Member obtains an indemnity from the shippers in a form approved by the Association prior to loading and pays any additional premium and/or bears any additional deductible required.

Section 7 Contribution to general average etc.

This insurance is extended to indemnify the Member without deductible for liability for contribution to general average, salvage, salvage charges, and/or sue and labour expenses in respect of the Member's interest as charterers in hire, freight and/or bunkers.

Section 8 War

This insurance is extended to indemnify the Member in respect of those liabilities, costs and expenses insured herein for liabilities, costs and expenses arising from war risks as defined in sections 1.1 to 1.3 of the war and strikes clause below. However this extension is subject to the JWC Hull War, Strikes, Terrorism and Related Perils Listed Areas. (See: For listed areas see War Risks Circulars issued by the Association at: www.swedishclub.com).

Section 9 Strikes

This insurance is extended to indemnify the Member in respect of those liabilities, costs and expenses insured herein for liabilities, costs and expenses arising from strikes risks as defined in sections 1.4 to 1.6 of the war and strikes clause below.

Section 10 Indemnities exclusion

In no event does this insurance indemnify the Member for liabilities, costs and expenses assumed expressly or impliedly under any form of indemnity or undertaking without the prior agreement of the Association.

Section 11 Exclusion of radioactive contamination

The cover afforded by the Association shall exclude liabilities, costs or expenses directly or indirectly caused by or contributed to by or arising from

- (a) ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel,
- (b) the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof,
- (c) any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter.
- (d) the radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter.

However, the Association may cover liabilities, costs or expenses arising out of the carriage of "excepted matter" as defined in Section 26 (1) of the Nuclear Installations Act 1965 of the United Kingdom, provided that it is carried as cargo and that the carriage has been approved by the Association. "Excepted matter" consists of

radioisotopes which are used or intended to be used for industrial, commercial, agricultural, medical or scientific purpose, natural uranium and depleted uranium.

This clause shall override anything contained in these Rules inconsistent therewith.

Chapter 2 War and strikes clause

Section 1 Perils

This insurance is to indemnify the Member in respect of those liabilities costs and expenses insured herein for liabilities costs and expenses arising from the perils detailed below:

- 1.1 war, civil war, revolution, rebellion, insurrection or civil strife arising therefrom, or any hostile act by or against a belligerent power;
- 1.2 capture seizure arrest restraint or detainment – barratry and piracy included -and the consequences thereof or any attempt thereat;
- 1.3 mines torpedoes bombs or other weapons of war whether derelict or otherwise;
- 1.4 strikers locked-out workmen or persons taking part in labour disturbances riots or civil commotions;
- 1.5 any terrorist or any person acting maliciously or from a political motive;
- 1.6 confiscation or expropriation.

Section 2 Exclusions

This insurance shall not indemnify the Member in respect of those liabilities costs and expenses arising from the following:

- 2.1 the outbreak of war (whether there be a declaration of war or not) between any of the following countries:
 - (i) United Kingdom
 - (ii) United States of America
 - (iii) France
 - (iv) The Russian Federation
 - (v) The People's Republic of China
- 2.2 requisition either for title or use or pre-emption;
- 2.3 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 in which the vessel is owned or registered;
- 2.4 arrest restraint detainment confiscation or expropriation under quarantine regulations or by reason of infringement of any customs or trading regulations;

- 2.5 the operation of ordinary judicial process failure to provide security or to pay any fine or penalty or any financial cause;
- 2.6 piracy (but this exclusion shall not affect cover afforded by 1.4 above).

Section 3 Termination

- 1.1 Insurance cover provided by this clause may be cancelled by either the Member or the Association giving 7 days' notice. Such cancellation shall become effective on the expiry of 7 days from 24:00:00 hours GMT on the day on which notice of cancellation is issued. However, the Association agrees to reinstate this insurance subject to reaching agreement with the Member prior to the expiry of the notice period as to any new premium terms conditions and warranties that are to apply.
- 1.2 Whether or not such notice of cancellation has been given this insurance shall terminate automatically in the following circumstances:
 - 1.2.1 the outbreak of war (whether there be a declaration of war or not) between any of the following countries:
 - (i) United Kingdom
 - (ii) United States of America
 - (iii) France
 - (iv) The Russian Federation
 - (v) The People's Republic of China
 - 1.2.2 in the event of the vessel being requisitioned either for title or use.