

**THE NORTH OF ENGLAND PROTECTING AND INDEMNITY
ASSOCIATION LIMITED ("The Company")**

Company No. 505456

Company Limited by Guarantee and not having a Share Capital

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the Company will be held at The Royal Automobile Club, 89 Pall Mall, London SW1Y 5HS, on 17 January, 2013 at 0930 hours for the purpose of considering and, if thought fit, passing the following Special Resolutions and Ordinary Resolutions:

SPECIAL RESOLUTIONS

(1) AMENDMENTS TO ARTICLES OF ASSOCIATION

That the amendments to the Articles of Association of the Company contained in [Appendix A](#) of this Notice shall be and are hereby approved with immediate effect.

(2) CREATION OF MEMBERS BOARD AND COMMITTEES

That pursuant to Article 108.1 of the Articles of Association of the Company adopted under Special Resolution (1), a Members Board and related committees shall be and are hereby established upon and subject to the terms of reference contained in [Appendix B](#) of this notice with effect from noon GMT on 20 February 2013.

(3) TRANSFER OF DIRECTORS TO THE MEMBERS BOARD

That with effect from noon GMT on 20 February 2013, the persons named in [Appendix C](#) of this Notice shall be and are hereby removed as Directors of the Company pursuant to Article 71 of the Articles of Association of the Company and appointed as the first members of the Members Board in accordance with Paragraph 3.7 of the terms of reference for the Members Board adopted under Special Resolution (2).

ORDINARY RESOLUTIONS

(4) DIRECTORS TERMS OF REFERENCE

That pursuant to Article 72 of the Articles of Association of the Company the business of the Company and all of its Classes shall be managed by the Directors subject to and in accordance with the regulations contained in [Appendix D](#) of this notice with effect from noon GMT on 20 February 2013.

(5) AMENDMENT OF P&I CLASS RULES

That the amendments to the Rules of the Protecting and Indemnity Class contained in [Appendix E](#) of this Notice, be and are hereby adopted with effect from noon GMT on 20 February 2013.

(6) AMENDMENT OF FD&D CLASS RULES

That the amendments to the Rules of the Freight Demurrage & Defence Class contained in [Appendix F](#) of this Notice, be and are hereby adopted with effect from noon GMT on 20 February 2013.

(7) AMENDMENT OF WAR RISKS CLASS RULES

That the amendments to the Rules of the War Risks Class contained in [Appendix G](#) of this Notice, be and are hereby adopted with effect from noon GMT on 20 February 2013.

(8) APPOINTMENT OF INDEPENDENT DIRECTOR

That, subject to the authorisation of the Financial Services Authority, pursuant to Article 90.3 of the Articles of Association of the Company adopted under Special Resolution (1) Mr Alexander McKay Lynch, whose details are set out in [Appendix H](#) of this Notice, shall be and is hereby appointed as an independent non-executive Director of the Company.

Dated: 12 December 2012

By order of the Board

AA Wilson, Company Secretary

Registered Office:

100 The Quayside
Newcastle upon Tyne
NE1 3DU

NOTES TO THE NOTICE OF GENERAL MEETING

- 1 A Member is entitled to appoint another person as its proxy to exercise the Member's rights to attend, speak and vote at the meeting. A proxy need not be a Member of the Company.
- 2 A Form of Proxy is provided with this Notice for Members. If a Member wishes to appoint more than one proxy and so requires additional proxy forms, the Member should contact the Company Secretary, Alan Wilson, on +44 (0)191 232 5221 or alan.wilson@nepia.com. To be valid, the Form of Proxy and any power of attorney or other authority under which it is signed (or a notarially certified copy of such authority) must be received by post or (during normal business hours only) by hand at the Company's registered office, The North of England Protecting & Indemnity Association Limited, The Quayside, Newcastle upon Tyne NE1 3DU or by e-mail to alan.wilson@nepia.com not less than 48 hours before the time of the holding of the meeting or any adjournment thereof. Completion and return of the Form of Proxy will not preclude Members from attending and voting at the meeting should they wish to do so.
- 3 Any corporation which is a Member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a Member provided that they do not do so in relation to the same ship.
- 4 If Members have general queries about the meeting, they should contact Alan Wilson on +44 (0)191 232 5221 or alan.wilson@nepia.com. No other methods of communication will be accepted. Members must not use any electronic address provided either in this notice of general meeting or any related documents (including the proxy form), to communicate with the Company for any purposes other than those expressly stated.

Appendix A

Proposed Amendments to the Articles of Association of the Company

Proposed Amendments to the Articles of Association of the Company

The proposed amendments to the Articles of Association of the Company are set out in the table below. Wording which is struck out will be deleted and wording which is underlined will be inserted.

| Article | Proposed Amendment | Explanatory Note |
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| 2 | BOARD DIRECTORS MEETING A meeting of the Directors duly convened in accordance with the provisions of these Articles. | This definition will be amended to avoid confusion between the Directors and the Members Board. |
| 2 | <u>CHAIRMAN</u> <u>The person (if any) appointed as chairman pursuant to Article 82</u> | This definition has been added to enable consistency throughout the various corporate governance documents. |
| 2 | THE DIRECTORS The directors for the time being of the Association or any of them duly acting as the board of directors of the Association including any duly appointed <u>Member Director and/or</u> Managing Director and/or Joint Managing Director and/or Executive Director and/or Deputy Managing Director <u>and/or Independent Director</u> provided that references to the Directors in relation to the business of any particular Class of the Association shall mean and be limited to Managing Directors, Joint Managing Directors, Deputy Managing Directors, Executive Directors and those Directors qualify as such in accordance with the provisions of Article 63 | This definition will be updated to include reference to Member Directors and Independent Directors and to remove current restrictions which only allow a Member Director to consider business relating to a Class of which he is a Member. |
| 2 | <u>INDEPENDENT DIRECTOR</u> <u>the person or persons (if any) appointed as an independent non-executive Director of the Association pursuant to Article 90</u> | This definition has been included as a result of the proposed introduction of independent non-executive directors. |
| 2 | <u>MEMBERS BOARD</u> <u>The Members Board (if any) established pursuant to Article 108.1 and where the context requires shall include a committee of the Members Board formed pursuant to Article 108.1 or Article 108.3.</u> | This has been included as a result of the proposed introduction of a Members Board. |
| 2 | <u>MEMBER DIRECTOR</u> | This has been included as a consequence of the |

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| | <u>A Director who is eligible for appointment as a Director on the grounds prescribed in Article 63</u> | proposed amendment to Article 80 regarding the quorum at Directors meetings. |
| 2 | <u>VICE-CHAIRMAN</u> <u>The person (if any) appointed as vice-chairman pursuant to Article 82</u> | This definition has been added to enable consistency throughout the various corporate governance documents. |
| 28 | The Association shall in each year hold a general meeting as its annual general meeting in addition to any other general meetings in that year. The annual general meeting shall be held at such time and place as the Directors shall determine. The Directors may call general meetings at any time. <u>The Members Board may also call general meetings at any time.</u> | This has been included to provide the Members Board with the power to call Members meetings. |
| 62 | Unless otherwise determined by the Association by Ordinary Resolution <u>or by a resolution of the Members Board</u> , the number of Directors shall be not less than ten <u>seven</u> nor more than sixty <u>twenty</u> . | This brings the maximum number of Directors in line with the proposed new structure and allows the Members Board to change the prescribed limits where appropriate. |
| 63 | No person shall be eligible for appointment or reappointment as a Director unless he is a Member or he is the authorised representative of a Member (as the case may be). The provisions of this Article 63 shall not apply to the eligibility for appointment of any person as a Managing Director, a Joint Managing Director, a Deputy Managing Director, or <u>an Executive Director or an Independent Director</u> - the appointments of which are governed by the provisions of Article 67 and Article 69. | This has been updated to allow for the appointment of Independent Directors. |
| 67.2 | Not less than n seven nor more than twenty-eight clear days before the date appointed for holding a general meeting <u>or a meeting of the Members Board (as the case may be)</u> notice shall be given to all who are entitled to receive notice of the meeting of any person who is recommended by the Directors for appointment or re-appointment as a Director at the meeting or in respect of whom notice has been duly given to the Association of the intention to propose him at the meeting for appointment | This is a consequential amendment arising from that proposed below in relation to Article 67.3, which will allow Directors to be appointed by the Members Board. The Members Board will be |

