

I Introductory

RULE 1 MEMORANDUM AND ARTICLES OF ASSOCIATION

These Rules are subject to the Memorandum and Articles of Association of The Britannia Steam Ship Insurance Association Limited.

RULE 2 DEFINITIONS

In these Rules the words standing in the first column of the table next hereinafter contained shall bear the meanings set opposite them respectively in the second column thereof, if not inconsistent with the subject or context.

The Association The Britannia Steam Ship Insurance Association Limited.

Associated Company A person or company affiliated or associated with a Member and to whom the benefit of the cover afforded by the Association to the Member is extended in accordance with Rule 18.1.

Call Rate In relation to any Entered Ship, the rate per ton of the Entered Tonnage at which Advance Calls are payable to the Association in accordance with Rule 11(1).

Calls Any monies payable to the Association in respect of an Entered Ship pursuant to Rule 11.

Certificate of Entry A document and any endorsement thereto issued by the Association in accordance with these Rules and the Articles of Association which records the names and seniority of the Members interested in, and evidences the contract of insurance in respect of, an Entered Ship.

This Class Class 3-Protection and Indemnity.

Closed Policy Year A Policy Year of the Association which the Committee shall have declared to be closed in accordance with Rule 37(1).

The Committee	The Directors for the time being of the Association or as the context may require those Directors present at a duly convened meeting of the Committee at which a quorum is present.
Contribution	An Advance, Deferred, Exceptional or Overspill Call or Fixed Premium levied by the Association pursuant to Rule 7 and Rule 11.
Convention Limit	The limit of liability of the owner of an Entered Ship for Claims (other than claims for loss of life or personal injury) determined in accordance with Article 6.1 (b) of the International Convention on Limitation of Liability for Maritime Claims 1976 and converted from Special Drawing Rights into United States Dollars at the rate of exchange conclusively certified by the Association as being the rate prevailing on the Overspill Claim Date. Any Entered Ship shall be deemed to be a seagoing ship to which the Convention applies, notwithstanding any provision in the Convention to the contrary; but if a tonnage less than the Full Tonnage of the Ship was entered in the Association, the Convention Limit shall be the proportion of the limit of liability, determined and converted as aforesaid, which the Entered Tonnage bears to the Full Tonnage of the Ship.
Entered Ship	A Ship which has been entered for insurance in this Class of the Association.
Entered Tonnage	The tonnage for which a Ship is entered and upon which Contribution to the funds of the Association is calculated.
Fleet Entry	The entry of more than one Ship by one or more Members on the basis that those Ships will be treated together as a fleet for underwriting purposes.
Full Tonnage	The gross full tonnage of a Ship as measured in accordance with the International Convention on Tonnage Measurement of Ships, 1969 and certified or stated in the Certificate of Registry or other official document relating to the registration of such Ship. In case of doubt the tonnage under the said Convention shall prevail. For the purposes of these Rules and the Articles of Association the gross tonnage of a Ship shall remain unchanged for each Policy Year and shall be stated in the Certificate of Entry of that Ship at the start of that Policy Year or at the time of entry of that Ship.
General Excess Loss Reinsurance Contract	The excess of loss reinsurance policies effected by parties to the Pooling Agreement.

The Hague Visby Rules	The International Convention for the Unification of Certain Rules Relating to bills of lading signed at Brussels on 25th August 1924 as amended by the Protocol to that Convention signed at Brussels on 23rd February 1968.
Hull Policies	Policies effected on the hull and machinery of a ship including any excess liability policy.
Insurance	Any insurance or reinsurance against the risks specified in these Rules.
The Managers	The Managers for the time being of the Association including, if the Managers are a firm, each partner of the Managers or, if the Managers are a limited or unlimited company, each director of the Managers.
Member	A Member of the Association as defined in Article 3 of the Articles of Association and more particularly a Member of this Class of the Association.
Overspill Call	Any monies payable to the Association in respect of an Entered Ship pursuant to Rule 11(4) for the purpose of providing funds to pay part of an Overspill Claim.
Overspill Claim	The Association's contribution to that part of any claim, including the costs and expenses associated therewith, (whether arising out of the Terms of Entry of any Entered Ship or out of the terms of the Pooling Agreement) which exceeds or may exceed the maximum sum recoverable in respect of that claim under the General Excess Loss Reinsurance Contract.
Overspill Claim Date	The date on which the incident or occurrence giving rise to an Overspill Claim occurred, or if that date falls in a Policy Year which is closed under Rule 37(2) the 20th August in the oldest Policy Year remaining open under the automatic closing provisions of Rule 37(2) in respect of Overspill Calls at the time when the notice under Rule 37(2) that an Overspill Claim might arise was given.
Passenger	A person carried on board an Entered Ship by virtue of holding a ticket of passage.
Personal Effects	Personal property, documents, navigational or other technical instruments and tools brought on board, or being taken to or from, the Entered Ship by a Seaman or Supernumerary but excluding cash, valuables, or any other article which in the opinion of the Committee is not an essential requirement for a Seaman.
Policy Year	A year from noon GMT on any 20th February to noon GMT on the next following 20th February.

