

II Entry and Contribution

RULE 6 ENTRY

Application 6(1) Any person who wishes to enter a Ship for insurance in this Class of the Association shall apply for such entry in such form as may from time to time be required by the Managers and shall furnish any particulars and information requested by the Managers.

Warranty 6(2) All particulars and information given in the course of applying for insurance shall, if the entry of the relevant Ship be accepted, be deemed to form part of the contract of insurance between the Member and the Association and it shall be a condition precedent of such insurance that all such particulars and information were true so far as was within the Member's knowledge or could with reasonable diligence have been ascertained.

**Certificate of 6(3)
Entry** As soon as reasonably practicable after accepting any application for the entry of a Ship in this Class of the Association, the Managers shall issue a Certificate of Entry which (subject to any special terms upon which such Ship may be entered) shall state:

- (A) The names of the Members on whose behalf such Ship has been entered and their interest in such Ship.
- (B) The names of the Members on whose behalf such Ship has been entered in the Register in the order in which their names appear on the Certificate of Entry and that this order shall be conclusive proof of the rights of seniority between Members in accordance with these Rules and the Articles of Association.
- (C) The risks against which such Ship has been entered for insurance in the Association and the amount of any deductible or retention to be borne by the Member in respect of such risks.
- (D) The date on which the entry of such Ship is to commence.
- (E) The Full and Entered Tonnage of such Ship.
- (F) Any special terms as to Contribution.

- (G) The currency in which Contributions are calculated which shall be the currency in which transactions between the Member and the Association are conducted, subject to the provisions of Rule 12(3).
- (H) Any limitations on the cover provided by the Association which are not set out in these Rules.
- Entered 6(4)
tonnage** The Managers may accept the entry of a Ship for a tonnage other than the Full Tonnage of such Ship.
- Subject to 6(5)
Rules** The terms and conditions upon which a Ship is accepted for entry, including those relating to the nature and extent of the risks covered and the Contributions payable by the Member, shall be those set out in the Rules and bye-laws hereinafter mentioned but subject to such variations, within the scope of these Rules, as may have been agreed between the Member and the Managers and set out in the Certificate of Entry.
- Variation of 6(6)
cover** If at any time the Managers and the Member agree to vary the terms and conditions upon which a Ship is entered the Managers, as soon as reasonably practicable thereafter, shall issue an endorsement to the Certificate of Entry stating the nature of such variation and the date from which such variation is to be effective.
- 6(7)** Every Certificate of Entry issued as aforesaid shall be conclusive evidence of the contract of insurance.
- Refusal of 6(8)
application** The Managers may in their discretion and without giving any reason refuse an application by any person for entry of a Ship in this Class whether or not that person is already a Member of the Association.

RULE 7 SPECIAL INSURANCES

- 7(1)** The Managers may accept the entry of a Ship on terms that the Member is liable to pay a fixed premium provided that every Member whose application for the entry of a Ship is accepted on the basis of paying a fixed premium shall be bound to pay and shall pay to the Association such sums as shall have been agreed with the Managers and at such time or times as the Managers shall have specified.
- 7(2)** The Managers may accept insurances including entries of Ships on special terms as to Membership and Contribution and, within the scope of these Rules, as to the nature and extent of risks covered, provided that where such insurance is accepted the person insured shall be bound to pay and shall pay to the

Association such sums as shall have been agreed with the Managers and at such time or times as the Managers shall have specified. In particular the Managers may accept such insurances from other insurers.

RULE 8 JOINT ENTRIES

- Payments 8(1)** Where any Ship is entered in the names or on behalf of more persons than one (hereinafter referred to as Joint Members) they shall be jointly and severally liable to pay all Contributions and other sums due to the Association in respect of such entry and the receipt by any Joint Member of any payment by the Association shall be deemed to be the receipt by all Joint Members jointly and shall fully discharge the obligations of the Association in respect of such payment.
- Disclosure 8(2)** Failure by any Joint Member to disclose material information within his knowledge shall be deemed to have been failure of all the Joint Members.
- Conduct 8(3)** Conduct of any Joint Member which would have entitled the Association to decline to indemnify him shall be deemed the conduct of all the Joint Members.
- Extent of 8(4)
cover** The Association shall not insure any Joint Member against any liabilities, costs or expenses which arise other than out of operations and/or activities customarily carried on by or at the risk and responsibility of shipowners (or the case of a charterers' entry, charterers) and which are within the scope of the cover afforded by these Rules and the Certificate of Entry.
- Communications 8(5)** Unless the Managers have otherwise agreed in writing, all communication from or on behalf of the Association shall be sent to the Senior Member and shall be deemed to be within the knowledge of all the Joint Members and any communication from the Senior Member to the Association or to the Managers shall be deemed to have been made with the full approval and authority of all the Joint Members.
- Limits of 8(6)
cover** Where any Ship is entered in the names of or on behalf of Joint Members, any limits on the cover provided by the Association and set out in the Certificate of Entry or these Rules shall apply to Joint Members in the aggregate as if the Ship had been entered by the Senior Member only.