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| | or re-appointment as a director. The notice shall give the particulars of that person which would, if he were so appointed or reappointed, be required to be included in the Association's register of Directors. | presented with the same information that would ordinarily be provided to a Members meeting when considering the appointment of a new Director. |
| 67.3 | Subject as aforesaid, the Association may by Ordinary Resolution <u>or by a resolution of the Members Board</u> appoint a person who is willing to be a Director either to fill a vacancy or as an additional Director. | This allows for a Director to be appointed by the Members Board. |
| 67.4 | Managing Directors, Joint Managing Directors, Deputy Managing Directors, and Executive Directors <u>and Independent Directors</u> shall be appointed to the office of Director pursuant to the provisions of Article 90. | This is a consequential amendment as a result of the introduction of Independent Directors. |
| 70.7 | in the case of a Managing Director, a Joint Managing Director, a Deputy Managing Director or <u>an Executive Director or an Independent Director</u> , his appointment as Managing Director, Joint Managing Director, Deputy Managing Director, or Executive Director <u>or Independent Director</u> (as the case may be) is revoked by the Directors <u>or the Members Board (as the case may be)</u> pursuant to Article 90 or he ceases to hold the position of Managing Director, Joint Managing Director, Deputy Managing Director, or Executive Director <u>or Independent Director</u> (as the case may be) for any reason whatsoever. | This is a consequential amendment as a result of the introduction of Independent Directors and a Members Board. |
| 70.8 | <p><u>70.8 RETIREMENT BY ROTATION</u></p> <p><u>Unless expressly stated to the contrary in these Articles at every annual General Meeting held pursuant to Article 28 any Director:</u></p> <p><u>(a) who has been appointed by the Directors or the Members Board since the last annual General Meeting held pursuant to Article 28; or</u></p> <p><u>(b) who was not appointed or reappointed at one of the preceding two annual General Meetings held pursuant to Article 28;</u></p> | This makes Directors subject to a fixed term of approximately 3 years and a maximum tenure of 3 terms of 3 years. It will not apply to Executive Directors, whose term and tenure will be determined in accordance with the terms of their service agreement. |

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| | <u>must retire from office and may offer himself for reappointment provided always that a Director shall cease to be eligible for reappointment once they have served as a Director for a period exceeding 9 years in total. For the purposes of calculating the length of service of a Director pursuant to this Article 70.8, any period of service prior to the date of adoption of this Article 70.8 shall be disregarded. The provisions of this Article 70.8 may be waived in whole or in part in relation to any person by an Ordinary Resolution.</u> | |
| 76.5 | Any Director (other than a Managing Director, a Joint Managing Director, a Deputy Managing Director or an Executive Director) being or representing any Member who is not in the War Risks Class for the purposes of Article 63 shall not be entitled to receive notice of, be present at, or receive minutes of meetings of the Directors or of any Committee of the Directors at which the business of the War Risks Class is transacted (subject however to the rights of the chairman and vice chairman referred to in Article 84). | This Article will be deleted to allow all Directors to participate in the business of the War Risks Class. |
| 77.1 | Board Directors Meetings 77 77.1 Subject to the provisions of these Articles, the Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. Meetings of the Directors shall be called Board Directors Meetings. Questions arising at any Board Directors Meeting shall be decided by a majority of votes. In the case of an equality of votes the chairman shall have a second or casting vote. Notice of every Board Directors Meeting shall be given to each Director. | This is a consequential amendment as a result of the replacement of the term "Board Meeting" with "Directors Meeting". |
| 77.2 | Managing Directors, Joint Managing Directors, Deputy Managing Directors and Executive Directors shall be entitled to attend and vote at Board Meetings but shall not be counted towards the quorum of any Board Meeting. | This will be deleted as a consequence of the amendment to Article 80. |

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| 78 | <p>The Chairman, the Managing Director, the Secretary or a Joint Managing Director may, and on the request of a Director, the Managing Director or Secretary shall, at any time summon a <u>Board Directors</u> Meeting. Notice shall be given of <u>Board Directors</u> Meetings to all Directors.</p> | <p>This is a consequential amendment as a result of the replacement of the term "Board Meeting" with "Directors Meeting".</p> |
| 79 | <p>Participating by Telephone</p> <p>Any Director may participate in a <u>Board Directors</u> Meeting or a committee constituted pursuant to Article 85 of which he is a member by means of a conference telephone or similar communications equipment whereby all persons participating in the meeting can hear each other and participation in a meeting in this manner shall be deemed to constitute presence in person at such meeting and, subject to these Articles and the Statutes, shall be entitled to vote and be counted in a quorum accordingly. Such a meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the chairman of the meeting then is.</p> | <p>This is a consequential amendment as a result of the replacement of the term "Board Meeting" with "Directors Meeting".</p> |
| 80 | <p>Unless otherwise determined by the Directors, the quorum necessary for the transaction of business at a <u>Board Directors</u> Meeting shall be <u>four Member Directors seven</u>.</p> | <p>This amendment will reduce the quorum requirement for Directors meetings as a result of the reduction to the number of Directors.</p> |
| 82 | <p>The Directors shall appoint a chairman and vice-chairman at such remuneration and upon such terms as may be thought fit and such chairman and vice-chairman shall, if continuing to be Directors, retain such respective offices until the first Board Meeting held after the first <u>Board Directors</u> Meeting following the anniversary of their appointment <u>where they shall retire from such respective offices and may offer themselves for reappointment pursuant to this Article 82 provided always that a Director shall cease to be eligible for reappointment as chairman or vice-chairman (as the case may be) once they have been appointed to that office on four previous occasions. The provisions of this Article 82 may be waived in whole or in part in relation to any person by Ordinary Resolution.</u></p> | <p>This makes the Chairman and Vice Chairman subject to a fixed term of approximately 12 months and a maximum tenure of approximately 4 terms of 12 months.</p> |

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| 84 | The e Chairman, or in his absence the v Vice-chairman, shall preside at all Board Directors Meetings, but if at any meeting neither the e Chairman nor the v Vice-chairman be present at the time appointed for holding the same, the Directors present shall choose one of their number to be a chairman of such meeting and the Director so chosen shall preside at such meeting accordingly so long as neither the e Chairman nor the v Vice-chairman shall be present. The Directors present shall choose someone of their number to act as chairman of the meeting if the chair shall be vacated by reason of Article 76 (3) taking effect. | This is a consequential amendment as a result of the replacement of the term "Board Meeting" with "Directors Meeting" and the insertion of definitions of "Chairman" and "Vice-chairman". |
| 85 | The Directors may delegate any of their powers including the business of any particular Class or Classes of the Association to committees (including standing committees and local committees) consisting of such member or members of their body <u>and/or the Members Board</u> as they think fit. Unless otherwise determined by the Directors the quorum necessary for the transaction of the business of a committee consisting of two or more members shall be two. Any committee so formed shall in the exercise of any power so delegated conform to any regulations that may from time to time be imposed upon it by the Directors. The e Chairman and v Vice-chairman of the Directors shall be ex-officio members of all committees. | This will allow members of the Members Board to be involved in committees and working groups established by the Directors from time to time in relation to specific issues. |
| 87 | All acts done by any Board Directors Meeting or by any meeting of a committee of the Directors, or by any person acting as a Director, shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Director or person acting as aforesaid or that they or any of them had vacated office, be as valid as if every person had been duly appointed and had continued to be a Director. | This is a consequential amendment as a result of the replacement of the term "Board Meeting" with "Directors Meeting". |
| 88 | The Directors shall cause minutes to be made of all proceedings of general meetings of the Association and of Board Directors Meetings and of meetings of committees of the Directors and of the attendances thereat and of all appointments of officers made by the Directors. Any such minute, if purporting to be signed by the chairman of the meeting at which the proceedings were held or by the chairman of the next succeeding meeting, shall be evidence of the proceedings. | This is a consequential amendment as a result of the replacement of the term "Board Meeting" with "Directors Meeting". |
| 90.2 | An individual appointed as a Managing Director, Joint Managing Director, Deputy Managing Director, or an Executive Director shall be deemed to be automatically appointed to the office of Director <u>but shall not be subject to the provisions of Article</u> | This states that Executive Directors will not be subject to the provisions of Article 70.8 in respect of retirement |

