

XV Sums Payable by Insured Owners

RULE 23 SUMS PAYABLE BY INSURED OWNERS

- 23.1** The Association shall be entitled to require payment of Contributions, Additional Premiums, Premiums and Q.E.R. Premiums in accordance with the cover which is required by the Insured Owner.
- 23.2** Every Insured Owner shall be obliged to pay Contributions levied in accordance with Rules 24, 25, 26, 27 and 30.
- 23.3** Where an Insured Owner desires cover to be maintained whilst the Entered Ship is within any Additional Premium Area as specified in Rule 19, he shall be required to pay an Additional Premium as provided by Rule 29.
- 23.4** Where an Insured Owner desires to obtain cover under the provisions of Rules 2.D.2, 5.B (where reinstatement of cover is offered on the basis that a premium shall be paid) or 18.3, he shall be required to pay a premium as provided by those Rules.
- 23.5** After the service of a General Premium Notice, the Insured Owners, who have or continue to have ships entered in the Association for Queen's Enemy Risks where those risks are reinsured by the Government of the United Kingdom (that is to say British Ships and other ships to which the provisions of Rule 4.A.1 apply), shall be required to pay Q.E.R. Premiums as provided by Appendix A paragraph A.2.

RULE 24 CONTRIBUTIONS

- 24.1** The Insured Owners who have entered ships in the Association for the risks insured under Rule 2 or Rule 3 or both such Rules for any Policy Year, not being a Policy Year which has been closed, shall provide by way of Contributions all funds which in the opinion of the Directors are required:-
- 24.1.1** to meet such of the general expenses of the Association as the Directors may from time to time think fit to charge in respect of that Policy Year against the Association's insurance business;
- 24.1.2** to meet the claims, expenses and outgoings, whether incurred, accrued or anticipated, of the Association's insurance business in

respect of that Policy Year including, without prejudice to the generality of the foregoing, any proportion of any claims, expenses or outgoings of any insurer other than the Association which have fallen or may be thought likely to fall upon the Association by virtue of any reinsurance or pooling agreement concluded between the Association and such other insurer;

- 24.1.3** for any transfers to reserves or provisions which the Directors may deem it expedient to make out of the Contributions paid in respect of such Policy Year and which the Directors may from time to time think fit to charge against the Association's insurance business for that Policy Year including, without prejudice to the generality of the foregoing, such transfer to reserves and provisions in respect of any deficiency which has occurred or which may be thought likely to occur in respect of risks in any previous Policy Year, including any closed Policy Year, as the Directors may think proper;
- 24.1.4** to provide all such sums as the Association may by any governmental or other similar legislation or regulation be required to set aside in order to establish and/or maintain an adequate solvency margin and/or guarantee fund in respect of any Policy Year. Without in any way limiting the obligations of Insured Owners to pay such sums, the Directors may, in their discretion and at any time or times, require any or all Insured Owners to guarantee specifically the payment of such sums in such terms and with such security as the Directors may from time to time decide.
- 24.2** The said Contributions shall be levied by means of Advance and Supplementary Contributions in accordance with the provisions of Rules 25, 26 and 27.

RULE 25 ADVANCE CONTRIBUTIONS

- 25.1** Before the beginning of each Policy Year, or so soon thereafter as may be practicable, the Directors shall, in respect of each Insured Owner, decide the percentage of the Insured Value and of the Sum Insured, in respect of each Entered Ship, which is to be levied on the Insured Owner and is to be paid by way of an Advance Contribution for such policy year.
- 25.2** The percentage or percentages so fixed shall be applied:-
 - 25.2.1** in the case of risks insured under Rule 2 Parts B, C, D, E and F, to the Insured Value of each Entered Ship for which she is insured;
 - 25.2.2** in the case of risks insured under Rule 3, to the Sum Insured;

- 25.2.3** where only a part or percentage of the Insured Value is insured by the Association, to that part or percentage so insured.
- 25.3** The amounts so calculated shall be the amounts so payable by the Insured Owner.

RULE 26 SUPPLEMENTARY CONTRIBUTIONS

At such subsequent time or times during or after the end of each Policy Year as the Directors think fit, but not after such Policy Year has been closed, the Directors may decide to levy from the Insured Owners whose ships are or were entered in the Association for that Policy Year one or more Supplementary Contributions. Such Supplementary Contributions shall be at such percentage of the net Advance Contribution as the Directors think fit and shall be applied to the total amount of the net Advance Contribution paid or payable by each Insured Owner in respect of such Policy Year.