Pooling Agreement The agreement, to which the Association is a party, between certain Protection and Indemnity Associations dated 20th February 1998 and any addendum to, or variation or replacement of, the said agreement, or any other agreement of a similar nature or purpose.

Prohibited Area Any area, port or place which the Association from time to time may declare to be a prohibited area for the purposes of the War Risks Exclusion in Rule 25.

The Register The Register of Members of the Association.

These Rules The rules, regulations and bye-laws for the time being in force concerning this Class of the Association.

Seaman A person (including the Master) engaged under articles of agreement or otherwise contractually obliged to serve on board an Entered Ship (except persons engaged only for nominal pay) including a substitute for such person and also including such persons while proceeding to or from such Ship.

Senior Member In respect of an Entered Ship that Member whose name stands first in the Register in respect of such Ship who shall be the Member whose name stands first on the Certificate of Entry of such Ship.

Ship In the context of a ship entered or proposed to be entered in this Class of the Association, a ship, boat, hovercraft or other description of vessel or structure (including any ship, boat, hovercraft or other vessel or structure under construction) used or intended to be used for any purpose whatsoever in navigation or otherwise on, under, over or in water, or any part of such ship, or any proportion of the tonnage thereof, or any share therein.

Supernumerary A relative of a Seaman, or any other person whom a Member has agreed to maintain or carry on board an Entered Ship (except a Passenger) and including persons engaged under articles of agreement for nominal pay.

The United Kingdom Great Britain and Northern Ireland.

Writing shall include printing, typewriting, lithography, facsimile and any other mode or modes of representing or reproducing words in a visible form.

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

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

Words importing persons shall include individuals, partnerships, corporations and associations.

The headings and sub-headings as set out in these Rules are for convenience and ease of reference only and do not affect the construction of any Rule or Sub-Rule.

RULE 3 NATURE OF COVER

3(1) The cover provided by this Class of the Association is as set out in these Rules and provides insurance for a Member against loss, damage, liability or expense incurred by him which arises:

(A) In respect of the Member's interest in an Entered Ship; and

(B) Out of events occurring during the period of entry of the Ship in the Association; and

(C) In connection with the operation of the Ship.

Conditions 3(2) The risks covered as set out in Rule 19 are subject to all the conditions set out in other parts of these Rules and those risks may only be varied by special terms agreed in writing between a Member and the Managers either under Rule 7 or Rule 19.

3(3) The entry of a Ship in the Association is only valid provided that the Member has paid Contributions as specified in Rule 7 and Rule 11 and as set out in the Certificate of Entry of the Entered Ship or any notice sent to the Member by the Association or the Managers under Rule 33(1).

RULE 4 MEMBERSHIP

Entry of a Ship 4(1) Every person whose application to enter a Ship in this Class of the Association for the insurance of his interest in that Ship shall (if not already a Member) be and shall become a Member of the Association as from the date of the acceptance of his application and his name shall be entered in the Register.

Directors 4(2) Every Director shall (if not already a Member), whilst holding office, be a Member of the Association and his name shall be entered in the Register.

Reinsurance 4(3) Whenever the Association agrees to accept the entry of a Ship by way of reinsurance from an insurer the Managers may in their discretion decide that the person insured by such insurer (if otherwise qualified to be a Member) is to be a Member of the

Association in addition to the said insurer and they may accept the application on either basis. If such person is accepted as a Member his name shall be entered in the Register.

**Cessation of 4(4)
Membership**

A person shall cease to be a Member if for any reason whatsoever the entry of all Ships in respect of which his interest was insured by the Association shall have ceased or terminated.

- 4(5)** The Members who are entered for the time being in this Class shall form one separate Class within the Association.

RULE 5 RIGHT OF RECOVERY

- 5(1)** If a Member shall become liable as hereinafter set out in Rule 19, in damages or otherwise, or shall incur any costs or expenses in respect of a Ship which was entered in the Association at the time of the casualty or event giving rise to such liability, costs or expenses, such Member shall be entitled to recover out of the funds of this Class of the Association the amount of such liability, costs or expenses to the extent and upon the terms, conditions and exceptions provided by these Rules and by the Certificate of Entry. But if a tonnage less than the Full Tonnage of the Ship was entered in the Association, the Member shall, unless the entry of the Ship has been accepted on special terms which otherwise provide, be entitled only to recover such proportion as the Entered Tonnage bears to the Full Tonnage of the Ship.