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| | <u>70.8.</u> | by rotation. |
| 90.3 | <u>90.3 The Association may from time to time by Ordinary Resolution or by resolution of the Members Board appoint a person to a non executive office carrying the title of independent non-executive Director on such terms and at such remuneration as they think fit and, subject to the terms of any agreement entered into in any particular case, may revoke such appointment.</u> | This new Article allows for Independent Non Executive Directors to be appointed by Members or the Members Board. |
| 90.4 | <u>90.4 An individual appointed as an Independent Director shall be deemed to be automatically appointed to the office of Director and shall be subject to the provisions of Article 70.8.</u> | This states that Independent Directors will be subject to the provisions of Article 70.8 in respect of retirement by rotation. |
| 108.1 | <u>108.1 MEMBERS BOARD</u> <u>The Members may form a Members Board consisting of Members of the Association and/ or the nominated representatives of Members for such purposes and subject to such regulations, being not inconsistent with any regulations of these Articles and the provisions of the Statutes, as may be prescribed by Special Resolution and the Members may by Special Resolution disband any Members Board so created. Any regulations prescribed by the Members pursuant to this Article 108.1 may provide for certain functions and/or powers of the Members Board, including those functions and/or powers relating to any particular Class or Classes of the Association, to be delegated to committees (including standing committees and local committees) consisting of such member or members of the Members Board as the Members think fit.</u> | This new Article provides the Members with the power to establish the Members Board and its related committees. |
| 108.2 | <u>108.2 These Articles, the Rules of any Class and/or any terms of reference approved by the Members pursuant to Article 108.1 may from time to time vest certain powers and/or discretions in the Members Board and any exercise by the Members Board of any such power or discretion</u> | This formalises the ability of the Members Board to bind the Association when exercising its powers under the Articles and Rules. |

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| | <u>shall, subject to the terms upon which such power or discretion has been vested in the Members Board, be binding upon the Association.</u> | |
| 108.3 | <u>108.3 The Members Board may delegate any of its functions or powers to committees (including standing committees and local committees) consisting of such member or members of their body as they think fit or to the Managers. The Managers and any committee so formed (as the case may be) shall in the exercise of any function or power so delegated conform to any regulations that may from time to time be imposed upon it by the Members Board being not inconsistent with any regulations of these Articles, any regulations prescribed by the Members pursuant to Article 108.1 and the provisions of the Statutes.</u> | This provides the Members Board with a power to delegate its powers and functions to the Managers or to committees, provided that this does not conflict with any regulations prescribed by the Members. |

Appendix B

Proposed Terms of Reference for the Members Board & Members Board Committees

North of England Protecting & Indemnity Association Limited ("North")

Members Board – Terms of Reference

1 Constitution

- 1.1 Pursuant to Article 108.1 of North's Articles of Association, the Members of North resolved at a General Meeting held on 17 January 2013 to establish a Members Board (the "Board") upon and subject to these terms of reference with effect from noon GMT on 20 February 2013.
- 1.2 Unless the context otherwise requires, words or expressions contained in these Terms of Reference shall bear the same meaning as in North's Articles of Association, as amended from time to time.

2 Functions of the Board

- 2.1 The general functions of the Board shall be to receive reports from and consult with the Directors upon:
 - 2.1.1 North's strategic aims and the Directors proposals in relation to matters of strategic importance;
 - 2.1.2 the management of the business of North and of all its Classes by the Directors;
 - 2.1.3 matters that are relevant to the business of North;
 - 2.1.4 the appointment of Directors and the election of any Directors to the positions of Chairman and Vice-Chairman of North;
 - 2.1.5 the findings of the annual review of the Directors performance;
 - 2.1.6 North's investment strategy;
 - 2.1.7 North's reinsurance arrangements;
 - 2.1.8 the recommendations of the Directors to alter, add or repeal any Rules of a Class;
 - 2.1.9 any proposals by the Directors to make alterations to North's Articles of Association;
 - 2.1.10 questions connected with the shipping industry, or any allied industry or insurance;
 - 2.1.11 any proposals by the Directors to establish or promote, or join in the establishment or promotion of any other company which could reasonably be considered to have a material effect upon North's business;
 - 2.1.12 any proposals to sell or dispose of a substantial part of the undertaking, property and assets of North;

- 2.1.13 any proposals by the Directors to acquire and undertake the whole or any part of the business, goodwill and assets of any person, firm or company which could reasonably be considered to have a material effect upon North's business;
 - 2.1.14 North's Enterprise Risk Management process;
 - 2.1.15 North's financial position;
 - 2.1.16 North's annual accounts and Directors' Report;
 - 2.1.17 regulatory and compliance issues affecting North; and
 - 2.1.18 any reserved matters detailed in Paragraph 2.3.
- 2.2 As provided in Article 108.2 of North's Articles of Association, the functions of the Board shall also include the exercise of any power and/or discretion vested in the Board from time to time under North's Articles of Association, the Rules of any Class or these terms of reference, which at the date of adoption of these terms of reference include the following:
- 2.2.1 The power of the Board to call a general meeting pursuant to Article 28 of North's Articles of Association;
 - 2.2.2 The powers of the Board to appoint Directors pursuant to Articles 67.3 and 90 of North's Articles of Association;
 - 2.2.3 Certain powers and discretions of the Directors under the Rules of the Protecting & Indemnity, Freight Demurrage & Defence and War Risks Classes in relation to all policy years prior to 20 February 2013 which were delegated by the Directors to the Members Board pursuant to Article 85 of North's Articles of Association with effect from 20 February 2013;
 - 2.2.4 Certain powers and discretions given to the Members Board under the Rules of the Protecting & Indemnity, Freight Demurrage & Defence and War Risks Classes with effect from 20 February 2013 as approved by the Members pursuant to Article 10.3.1 of North's Articles of Association on 17 January 2013.
- 2.3 The Directors shall procure that neither North nor any other company in its Group shall do any of the following without prior consultation with the Members Board in accordance with paragraph 2.4:
- 2.3.1 enter into or agree to enter into any joint venture, partnership or strategic alliance with any third party which could reasonably be considered to have a material effect upon North's business; or
 - 2.3.2 sell or otherwise dispose of the whole or a substantial part of its business to any third party or agree to do any of the foregoing; or

- 2.3.3 purchase or otherwise acquire the whole or any part of the business of any third party or agree to do any of the foregoing; or
- 2.3.4 acquire or become subject to the control (as determined pursuant to Section 181 of Financial Services and Markets Act 2000) of any third party or agree to any of the foregoing; or
- 2.3.5 cease to operate its business substantially on a mutual basis; or
- 2.3.6 agree to certify liabilities under any legislation or convention in force from time to time; or
- 2.3.7 agree to any material change to North's reinsurance arrangements including, without limitation, any material change to North's retention under the International Group Pooling Agreement; or
- 2.3.8 agree the General Increase in respect of any policy year for any Class of North; or
- 2.3.9 levy an Additional Call upon the Members of any Class of North; or
- 2.3.10 make a decision regarding any matters referred for the consideration of Club boards by the International Group which could reasonably be considered to have a material effect upon North's business;

provided always that a failure by the Directors to comply with this paragraph 2.3 shall not invalidate any act, decision or agreement of North or any company in its Group nor shall this paragraph 2.3 invalidate any act, decision or agreement prior to the date of its adoption which would otherwise have been valid if this paragraph 2.3 had not been adopted and any breach by the Directors of this paragraph 2.3 shall be a matter of internal discipline only.

- 2.4 For the purposes of compliance with paragraph 2.3 it shall be sufficient for the relevant matter to be raised for discussion at a meeting of the Board and, subject to the provisions of Paragraph 4.11, the minutes of a meeting of the Board confirming that this has been done shall be evidence that the Directors have duly complied with the requirements of paragraph 2.3.

3 Board Membership

- 3.1 Unless otherwise determined by an Ordinary Resolution of the Members, the Board shall have not less than ten members and not more than fifty members who shall be comprised of such persons who are appointed as a Board member from time to time pursuant to the provisions of this paragraph 3.
- 3.2 No person shall be eligible for appointment as a member of the Board unless he is a Member of North or the authorised representative of a Member of North.