RULE 27 GENERAL PROVISIONS AS TO CONTRIBUTIONS

- 27.1** As soon as is reasonably practicable after the rate of any Advance or Supplementary Contribution shall have been fixed, the Managers shall notify each Insured Owner concerned of the following:-
- 27.1.1** whether the Contribution is an Advance or Supplementary Contribution;
 - 27.1.2** the Policy Year and the Rule to which the Contribution relates;
 - 27.1.3** the rate determined by the Directors;
 - 27.1.4** the amount or amounts payable by the Insured Owner;
 - 27.1.5** the date on which the Contribution is payable or, if such Contribution is payable by instalments, the amounts of instalments and the respective dates on which they are payable;
 - 27.1.6** the currency or currencies in which the Contribution is payable.
- 27.2** If it shall be agreed between an Insured Owner and the Managers that a ship is to be entered in the Association as from a specified date occurring after the commencement of any Policy Year, or that the Association is otherwise on risk in respect of any insurance for only a part of any Policy Year (save in the circumstances set out in Rule 27.3), then the Contributions due from the Insured Owner to the Association in respect of that

Policy Year shall be payable on a pro rata basis representing the time that such ship is entered for insurance during the Policy Year.

- 27.3** If in the course of a Policy Year, it shall be agreed between the Insured Owner and the Managers that the Insured Value for which the Entered Ship is insured under Rule 2 Parts B, C, D, E and F or the Sum Insured under Rule 3 shall be varied, then the Contributions due from the Insured Owner to the Association in respect of that Policy Year shall be increased or reduced pro rata according to the increase or reduction of the Insured Value or of the Sum Insured and according to the proportion of the whole Policy Year during which such increase or reduction is to be effective.
- 27.4** Upon an Entered Ship ceasing to be insured by the Association, the Insured Owner shall, notwithstanding the cesser of such insurance, remain liable to pay Contributions in respect of such ship as follows:-
- 27.4.1** if the insurance shall have terminated at the end of a Policy Year, for the whole of such Policy Year, unless and to the extent that such liability may have been otherwise agreed or assessed under Rule 38; or
- 27.4.2** if the insurance shall have terminated in the course of a Policy Year, for the whole of such Policy Year, unless Rule 37 shall be applicable or unless and to the extent that such liability may have been otherwise agreed or assessed under Rule 38.

RULE 28 LAID-UP RETURNS

- 28.1** The Directors may in their discretion direct that returns of Contributions or allowances against the same be paid or allowed to Insured Owners whose Entered Ships are laid-up and unemployed (otherwise than for the purpose of repair or maintenance) in any safe port or place outside any Additional Premium Area.
- 28.2** The Directors may in their discretion determine from time to time:-
- 28.2.1** the minimum period for which an Entered Ship must be so laid-up;
- 28.2.2** the percentage of the Contributions to be returned to such Insured Owner;
- 28.2.3** the period for which such a return shall be allowed.

- 28.3** If the Directors shall make a direction in accordance with Rule 28.1, a return shall be made to such Insured Owner consisting of the percentage of the Contributions so directed on a pro rata basis, commencing at noon G.M.T. on the day on which the Entered Ship was laid-up and ending at noon G.M.T. on the day on which that Entered Ship ceased to be laid-up.
- 28.4** PROVIDED ALWAYS that:-
- 28.4.1** the Directors may in their discretion determine that a return may be made in respect of ships unemployed and laid-up (other than for the purpose of repair or maintenance) in any one or more current Additional Premium Areas or part thereof;
- 28.4.2** no return shall be made in respect of a ship which is unemployed and laid-up in circumstances which give rise to a claim on the Association;
- 28.4.3** if an Insured Owner fails to notify the Managers of his intention to claim such a return within three months of the end of the Policy Year during which such claim arose, he shall be deemed to have waived such claim.

RULE 29 ADDITIONAL PREMIUMS

If an Entered Ship shall proceed to or be or remain in any Additional Premium Area the provisions of Rule 29 shall have effect.

- 29.1** The Insured Owner shall pay to the Association an Additional Premium or Premiums as follows:-
- 29.1.1** if, by virtue of a Special Premium Notice, the area is an Additional Premium Area in respect of Queen's Enemy Risks, an Additional Premium or Premiums at such rate or rates, and for such period or periods, as the Secretary of State shall from time to time determine;
- 29.1.2** if, by virtue of a decision of the Directors, the area is an Additional Premium Area in respect of risks other than the Queen's Enemy Risks, an Additional Premium or Premiums at such rate or rates, and for such period or periods, as shall be agreed with the Managers.
- 29.2** The Insured Owner shall continue to be insured while the Entered Ship proceeds to or is or remains within such area.