PROVIDED ALWAYS THAT:

There shall be no recovery in respect of any liabilities, costs or expenses which arise as the result of a claim brought between Joint Members.

RULE 9 PERIOD OF INSURANCE

9(1) Unless otherwise agreed at the time of entry and subject as otherwise provided in these Rules, the insurance shall begin at the time on the date stated in the Certificate of Entry when the Member first has an interest in the Entered Ship or, in the case of a change in the terms of entry, immediately after midnight on that date at the place where the Ship is located and shall continue until noon GMT on the 20th February next following. All Contributions shall be calculated as if the entry of the Ship or change in the terms of entry had taken place at noon GMT on the date stated in the Certificate of Entry.

Change of 9(2) conditions

The insurance shall continue for the next Policy Year upon the same terms and conditions as those in force for the current Policy Year, unless at the request of a Member other terms shall be agreed, or unless:

(i) notice shall have been given in writing by either the Member to the Managers or the Managers to the Member not later than noon GMT on the 20th January in any year, that the insurance (not being for a fixed period) specified in the notice is to cease. In either event the insurance shall cease at the end of the then current Policy Year; or unless

(ii) the Managers shall have given notice not later than noon GMT on the 20th January that the terms of the insurance by the Association for the next following Policy Year are to be changed. In the event of such notice being given, the insurance for the next following Policy Year shall continue upon such terms as may be agreed between the Member and the Managers before noon GMT on the 20th February immediately following such notice and, if no terms shall by then have been agreed, the insurance shall thereupon cease.

PROVIDED ALWAYS THAT:

(a) if before 20th December in any year the Managers give notice of a decision of the Committee under Rule 11(1)(A) and/or a resolution of the Committee under Rule 32(5) the Member shall be deemed to have agreed to and accepted such decision and/or resolution and the insurance shall continue for the next Policy Year unless by 20th January following he gives notice to the Managers under paragraph (i) of this Rule; or

(b) if the Managers give notice of an alteration in the Rules of the Association before the end of a Policy Year the Member shall be deemed to have agreed to and accepted such alteration and the insurance shall continue for the next Policy Year with the alteration taking effect from the start of that Policy Year.

- 9(3)** The Committee or Managers may at any time by 30 days' notice to a Member terminate the entry of any Ship in this Class.
- 9(4)** An Entered Ship shall not be withdrawn from the Association at any time or in any manner except under the provisions of Rule 9(2) or with the consent of the Committee or Managers.

RULE 10 CONTRIBUTION BY WAY OF CALLS

- 10(1)** Subject to Rule 7, Members who have entered Ships for insurance in this Class of the Association for any part of a Policy Year shall through the Association insure each other as hereinafter set out against Costs which they or any of them may incur or may become liable to pay in respect of such Entered Ships, and for this purpose the said Members shall contribute by way of Calls to the funds required to meet:
- (A)** The claims, expenses of the Association and other outgoings (whether incurred, accrued or anticipated) which in the opinion of the Committee necessarily and properly fall upon this Class of the Association in respect of such Policy Year.
- (B)** Such transfers to reserves or provisions as the Committee may deem it expedient to make, including transfers to reserves and provisions in respect of any deficiency which has occurred or which may be thought likely to occur in respect of any Closed Policy Year as the Committee thinks fit.
- (C)** The proportion attributable to this Class of such sums as the Association may by any Governmental 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.
- 10(2)** The said Calls shall be levied by means of Advance, Deferred or Exceptional Calls in accordance with the provisions of Rule 11.

RULE 11 CALLS

**Advance 11(1) (A)
Calls**

Before the start of a Policy Year the Committee shall decide the percentage by which there is to be a general change in the Call Rates of all Members which are to be levied upon their Ships

(subject to any special terms upon which such Ships may be entered) and which are to be paid by way of an Advance Call in respect of such Policy Year.

- (B) The Call Rate in respect of each Entered Ship shall be notified in writing to the Member and may be altered in accordance with the provisions of Rule 6(6), Rule 9(2)(ii) and Rule 11(1)(A).

**Deferred 11(2)(A)
Calls**

When the Committee makes the decision provided for in Rule 11(1)(A) it shall also estimate the total Call which is likely to be required for the Policy Year and decide what proportion of the Call shall be called by way of Advance Call in the Policy Year to which it relates and what proportion shall be deferred for call in later years (the Deferred Call) and shall give notice of this Deferred Call to the Members.

- (B) The Committee may at any time after the end of a Policy Year (but not after such Policy Year has been closed in accordance with Rule 37(1)) direct that the Deferred Call or a proportion of the Deferred Call shall be paid by each Member. All Deferred Calls so made shall be calculated pro rata to the Advance Call (less any returns of Call) in the relevant Policy Year.

**Exceptional 11(3)
Calls**

In addition to any Deferred Call the Committee may at any time or times during or after the end of each Policy Year (but not after such Policy Year has been closed) direct that an Exceptional Call shall be paid by each Member in respect of Ships entered for such Policy Year of such amount as the Committee may think fit. All Exceptional Calls so made shall be calculated pro rata to the Advance Call (less any returns of Call) in the relevant Policy Year.