- 3.3 Every Member who wishes to become a member of the Board (either himself or through an appointed representative) shall apply for membership to the Managing Director(s) of North in such form and providing such information as the Board may require.
- 3.4 The Managing Director(s) shall refer all applications for membership of the Board to a committee consisting of such member or members of the Board as the Board thinks fit (the "Elections Committee") which shall consider and make recommendations to the Board in relation to such applications.
- 3.5 The Elections Committee shall meet prior to each meeting of the Board to consider any applications for Board membership received since the preceding Board meeting. Unless otherwise determined by the Board the quorum necessary for the transaction of business of the Elections Committee shall be two and the Elections Committee shall in the exercise of its functions conform to the applicable regulations set out in Appendix 2 of these terms of reference.
- 3.6 The meetings and proceedings of the Elections Committee shall be governed by the provisions of these Terms of Reference regulating the meetings and proceedings of the Board, so far as the same are applicable and are not superseded by the applicable regulations set out in Appendix 2 of these terms of reference. The Chairman, Vice-Chairman and Managing Director(s) shall be entitled to receive notice of and to attend and speak at Elections Committee meetings.
- 3.7 The first Members of the Board shall be appointed by a Special Resolution of the Members of North. Any subsequent application for membership of the Board shall be accepted by North upon the passing of a resolution to that effect by the Board in accordance with the provisions of Paragraph 4 of these terms of reference.
- 3.8 The Board shall have absolute discretion in determining whether to accept or reject any application for membership of the Board and shall not be bound to assign any reason for its decision.
- 3.9 Notwithstanding the provisions of Paragraph 3.8, the Board and the Elections Committee may have regard to the following matters when considering an application for membership of the Board:
- 3.9.1 the period of time that the applicant or (in the case of an appointed representative) his appointing Member has been a Member of North and/or the ships entered for insurance by that Member with North;
 - 3.9.2 the extent to which the overall composition of the Board's membership is representative of the overall composition of North's membership with regard to geographic area and/or shipping activity;
 - 3.9.3 North's succession planning requirements in respect of Member Directors.

- 3.10 The Directors shall lay before the Members at each annual general meeting held pursuant to Article 28 of North's Articles of Association details of the names of all Board members and the Members that they represent.
- 3.11 A Board member shall immediately cease to be a Board member upon ceasing (in the case of a Member of North) or his appointor ceasing (in the case of an authorised representative of a Member of North) to be a Member of North.
- 3.12 Any Board member or (in the case of a Board member who is the authorised representative of a Member) his appointing Member may terminate his membership of the Board at any time by giving written notice to North.
- 3.13 Subject to Paragraph 3.14, a Board member must retire from office at the first Board meeting following the third anniversary of the date of their appointment or reappointment (as the case may be) as a Board member. Any Board member so retiring may offer themselves for reappointment by the Members Board pursuant to Paragraph 3.7 provided always that a Board member shall cease to be eligible for reappointment pursuant to this Paragraph 3.13 once he has been appointed as a Board member on three previous occasions.
- 3.14 For the avoidance of doubt in the event that a Board member who is an appointed representative of a Member of North ceases to be eligible for reappointment pursuant to Paragraph 3.13, nothing in Paragraph 3.13 shall prevent the appointing Member from nominating a different person for appointment as a member of the Board at any time in the future.

4 Board Meetings

- 4.1 Meetings of the Board shall be held each year in accordance with the timetable and standing agenda requirements set out in Appendix 1 to these Terms of Reference and at such other times as the Chairman may consider necessary from time to time to enable the Board to discharge its functions effectively.
- 4.2 The Chairman shall convene a meeting of the Board on the requisition in writing of not less than 25% in number of the Board members. Any such request must state the general nature of any matter to be considered.
- 4.3 At least fourteen clear days notice of every Board meeting shall be given by the Company Secretary or the Managing Director(s) to all Board members and Directors. The notice shall specify the time and place of the meeting and the general nature of any matter to be considered.
- 4.4 Notwithstanding the provisions of Paragraph 4.3, a Board meeting may be called by shorter notice if it is agreed by a simple majority in number of the Board members.
- 4.5 The Chairman shall determine the time and place of any Board meetings and in doing so shall take reasonable steps to consult with the Managing Director(s) to ensure that Board meetings

are held, wherever practicable, at a time and place that is most convenient having regard to any scheduled Directors meetings or Members meetings.

- 4.6 No business shall be transacted at any Board meeting unless a quorum is present. Unless determined otherwise by an Ordinary Resolution of the Members, seven Board members shall be a quorum.
- 4.7 The Chairman, or in his absence the Vice Chairman, shall chair all Board meetings, but if at any Board meeting neither the Chairman or the Vice Chairman are present at the time appointed for holding the same, the Board members present shall choose one of their number to chair such meeting and the Board member so chosen shall preside at such meeting accordingly so long as neither the Chairman nor the Vice Chairman shall be present.
- 4.8 Questions arising at any Board meeting shall be decided upon a show of hands by a majority of votes. Every Board member present in person at a Board meeting shall have one vote. In the case of an equality of votes the chairman of the meeting shall have a second or casting vote.
- 4.9 The Directors shall be entitled to receive notice of and to attend and speak at Board meetings.
- 4.10 If within half an hour from the time appointed for a meeting of the Board a quorum is not present, the meeting shall be dissolved.
- 4.11 The Board shall cause minutes to be made of all proceedings of the Board and any such minutes, if purporting to be signed by the chairman of the meeting at which the proceedings were held or by the chairman of the next succeeding meeting, shall be evidence of the proceedings.
- 4.12 The Company Secretary shall circulate minutes of Board meetings to all Board members and Directors and shall endeavour to do so no later than 30 days from the date of the relevant meeting.

5 Effect of Board proceedings

- 5.1 Any exercise by the Board pursuant to Paragraph 2.2 of a power or discretion vested in the Board shall, subject to the terms upon which such power or discretion has been vested in the Board, be binding upon North in accordance with Article 108.2 of North's Articles of Association.
- 5.2 Save as is expressly provided in Paragraph 5.1, the Directors shall have regard to any decisions made by the Board and any opinions expressed by Board members in relation to any matters at Board meetings provided always that such decisions and opinions shall not be binding upon the Directors or North.
- 5.3 Save as is expressly provided in Paragraph 5.1, nothing in these terms of reference shall constitute a delegation of any of the powers or duties of the Directors or the Members to the Board or the Board members and shall not have the effect of fettering the discretion of the Directors or the Members in the exercise of such duties or powers.

6 Powers & Discretions

- 6.1 When exercising any power or discretion vested in the Board, the Board shall:
- 6.1.1 act in the way it considers, in good faith, to be in the best interests of the Members as a whole; and
 - 6.1.2 act in accordance with the Rules of the relevant Class, and the Articles of Association; and
 - 6.1.3 only exercise the power or discretion for the purposes for which it has been conferred; and
 - 6.1.5 exercise independent judgement; and
 - 6.1.6 exercise reasonable care, skill and diligence.
- 6.2 A Board member shall not be entitled to vote on any matter relating to a case or claim involving a Ship in which he is in any way interested ("Ship Claim"), nor shall a Board member be entitled to vote on any matter relating to a contract or arrangement in which he is in any way interested ("Interested Contract"). For the avoidance of doubt a Board member shall be permitted to attend any meeting at which a Ship Claim or an Interested Contract is due to be discussed or considered but must absent himself from such meeting whilst a Ship Claim or an Interested Contract is being discussed or considered. If a Board member should vote on such matters his vote shall not be counted and he shall not be counted in the quorum present at the meeting for the purposes of the relevant decision.
- 6.3 The Board shall have reasonable access to independent professional advice at North's expense where it judges it necessary to discharge its responsibilities under this Paragraph 6. The scope and costs of such advice shall be subject to the prior approval of the Chairman.

7 Confidentiality

- 7.1 Board members may have access to and be trusted with information concerning North's and Members' affairs which is confidential. Board members shall not during their tenure as a Board member or at any time after its termination use for their own or another's advantage or disclose to any person, firm or company any of the trade secrets, business methods or information regarding the business or affairs of North, North's Group and/or Members insofar as they have come to their knowledge as a result of their activities as a Board member. The restriction in this paragraph 7.1 shall not apply:-
- 7.1.1 to any disclosure or use authorised by North in writing or required by law to be made;
 - 7.1.2 if the information has come into the public domain other than through the unauthorised disclosure by a Board member or any other person; or

- 7.1.3 any “qualifying disclosure” within the meaning of the Public Interest Disclosure Act 1998.

8 Delegation of Powers & Functions to Committees

- 8.1 Subject to Article 108.3 of North’s Articles of Association, the Board may delegate any of its functions or powers to committees (including standing committees and local committees) consisting of such member or members of their body as they think fit or to the Managers.
- 8.2 The Managers and any committee formed pursuant to Paragraph 8.1 (as the case may be) shall in the exercise of any function or power delegated to it conform to any regulations that may from time to time be imposed upon it by the Members Board being not inconsistent with any regulations of North’s Articles of Association, these terms of reference and the provisions of the Statutes.
- 8.3 The meetings and proceedings of any committee formed pursuant to Paragraph 8.1 shall be governed by the provisions of these Terms of Reference regulating the meetings and proceedings of the Board, so far as the same are applicable and are not superseded by any regulations made by the Board under Paragraph 8.2.