Provided always that, unless the Committee in its discretion otherwise determines, it shall be a condition precedent of a Member's right to recover from the funds of the Association in respect of any liability, costs or expenses that the Member shall first have discharged or paid them.

- Subrogation 5(2)** Any recovery by the Member from the Association is subject to the Association's rights of subrogation and the Member will, on request of the Managers, sign a Certificate of Subrogation.

- Set-off 5(3)** Without prejudice to any other part of these Rules the Association shall be entitled to set-off any amount due from a Member against any amount due to such Member from the Association.

- Incident 5(4)** Any liabilities, costs and expenses which a Member may incur in accordance with Rule 5(1) above in respect of the entry of any one Ship arising from any one incident or occurrence, including any claim in respect of liability for the removal or non-removal of any wreck, shall be treated for the purposes of these Rules as if

they were one claim by the Member for recovery of the total amount of such liabilities, costs and expenses out of the funds of this Class of the Association.

Currency 5(5) Where a Member is entitled to a recovery out of the funds of this Class of the Association in respect of a loss suffered by him in a currency other than the currency specified in his Certificate of Entry under Rule 6(3)(G) (the specified currency), that loss shall be converted into the specified currency at the rate of exchange ruling on the day the relevant credit note is issued by the Association to the Member.

**Recoverability 5(6)(A)
Overspill
Claims**

Without prejudice to any other applicable limit, any Overspill Claim on the Association shall not be recoverable from the Association in excess of the aggregate of

(i) that part of the Overspill Claim which is eligible for pooling under the Pooling Agreement but which, under the terms of the Pooling Agreement, is to be borne by the Association; and

(ii) the maximum amount that the Association is able to recover from the other parties to the Pooling Agreement as their contributions to the Overspill Claim.

(B) The aggregate amount referred to in paragraph (A) above shall be reduced to the extent that the Association can evidence

(i) that costs have been properly incurred by it in collecting or seeking to collect

(a) Overspill Calls levied to provide funds to pay that part of the Overspill Claim referred to in paragraph (A) (i) above; or

(b) the amount referred to in paragraph (A) (ii) above; or

(ii) that it is unable to collect an amount equal to that part of the Overspill Claim referred to in paragraph (A) (i) above that it had intended to pay out of the levy of Overspill Calls because any Overspill Calls so levied, or parts thereof, are not economically recoverable, provided that if, due to a change in circumstances, such amounts subsequently become economically recoverable, the aggregate amount referred to in paragraph (A) above shall be reinstated to that extent.

(C) In evidencing the matters referred to in paragraph (B) (ii) above the Association shall be required to show that

(i) it has levied Overspill Calls on all its Members in respect of the Overspill Claim referred to in paragraph (A) above in accordance with and in the maximum amount permitted under Rule 11(4); and

(ii) it has levied those Overspill Calls in a timely manner, has not released or otherwise waived a Member's obligation to pay those Calls and has taken all reasonable steps to recover those Calls.

**Funding of 5(7)(A)
Overspill
Claims**

The funds required to meet any Overspill Claim on the Association shall be provided

(i) from such sums as the Association is able to recover from the other parties to the Pooling Agreement as their contributions to the Overspill Claim; and

(ii) from such sums as the Association is able to recover from any special insurance which may, in the discretion of the Association, have been effected to protect the Association against the risk of payments of Overspill Claims; and

(iii) from such proportion of any reserves established under Rule 39(1) as the Committee may in its discretion determine to utilise;

(iv) by levying one or more Overspill Calls irrespective of whether the Association has sought to recover or has recovered all or any of the sums referred to in paragraph (A) (ii) above but provided the Association shall first have made a determination in accordance with paragraph (A) (iii) above; and

(v) from the funds held in any Overspill Reserve created under Rule 39(2).

- (B)** To the extent that funds required to meet any Overspill Claim on the Association are to be provided in the manner specified in paragraph (A) (iv) above the Association shall only be required to pay such Overspill Claim as and when such funds are received by it, provided that it can show from time to time that in seeking to collect such funds, it has taken the steps referred to in Rule 5(6)(C) paragraphs (i) and (ii).

**Issues on the 5(8)
Recoverability
of Overspill**

Any issues arising under Rules 5(6) and 5(7)(B) above in relation to whether

- Calls (A)** costs have been properly incurred in collecting or seeking to collect funds to pay Overspill Claims; or
- (B)** any Overspill Call or part thereof is economically recoverable; or
- (C)** in seeking to collect the funds referred to in Rule 5(7)(B) above the Association has taken the steps referred to in that Rule;

shall be referred to a panel which acting as a body of experts and not as an arbitration tribunal shall be constituted in accordance with the arrangements established in the Pooling Agreement and operate in accordance with Rule 44(4).