- 29.3** It is a condition of the insurance given by the Association that the Insured Owner shall ensure that the Association is given written notice before the Entered Ship proceeds into the Additional Premium Area. If this condition is not fulfilled then:-
- 29.3.1** if, by virtue of a Special Premium Notice, the area is an Additional Premium Area in respect of the Queen's Enemy Risks, the Insured Owner shall not be entitled to any recovery from the Association in respect of any claim arising from any of the Queen's Enemy Risks and arising out of events occurring in the Additional Premium Area;
- 29.3.2** if, by virtue of a decision of the Directors, the area is an Additional Premium Area in respect of the risks other than the Queen's Enemy Risks, the Insured Owner shall not be entitled to any recovery from the Association in respect of any claim arising from any risks other than the Queen's Enemy Risks and arising out of events occurring in the Additional Premium Area;
- 29.3.3** if the area is an Additional Premium Area in respect of both the Queen's Enemy and the non-Queen's Enemy Risks, an Insured Owner shall not be entitled to any recovery from the Association in respect of any claim arising out of events occurring in the Additional Premium Area.
- 29.3.4** PROVIDED ALWAYS that:-
- the Directors may in their discretion decide to allow recovery from the Association which would otherwise be excluded by Rule 29.3 either in whole or in part. Where the Directors do not exercise their discretion to allow recovery as aforesaid, the Association shall return to the Insured Owner any Additional Premium which may have been paid pursuant to Rule 29.1.
- 29.4** The terms of the insurance of the Entered Ship during such period as is referred to in Rule 29.2 shall be those current for the Entered Ship for the relevant Policy Year.
- PROVIDED ALWAYS that:-
- if, in respect of risks other than the Queen's Enemy Risks, the Managers shall specify that any special terms, conditions, exceptions or limitations shall apply whilst an Entered Ship shall be or remain in any Additional Premium Area, then the terms shall be those which are current for the relevant Policy Year as modified by such special terms, conditions, exceptions or limitations.
- 29.5** An Insured Owner shall be entitled to give written notice to the Association at any time before the Entered Ship enters an

Additional Premium Area stating that he desires the cover of the Entered Ship to be suspended or restricted while the Entered Ship is within the said Area.

PROVIDED ALWAYS that:-

if the Entered Ship is mortgaged, an Insured Owner shall not be entitled to give any such notice unless he shall have obtained and produced to the Association the written consent of his mortgagees to the suspension or restriction of the cover.

- 29.6** If, where permitted by Rule 29.5, an Insured Owner gives notice in writing that he desires the cover of the Entered Ship to be suspended, then:-
 - 29.6.1** the cover given by the Association in respect of the Entered Ship so specified shall be suspended and the Insured Owner shall remain uninsured in respect of such Entered Ship during the period while the Entered Ship is and remains in the Additional Premium Area; and
 - 29.6.2** the Insured Owner shall be under no liability to pay an Additional Premium in accordance with Rule 29.1 but shall not be entitled to any return of Contributions paid or payable in respect of the Entered Ship unless the Directors in their discretion otherwise determine.
- 29.7** Unless the Insured Owner gives notice of suspension before the ship enters the designated Additional Premium Area, the cover of the Entered Ship shall not be suspended but the provisions of Rules 29.1, 29.2, 29.3 and 29.4 shall be applicable.
- 29.8** If, where permitted by Rule 29.5, an Insured Owner gives notice in writing that he desires the cover of the Entered Ship to be restricted, then:-
 - 29.8.1** at any time before the Entered Ship enters an Additional Premium Area, the Insured Owner and the Managers may agree in writing the terms of the cover which shall be applicable to the Entered Ship while within such Additional Premium Area and the amount of the premium payable to the Association for such a period;
 - 29.8.2** in the event that no such agreement in writing shall be reached between the Insured Owner and the Managers as is referred to in Rule 29.8.1 before the Entered Ship enters the Additional Premium Area then the cover of the Entered Ship shall not be restricted but the provisions of Rules 29.1, 29.2, 29.3 and 29.4 shall be applicable.

RULE 30 PROVISIONS AS TO PAYMENT

- 30.1** If any Contribution or Premium or any other sum due from any Insured Owner to the Association is not paid by such Insured Owner on or before the date specified for payment thereof, the Insured Owner shall, without prejudice to the rights of the Association under any other provision of these Rules, pay interest on the amount overdue from the date on which the amount became due until the date of payment at such rate of interest as the Directors may from time to time determine. The Directors may in any case waive payment of such interest in whole or in part.
- 30.2** No claim of any kind whatsoever by an Insured Owner against the Association shall constitute any set-off against the Contributions or Premiums or other sums due by an Insured Owner to the Association or shall entitle an Insured Owner to withhold or delay payment of any such sum whether or not any set-off has in the Managers' discretion been allowed at any time in the past.