9 Class Committees

- 9.1 Pursuant to Article 108.1 of North’s Articles of Association, certain powers and functions of the Members Board shall be and are hereby delegated to the following committees, subject to and in accordance with the applicable regulations set out in Appendix 2 of these Terms of Reference:

9.1.1 Protecting & Indemnity Class Committee;

9.1.2 Freight Demurrage & Defence Class Committee;

the meetings and proceedings of these committees shall be governed by the provisions of these Terms of Reference regulating the meetings and proceedings of the Members Board, so far as the same are applicable and are not superseded by the applicable regulations set out in Appendix 2.

10 Alternate Board Members

- 10.1 Any Board member (the “Appointor”) may apply to the Board for permission to appoint another person to attend Board meetings as an alternate in his absence.
- 10.2 An application for permission to appoint an alternate shall be submitted in writing to the Managing Director(s) in such form as may be prescribed from time to time by the Members Board.

- 10.3 The Managing Director(s) shall refer all applications for permission to appoint an alternate to the Elections Committee, which shall consider and make recommendations to the Board in relation to such applications.
- 10.4 An application for permission to appoint an alternate shall be granted upon the passing of a resolution to that effect by the Board in accordance with the provisions of Paragraph 4 of these terms of reference.
- 10.5 If, at any time following the granting of permission to appoint an alternate, an Appointor intends to appoint his chosen alternate to attend a Board meeting in his absence he must notify the Managing Director(s) of his intention to do so no later than two working days (being a day other than a Saturday or Sunday on which banks are ordinarily open for the transaction of normal banking business in London) prior to the date of the relevant meeting.
- 10.6 Subject to the Appointor complying with the notice requirements of Paragraph 10.5, an alternate attending a Board meeting in the absence of his/her Appointor shall:
- 10.6.1 have the same rights in relation to that Board meeting as the alternate's Appointor;
 - 10.6.2 be deemed for all purposes of the meeting to be a Board member;
 - 10.6.3 be liable for their own acts and omissions;
 - 10.6.4 be subject to the same restrictions as their Appointor;
 - 10.6.5 not be deemed to be agent of or for their Appointor; and
 - 10.6.6 be counted as participating for the purposes of determining whether a quorum is participating.
- 10.7 An alternate's appointment shall terminate:
- 10.7.1 when the alternate's Appointor revokes the appointment by notice to the Managing Director(s) in writing;
 - 10.7.2 upon cessation of the Appointor's membership of the Board.

11 Notices

- 11.1 A notice, document or communication required under these Terms of Reference to be served on a Board member may be served by:
- 11.1.1 serving it personally; or
 - 11.1.2 sending it through first class post; or
 - 11.1.3 giving it in electronic form to an electronic address for the time being notified to North by the Board member; or

- 11.1.4 by facsimile.
- 11.2 Notice, documents and communications shall be deemed to have been sent:
 - 11.2.1 If served personally, on service;
 - 11.2.2 If sent by post, on the expiration of 24 hours after the envelope containing the same is posted;
 - 11.2.3 If sent in electronic form to an address notified from time to time by the member to North, at the time the notice, document or communication is sent;
 - 11.2.4 If sent by facsimile, on the day of dispatch.

Appendix 1

Members Board Timetable & Standing agenda

Frequency of Meetings

Meetings shall be held in January, May and September of each year.

Further meetings shall be held as and when required.

Standing Agenda

Items for every Meeting

Apologies

Minutes of Previous Meeting

Matters Arising from the Previous Meeting

Report on Director's meetings

Financial Report

Membership Report

International Group Report

Investment Report

Board Member Appointments

Directors Appointments

Industry Matters

War Risks Class Report

Date and Venue of Forthcoming Meetings

Any Other Business

Items for May Meeting

Directors Report & Accounts

Annual Review of Terms of Reference

Annual Report on Directors Performance

Report on Bermuda Reinsurance

Annual Claims report

Items for September Meeting

Annual Strategy Report

Branch Office Reports

Loss Prevention Report

Appendix 2

Members Board Committees Terms of Reference

Appendix 2 - Part 1

North of England Protecting & Indemnity Association Limited ("North")

Protecting & Indemnity Committee (the "Committee") - Terms of Reference

1. Constitution

- 1.1. The Committee was established pursuant to Article 108.1 of North's Articles of Association as a Committee of the Members Board (the "Board") upon and subject to these terms of reference with effect from noon GMT on 20 February 2013.
- 1.2. Unless the context otherwise requires, words or expressions contained in these Terms of Reference shall bear the same meaning as in North's Articles of Association, as amended from time to time.

2. Membership

- 2.1. The membership of the Committee shall consist from time to time of those Board members who have or who's appointing Members have at the relevant time one or more Ships entered for insurance in North's Protecting & Indemnity Class (the "P&I Class") for North's current Policy Year.
- 2.2. The Company Secretary shall be the secretary of the Committee.

3. Committee Meetings

- 3.1. The quorum necessary for the transaction of business at a Committee meeting shall be seven Committee members.
- 3.2. The Chairman, or in his absence the Vice Chairman, shall chair all Committee meetings, but if at any Committee meeting neither the Chairman or the Vice Chairman are present at the time appointed for holding the same, the Committee members present shall choose one of their number to chair such meeting and the Committee member so chosen shall preside at such meeting accordingly so long as neither the Chairman nor the Vice Chairman shall be present.
- 3.3. Questions arising at any Committee meeting shall be decided upon a show of hands by a majority of votes. Every Committee member present in person at a Committee meeting shall have one vote. In the case of an equality of votes the chairman of the meeting shall have a second or casting vote.
- 3.4. The Directors are entitled to attend and speak at Committee meetings.
- 3.5. The Committee shall hold regular meetings each year in accordance with the timetable and standing agenda requirements set out in the Appendix to these Terms of Reference and shall hold such further meetings as may be required from time to time to discharge its functions effectively.

4. Functions & Powers

4.1. The functions and powers of the Committee shall be to:

- 4.1.1. consult with and receive reports from the Directors upon matters concerning the P&I Class;
- 4.1.2. exercise the powers and discretions of the Directors under the Rules of the P&I Class in relation to all policy years prior to 20 February 2013 which were delegated by the Directors to the Members Board pursuant to Article 85 of North's Articles of Association with effect from 20 February 2013;
- 4.1.3. exercise the powers and discretions given to the Members Board under the Rules of the P&I Class.

5. Powers & Discretions

5.1. When exercising any power or discretion vested in the Committee, the Committee shall:

- 5.1.1 act in the way it considers, in good faith, to be in the best interests of the Members as a whole; and
- 5.1.2 act in accordance with the Rules of the P&I Class, and the Articles of Association; and
- 5.1.3 only exercise the power or discretion for the purposes for which it has been conferred; and
- 5.1.5 exercise independent judgement; and
- 5.1.6 exercise reasonable care, skill and diligence.

5.2 A Committee member shall not be entitled to vote on any matter relating to a case or claim involving a Ship in which he is in any way interested ("Ship Claim"), nor shall a Committee member be entitled to vote on any matter relating to a contract or arrangement in which he is in any way interested ("Interested Contract"). For the avoidance of doubt a Committee member shall be permitted to attend any meeting at which a Ship Claim or an Interested Contract is due to be discussed or considered but must absent himself from such meeting whilst a Ship Claim or an Interested Contract is being discussed or considered. If a Committee member should vote on such matters his vote shall not be counted and he shall not be counted in the quorum present at the meeting for the purposes of the relevant decision.

5.3 The Committee shall have reasonable access to independent professional advice at North's expense where it judges it necessary to discharge its responsibilities under this Paragraph 5. The scope and costs of such advice shall be subject to the prior approval of the Chairman.

6. Delegation

- 6.1. The Committee may delegate any of its functions or powers to committees (including standing committees and local committees) consisting of such member or members of its body as it thinks fit or to the Managers.
- 6.2. The Managers and any committee formed pursuant to Paragraph 6.1 (as the case may be) shall in the exercise of any function or power delegated to it conform to any regulations that may from time to time be imposed upon it by the Committee being not inconsistent with any regulations of North's Articles of Association, these terms of reference and the provisions of the Statutes.
- 6.3. The meetings and proceedings of any committee formed pursuant to Paragraph 6.1 shall be governed by the provisions of these Terms of Reference regulating the meetings and proceedings of the Committee, so far as the same are applicable and are not superseded by any regulations made by the Committee under Paragraph 6.2.