RULE 12 PAYMENT

Instalments 12(1)

Subject to Rule 7(2), every Advance, Deferred or Exceptional Call shall be payable in such instalments and on such dates as the Committee may specify.

Notification 12(2)

As soon as reasonably practical after the rate of any Advance, Deferred or Exceptional Call shall have been fixed the Managers shall notify each Member concerned:

- (A) Of such rates.
- (B) Of the date on which the Call concerned is payable or, if such Call is payable by instalments, of the amounts of such instalments and the respective dates on which they are payable.
- (C) Of the amount payable by such Member in respect of each Ship entered by him.

Currencies 12(3)

Notwithstanding Rule 6(3)(G) the Managers may require any Member to pay all or any part of any sums payable by him in such currencies as the Managers may specify.

- Tax 12(4)** The Member shall pay on demand to the Association the amount of any tax or other financial demand, relating to Calls or other sums due from or paid by the Member to the Association, for which the Managers determine the Association has or may become liable.
- Set-off 12(5)** No claim of any kind whatsoever by a Member against the Association shall constitute any set-off against the Contributions or other sums of whatsoever nature due to the Association or shall entitle a Member to withhold or delay payment of any such Contributions or sums.
- Penalty for 12(6)
late payment** Without prejudice to the rights and remedies of the Association under Rule 33(1), if any Contribution or instalment or part thereof or any other sum of whatsoever nature due from any Member is not paid by such Member on or before the date specified for payment thereof the Committee may order such Member to pay interest on the amount not so paid, from and including the date so specified down to the date of payment, at such rate as the Committee may from time to time determine.
- Bad debts 12(7)** If any Contribution or other payment due from a Member to the Association is not paid and if the Committee decides that payment cannot be obtained, the sums required to make good any resulting shortfall or deficiency in the funds of the Association shall be deemed to be expenses of the Association for the purposes of Contribution under Rule 10.
- Effect of 12(8)
a Member's
non-payment** Without prejudice to the provisions of Rule 33 (cesser of all insurances) and Rule 34 (cesser of Ship entry), if any Contribution or other payment due from a Member to the Association is not paid within thirty days of the date of service on a Member of a debit note, notice or other demand for payment, there shall be no recovery from the Association in respect of any liabilities incurred by the Member in respect of any Ship which is or has been entered for insurance by him in the Association.
- Provided always* that the Managers may serve a notice extending the time for payment and the Member may then make arrangements satisfactory to the Managers prior to the expiry of the period of grace allowed in the said notice for the payment of any such Contribution or other payment.

RULE 13 RELEASE

- 13(1)** Upon the cesser of insurance in respect of an Entered Ship for any reason, the Managers may, at the request of the Member, release the Member from liability for further contribution to Calls in respect of such Ship upon such terms, and including the payment of such amount, as the Managers in their sole discretion

may deem to be appropriate in the circumstances. In the absence of such request the Managers shall nevertheless have power to assess, as at the date of the cesser, the liability of any Member for further Contributions in respect of such Ship and the amount of such assessment shall be payable by the Member on demand without any set-off.

- 13(2)** As from the date of the release of an Entered Ship under Rule 13(1) the Member shall be under no further liability to contribute to Calls in respect of that Ship under Rule 10 nor shall he have any right to share in any return of Contributions or other receipts under Rule 37(2) or Rule 39 in respect of that Ship.

RULE 14 RECOVERY OF CONTRIBUTIONS

All monies from time to time payable by a Member may be recovered by action commenced under the instructions of the Managers in the name of the Association.

RULE 15 FLEET ENTRY

Where one or more Ships have been entered as a Fleet Entry then the debts of any one Member in respect of any such Entered Ship shall be treated as the debt of all the other Members whose Ships are or were entered as part of the same Fleet Entry and the Association shall be entitled to act as if all the Ships forming part of the Fleet Entry were entered by the same Member.

RULE 16 COVER FOR ASSOCIATED COMPANIES

- 16(1)** The Managers may accept the entry of any Ship upon terms that the benefit of the cover afforded by the Association to a Member in respect of that Ship shall be extended to Associated Companies of that Member. The rights and obligations as between the Association and any such Associated Company shall be such as may be agreed between the Member and the Managers.

**Conditions of 16(2)
reimbursement**

The liability of the Association to the Member and to Associated Companies to whom cover is extended in accordance with Rule 16(1) shall be limited in amount to reimbursement of claims relating to liabilities, costs or expenses incurred by one or more of the Associated Companies to the extent and amount only that the Member:

(a) would have incurred the same liabilities, costs and expenses if the same claims had been pursued against him; and

(b) would thereafter have been entitled to obtain reimbursement from the Association in accordance with the terms of entry of the Ship in the Association.

Provided always that conduct of any Associated Company which would have entitled the Association to decline to indemnify that Company shall be deemed to be the conduct of the Member.

**Receipt of 16(3)
reimbursement**

The receipt by the Member, or any Associated Company to whom cover has been extended in accordance with Rule 16(1), of any payment by the Association shall be deemed to be the receipt by the Member and all such Associated Companies jointly and shall fully discharge the obligations of the Association in respect of such payment.