7. Reporting Procedures

The Secretary shall circulate the minutes of meetings of the Committee to all members of the Committee and to all Directors, unless a conflict of interest exists in which case the conflicted Committee member or Director shall not be provided with the minutes of any decision to which the conflict relates.

Appendix

Protecting & Indemnity Committee - Timetable & Standing agenda

Frequency of Meetings

Meetings shall be held in January, May, and September of each year.

Further meetings shall be held as and when required in order to enable the Committee to discharge its duties effectively.

Standing Agenda

Items for every Meeting

Apologies

Minutes of Previous Meeting

Matters Arising from the Previous Meeting

Cases for Consideration

Members Claims Report

International Group Claims Report

Date and Venue of Forthcoming Meetings

Any Other Business

Items for January Meeting

P&I Class Reinsurance

Items for September Meeting

P&I Class Rule Amendments

P&I Class Policy Year Accounts

Pooling Agreement Amendments

P&I Class Mutual Premium

Appendix 2 – Part 2

North of England Protecting & Indemnity Association Limited (“North”)

Freight, Demurrage & Defence Committee (the “Committee”) - Terms of Reference

1. Constitution

- 1.1. The Committee was established pursuant to Article 108.1 of North’s Articles of Association as a Committee of the Members Board (the “Board”) upon and subject to these terms of reference with effect from noon GMT on 20 February 2013.
- 1.2. Unless the context otherwise requires, words or expressions contained in these Terms of Reference shall bear the same meaning as in North’s Articles of Association, as amended from time to time.

2. Membership

- 2.1. The membership of the Committee shall consist from time to time of those Board members who have or who’s appointing Members have at the relevant time one or more Ships entered for insurance in North’s Freight Demurrage and Defence Class (the “FD&D” Class) for North’s current Policy Year.
- 2.2. The Company Secretary shall be the secretary of the Committee.

3. Committee Meetings

- 3.1. The quorum necessary for the transaction of business at a Committee meeting shall be seven Committee members.
- 3.2. The Chairman, or in his absence the Vice Chairman, shall chair all Committee meetings, but if at any Committee meeting neither the Chairman or the Vice Chairman are present at the time appointed for holding the same, the Committee members present shall choose one of their number to chair such meeting and the Committee member so chosen shall preside at such meeting accordingly so long as neither the Chairman nor the Vice Chairman shall be present.
- 3.3. Questions arising at any Committee meeting shall be decided upon a show of hands by a majority of votes. Every Committee member present in person at a Committee meeting shall have one vote. In the case of an equality of votes the chairman of the meeting shall have a second or casting vote.
- 3.4. The Directors are entitled to attend and speak at Committee meetings.
- 3.5. The Committee shall hold regular meetings each year in accordance with the timetable and standing agenda requirements set out in the Appendix to these Terms of Reference and shall hold such further meetings as may be required from time to time to discharge its functions effectively.

4. Functions & Powers

4.1. The functions and powers of the Committee shall be to:

- 4.1.1. consult with and receive reports from the Directors upon matters concerning the FD&D Class;
- 4.1.2. exercise the powers and discretions of the Directors under the Rules of the FD&D Class in relation to all policy years prior to 20 February 2013 which were delegated by the Directors to the Members Board pursuant to Article 85 of North's Articles of Association with effect from 20 February 2013;
- 4.1.3. exercise the powers and discretions given to the Members Board under the Rules of the FD&D Class.

5. Powers & Discretions

5.1. When exercising any power or discretion vested in the Committee, the Committee shall:

- 5.1.1 act in the way it considers, in good faith, to be in the best interests of the Members as a whole; and
- 5.1.2 act in accordance with the Rules of the FD&D Class, and the Articles of Association; and
- 5.1.3 only exercise the power or discretion for the purposes for which it has been conferred; and
- 5.1.5 exercise independent judgement; and
- 5.1.6 exercise reasonable care, skill and diligence.

5.2 A Committee member shall not be entitled to vote on any matter relating to a case or claim involving a Ship in which he is in any way interested ("Ship Claim"), nor shall a Committee member be entitled to vote on any matter relating to a contract or arrangement in which he is in any way interested ("Interested Contract"). For the avoidance of doubt a Committee member shall be permitted to attend any meeting at which a Ship Claim or an Interested Contract is due to be discussed or considered but must absent himself from such meeting whilst a Ship Claim or an Interested Contract is being discussed or considered. If a Committee member should vote on such matters his vote shall not be counted and he shall not be counted in the quorum present at the meeting for the purposes of the relevant decision.

5.3 The Committee shall have reasonable access to independent professional advice at North's expense where it judges it necessary to discharge its responsibilities under this Paragraph 5. The scope and costs of such advice shall be subject to the prior approval of the Chairman.

6. Delegation

- 6.1. The Committee may delegate any of its functions or powers to committees (including standing committees and local committees) consisting of such member or members of its body as it thinks fit or to the Managers.
- 6.2. The Managers and any committee formed pursuant to Paragraph 6.1 (as the case may be) shall in the exercise of any function or power delegated to it conform to any regulations that may from time to time be imposed upon it by the Committee being not inconsistent with any regulations of North's Articles of Association, these terms of reference and the provisions of the Statutes.
- 6.3. The meetings and proceedings of any committee formed pursuant to Paragraph 6.1 shall be governed by the provisions of these Terms of Reference regulating the meetings and proceedings of the Committee, so far as the same are applicable and are not superseded by any regulations made by the Committee under Paragraph 6.2.

7. Reporting Procedures

The Secretary shall circulate the minutes of meetings of the Committee to all members of the Committee and to all Directors, unless a conflict of interest exists in which case the conflicted Committee member or Director shall not be provided with the minutes of any decision to which the conflict relates.

Appendix

Freight, Demurrage & Defence Committee - Timetable & Standing agenda

Frequency of Meetings

Meetings shall be held in January, May, and September of each year.

Further meetings shall be held as and when required in order to enable the Committee to discharge its duties effectively.

Standing Agenda

Items for every Meeting

Apologies

Minutes of Previous Meeting

Matters Arising from the Previous Meeting

Cases for Consideration

Date and Venue of Forthcoming Meetings

Any Other Business

Items for January Meeting

FD&D Class Reinsurance

Items for September Meeting

FD&D Class Rule Amendments

FD&D Class Policy Year Accounts

FD&D Class Large Claims Report

FD&D Class Mutual Premium

Appendix 2 – Part 3

North of England Protecting & Indemnity Association Limited (“North”)

Elections Committee (the “Committee”) - Terms of Reference

1. Constitution

The Committee was established pursuant to Article 108.1 of North’s Articles of Association as a Committee of the Members Board (the “Board”) upon and subject to these terms of reference with effect from noon GMT on 20 February 2013.

2. Membership & Chairman

- 2.1. The Committee shall consist of a minimum of three Board members.
- 2.2. The chairman of the Committee shall be appointed by the Committee members from amongst their number.
- 2.3. The chairman of the Committee shall chair all Committee meetings, but if at any Committee meeting the chairman is not present at the time appointed for holding the same, the Committee members present shall choose one of their number to chair such meeting and the Committee member so chosen shall preside at such meeting accordingly so long as the chairman is not present.

3. Committee Meetings

- 3.1. The Committee shall meet prior to each meeting of the Board in January, May and September.
- 3.2. The quorum necessary for the transaction of business of the Elections Committee shall be two Committee members.
- 3.3. The Chairman, Vice-Chairman and Managing Director(s) shall be entitled to receive notice of and to attend and speak at Committee meetings.

4. Duties

- 4.1. The duties of the Committee shall be to:
 - 4.1.1. consider and make recommendations to the Board in respect of applications for Board membership;
 - 4.1.2. make recommendations to the Board in respect of the form of applications for Board membership;
 - 4.1.3. consider and make recommendations to the Board in respect of applications by Board members to appoint an alternate.

5. Reporting Procedures

- 5.1. The Committee shall cause minutes to be made of all proceedings of the Committee.
- 5.2. The Secretary shall circulate the minutes of meetings of the Committee to all members of the Committee and to the Chairman, Vice-Chairman and the Managing Director(s).

Appendix C

Directors Transferring to the Members Board

ATUL AGARWAL

WALEED AL DAWOOD

HANI BAKRI

ATLE BERGSHAVEN

IGOR BUTORAC

PETER CURTIS

ALAIN LE GUILLARD

NICHOLAS FAIRFAX

CHRISTOS KANELAKIS

PANTELIS KOLLAKIS

DON KURZ

EVAN LIM

ABDULLAH MOHANNA

GEORGE PROCOPIOU

SPYROS POLEMIS

STEPHAN REITH

ANDERS SCHMIDT

JAN-CHRISTIAN SEVERIN

BHARAT SHETH

THEODORE VENIAMIS

ARNT VESPERMANN

Appendix D

Proposed Terms of Reference for the Directors

North of England Protecting & Indemnity Association Limited ("North")

Directors – Terms of Reference

1. Constitution

- 1.1. At a general meeting held on 17 January 2013 the Members of North have prescribed, pursuant to Article 72 of North's Articles of Association, that the business of North and all of its Classes shall be managed by the Directors subject to and in accordance with the regulations contained within these terms of reference with effect from noon GMT on 20 February 2013.
- 1.2. Unless the context otherwise requires, words or expressions contained in these Terms of Reference shall bear the same meaning as in North's Articles of Association, as amended from time to time.

2. Role of the Directors

- 2.1. The Directors are collectively responsible for the long-term success of North and shall ensure that they provide effective, entrepreneurial leadership of North within a framework of prudent and effective controls which enables risk to be assessed and managed.
- 2.2. In particular, the Directors shall, in consultation with the Members Board:
 - 2.2.1. direct North's affairs;
 - 2.2.2. set North's strategic aims;
 - 2.2.3. ensure that the necessary financial and human resources are in place for North to meet its objectives;
 - 2.2.4. review management performance;
 - 2.2.5. set North's values and standards;
 - 2.2.6. ensure that North complies with all applicable legal and regulatory requirements;
 - 2.2.7. ensure that North's risk profile is adequately and effectively managed; and
 - 2.2.8. ensure that North's obligations to its Members and others are understood and met.
- 2.3. All Directors must act in what they consider to be the best interests of North, consistent with their statutory duties.

3. Directors meetings

The Directors shall ensure that regular Directors meetings are held each year in accordance with the timetable and standing agenda requirements set out in the Appendix to these Terms of Reference and shall hold such further meetings as may be required from time to time to discharge their duties effectively.

4. Number and composition of Directors

4.1. Subject to Article 62 of North's Articles of Association, unless resolved otherwise by the Members or the Members Board, the number of Directors shall be not more than 16 and such Directors shall be comprised of:

- 4.1.1. a maximum of 4 Executive Directors;
- 4.1.2. 7 to 9 Member Directors;
- 4.1.3. a maximum of 3 Independent Directors.

5. Chairman & Vice Chairman

5.1. The Chairman and Vice Chairman of North shall each be a Member Director elected to the relevant post pursuant to Article 82 of North's Articles of Association from amongst candidates who are eligible for appointment under that Article and have been recommended by the Nominations Committee.

5.2. The Chairman and Vice Chairman shall be subject to the provisions of Article 82 of North's Articles of Association in respect of tenure and re-election.

5.3. The responsibilities of the Chairman shall include:

- 5.3.1. providing leadership to the Directors and ensuring their effectiveness on all aspects of their roles;
- 5.3.2. setting the agenda for Directors meetings and ensuring that adequate time is available for discussion at Directors meetings of all agenda items, in particular strategic issues;
- 5.3.3. ensuring that the Directors receive accurate, timely and clear information;
- 5.3.4. ensuring effective communication by the Directors with Members and the Members Board.

5.4. The Chairman shall promote a culture of openness and debate by facilitating the effective contribution of Directors and ensuring constructive relations between Directors.

6. Executive Directors

6.1. The Executive Directors shall be appointed from amongst candidates who are eligible for appointment to that position under Article 90.1 of North's Articles of Association and have been recommended by the Nominations Committee.

6.2. At least one of the Executive Directors shall be appointed by the Directors to the position of Managing Director and shall have prime responsibility for the day to day management of all aspects of the business and operations of North and its Group.

7. Member Directors

- 7.1. The Member Directors shall be appointed from amongst candidates who are eligible for appointment to that position under Article 63 of North's Articles of Association and have been recommended by the Nominations Committee.
- 7.2. Member Directors shall be subject to the provisions of Article 70.8 of North's Articles of Association in respect of tenure and re-election.

8. Independent Directors

- 8.1. Independent Directors shall be appointed from amongst candidates who are eligible for appointment to that position under Article 90.3 of North's Articles of Association and have been recommended by the Nominations Committee.
- 8.2. Independent Directors shall be subject to the provisions of Article 70.8 of North's Articles of Association in respect of tenure and re-election.
- 8.3. Each Independent Director shall be independent in character and judgement and should not be subject to any relationships or circumstances which are likely to affect, or could appear to affect, their judgement. In determining the independence of any Independent Director, the Directors may have regard to whether or not that person:

- 8.3.1. has recently been an employee of North or a company within its Group;
- 8.3.2. has a material business relationship with North or is a member, shareholder, director or senior employee of a body that has such a relationship with North;
- 8.3.3. receives additional remuneration from North apart from a Director's fee;
- 8.3.4. has close family ties with any of North's advisers, Directors or senior employees;
- 8.3.5. holds cross-directorships or has significant links with other Directors through involvement in other companies or bodies;
- 8.3.6. represents a significant Member of North; or
- 8.3.7. has already served as a Director for an extended period of time;

the above criteria are provided for guidance purposes only and in each case it will be a matter for the Directors, in consultation with the Members Board, to determine if the Director is sufficiently independent.

9. Responsibilities of Member Directors & Independent Directors

- 9.1. The responsibilities of the Member Directors and Independent Directors shall include:
 - 9.1.1. constructively challenging and helping develop proposals on strategy;

- 9.1.2. scrutinising the performance of management in meeting agreed goals and objectives and monitoring the reporting of performance;
- 9.1.3. satisfying themselves on the integrity of North's financial information and that North's financial controls and systems of risk management are robust and defensible; and
- 9.1.4. having a prime role in appointing and, where necessary, removing Executive Directors, and in succession planning for Executive Directors.

10. Directors Committees & Members Board

- 10.1. Certain functions of the Directors shall be delegated to the following Committees, which shall operate subject to and in accordance with separate terms of reference:

- 10.1.1. Audit Committee;

- 10.1.2. Risk Committee;

- 10.1.3. Nominations Committee;

- 10.1.4. Remuneration Committee;

- 10.1.5. Investment Committee.

- 10.2. The Members of North have also established a Members Board to oversee the Directors' management of North and to provide guidance to the Directors. Separate terms of reference have also been adopted for the Members Board.

11. Appointments

- 11.1. The Directors shall ensure that there is a formal, rigorous and transparent procedure for the appointment of new Directors and Committee members.
- 11.2. The Nominations Committee shall lead the process for appointments and make recommendations to the Directors subject to and in accordance with its terms of reference.
- 11.3. The search for candidates shall be conducted, and appointments made, on merit, against objective criteria and with due regard for the benefits of diversity.
- 11.4. The Directors shall satisfy themselves that plans are in place for orderly succession of Directors' appointments and for appointments to both Directors' Committees and the senior management of North, so as to maintain an appropriate balance of skills and experience and to ensure progressive refreshing of appointments.

12. Commitment & Development

- 12.1. All Directors shall ensure that they are able to allocate sufficient time to discharge their responsibilities effectively. In particular, Directors must ensure they are able to commit a minimum of 15 to 20 days per annum to the business of North (inclusive of any additional time commitments arising from membership of a Committee but excluding time spent travelling).

- 12.2. All Directors shall receive an appropriate induction on appointment and shall, where appropriate, update and refresh their skills and knowledge.
- 12.3. Directors shall also ensure that, where appropriate, they update their skills and the knowledge and familiarity with North required to fulfil their role as a Director and, where applicable, as a Committee member.
- 12.4. The Directors shall ensure that, where appropriate, necessary resources are available for developing and updating their knowledge and capabilities.
- 12.5. To function effectively, all Directors need appropriate knowledge of North and access to its operations and staff. As part of this, Directors should avail themselves of opportunities to meet Members wherever possible.

13. Information and Support

- 13.1. Directors should be supplied in a timely manner with information in a form and of a quality appropriate to enable it to discharge its duties.
- 13.2. The Chairman is responsible for ensuring that the Directors receive accurate, timely and clear information. Management has an obligation to provide such information but Directors should seek clarification or amplification of information where necessary.
- 13.3. Under the direction of the Chairman, the Company Secretary's responsibilities include ensuring good information flows amongst the Directors and their Committees and between senior management and both the Member Directors and the Independent Directors, as well as facilitating induction and assisting with professional development as required.
- 13.4. Directors are entitled to have reasonable access to independent professional advice at North's expense where they judge it necessary to discharge their responsibilities as Directors. The scope and costs of such advice shall be subject to the prior approval of the Chairman.
- 13.5. The Directors shall ensure that Committees and the Members Board are provided with sufficient resources to undertake their duties.
- 13.6. All Directors shall have access to the advice and services of the Company Secretary, who is responsible for ensuring that procedures are complied with. Both the appointment and removal of the Company Secretary shall be a matter for the Directors as a whole in consultation with the Members Board.

14. Evaluation

- 14.1. Directors shall undertake a formal and rigorous annual evaluation of their collective and individual performance and the performance of their Committees.
- 14.2. The Chairman shall act on the results of the performance evaluation by recognising the strengths and addressing the collective and/or individual weaknesses of the Directors and, where appropriate, proposing that new Directors be appointed or seeking the resignation of Directors.

14.3. Individual evaluations of Directors shall aim to show whether each Director continues to contribute effectively and to demonstrate commitment to the role (including commitment of time for meetings and any other duties).

14.4. The Member Directors and the Independent Directors, shall be responsible for performance evaluation of the Chairman, taking into account the views of the Executive Directors.

15. Reserved matters

15.1. The Directors shall procure that neither North nor any other company in its Group shall do any of the following without prior consultation with the Members Board in accordance with paragraph 15.2:

15.1.1. enter into or agree to enter into any joint venture, partnership or strategic alliance with any third party which could reasonably be considered to have a material effect upon North's business; or

15.1.2. sell or otherwise dispose of the whole or a substantial part of its business to any third party or agree to do any of the foregoing; or

15.1.3. purchase or otherwise acquire the whole or any part of the business of any third party or agree to do any of the foregoing; or

15.1.4. acquire or become subject to the control (as determined pursuant to Section 181 of Financial Services and Markets Act 2000) of any third party or agree to any of the foregoing; or

15.1.5. cease to operate its business substantially on a mutual basis; or

15.1.6. agree to certify liabilities under any legislation or convention in force from time to time; or

15.1.7. agree to any material change to North's reinsurance arrangements including, without limitation, any material change to North's retention under the International Group Pooling Agreement; or

15.1.8. agree the General Increase in respect of any policy year for any Class of North; or

15.1.9. levy an Additional Call upon the Members of any Class of North; or

15.1.10. make a decision regarding any matters referred for the consideration of Club boards by the International Group which could reasonably be considered to have a material effect upon North's business;

provided always that a failure by the Directors to comply with this paragraph 15.1 shall not invalidate any act, decision or agreement of North or any company in its Group nor shall this paragraph 15.1 invalidate any act, decision or agreement prior to the date of its adoption which would otherwise have been valid if this paragraph

15.1 had not been adopted and any breach by the Directors of this paragraph 15.1 shall be a matter of internal discipline only.

- 15.2. For the purposes of compliance with paragraph 15.1 it shall be sufficient for the relevant matter to be raised for discussion at a meeting of the Members Board and, subject to the provisions of Paragraph 4.11 of the Terms of Reference of the Members Board, the minutes of a meeting of the Members Board confirming that this has been done shall be evidence that the Directors have duly complied with the requirements of paragraph 15.1.

Appendix

Timetable & Standing Agenda for Directors Meetings

Frequency of Meetings

Meetings shall be held in January, May, September and November of each year.

Further meetings shall be held as and when required in order to enable the Directors to discharge their duties effectively.

Standing Agenda

Items for every Meeting

Apologies

Minutes of the Previous Meeting

Matters arising from the Previous Meeting

Nominations Committee Report

Audit Committee Report

Risk Committee Report

Investment Committee Report

Remuneration Committee Report

Membership Report

Bank Balances

Bad Debts

Reinsurance

International Group Report

Members Claims Report

International Group Claims Report

Date & Venue of Forthcoming Meetings

Any other Business

Items for January Meeting

Standard & Poors Rating

Annual Budget & Business Plan

Items for May Meeting

Renewal Report

Renewal of Directors & Officers Insurance

Renewal of Errors & Omissions Insurance

Directors Report & Accounts

Annual Claims Report

Items for September Meeting

Branch Office Reports

Items for November Meeting

Report on Bermuda Reinsurance

Mutual Premium

Election of Chairman

Policy Year Accounts

Rule Amendments

Pooling Agreement Amendments

Annual Strategy Paper

Annual Review of Terms of Reference

Annual Report on Directors' Performance

Appendix E

Proposed Changes to the Rules of the Protecting & Indemnity Class

Summary of Proposed Changes to the Rules of the Protecting & Indemnity Class

1. Changes proposed following annual review

The Rule changes set out in the table below have been proposed as a result of the Director's annual review of the Rules and are not related to the proposed changes to the Club's corporate governance structure. Wording which is struck out will be deleted and wording which is underlined will be inserted.

| Rule | Proposed Amendments | Explanatory Note |
|--------|--|---|
| 1 | <p>MEMORANDUM & ARTICLES OF ASSOCIATION</p> <p>These Rules are subject to the Memorandum and Articles of Association of The North of England Protecting and Indemnity Association Limited.</p> <p><u><i>Note: In the event of any dispute as to the terms of the Rules, or in the event of any error appearing in any published version of the Rules, the applicable Rules shall be those approved for the relevant time in accordance with the Articles of Association.</i></u></p> | <p>This amendment does not affect the scope of cover. The addition of a Note to Rule 1 is intended to ensure that any typographical errors which inadvertently appear in the printed Rule Book or on the Association's website (despite the various checks and processes which are in place to prevent this) do not prejudice the Association's position.</p> |
| 19 (6) | <p>19(6) DIVERSION EXPENSES</p> <p>Expenses of diversion of an Entered Ship where and to the extent that those expenses:</p> <p>(a) represent the net loss to the Member (over and above such expenses as would have been incurred but for the diversion) in respect of the cost of fuel, additional insurance, Seamen's wages, stores, provisions and port charges, and</p> <p>(b) are incurred solely for the purpose of securing treatment for an injured or sick person or while awaiting a substitute for such person or for the purpose of landing stowaways or refugees <u><i>(subject always to the proviso to Rule 19(5) in respect of landing stowaways).</i></u></p> | <p>This amendment is added for clarification and does not affect the scope of cover as it reflects established practice. The amendment makes it clear that claims for expenses incurred in diversions to land stowaways are also potentially subject to rejection or reduction by the Directors if a Member has failed to take adequate steps to prevent the stowaway boarding.</p> |

2. Changes proposed to implement new corporate governance structure

a. Changes to ensure consistency with constitutional documents

The Rule changes set out in the table below are proposed to ensure that the Rules are consistent with the constitutional documents that are proposed to be adopted to implement the Club's new corporate governance structure. Wording which is struck out will be deleted and wording which is underlined will be inserted.

| Rule | Proposed Amendments | Explanatory Note |
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| 2 | <u>MEMBERS BOARD</u> <u>Has the meaning given in Article 2 of the Association's Articles of Association.</u> | A definition of Members Board has been inserted |
| 2 | DIRECTORS The Directors (other than the Managing Director) for the time being of the Association or as the context may require those Directors present at a duly convened meeting of the Directors at which a quorum is present. | This definition will be amended to reflect the changing role of the Directors following the creation of a Members Board |
| 48 (1) | <u>48 (1)</u> Whenever any power, duty or discretion is stated in these Rules to be vested in the Directors such power, duty or discretion shall be exercisable by the Directors unless the same shall have been delegated to any sub-committee of the Directors or to the Managers <u>or to the Members Board (as the case may be)</u> in accordance with the provisions as regards delegation contained in the Memorandum and Articles of Association of the Association in which event the power, duty or discretion may be exercised by any person to whom the same shall have been so delegated. | The Directors will have the ability to delegate powers to the Members Board |
| 48 (2) | <u>48 (2) Whenever any power, duty or discretion is stated in these Rules to be vested in the Members Board such power, duty or discretion shall be exercisable by the Members Board unless the same shall have been delegated to any committee of the Members Board or to the Managers (as the case may be) in accordance with the provisions as regards delegation contained in the Memorandum and Articles of Association of the Association in which event the power, duty or discretion may be exercised by any person to whom the same shall have been so delegated.</u> | The Members Board will have the ability to delegate powers to a committee or the Managers |

b. Transfer of discretionary powers to the Members Board

It is proposed that the Rules detailed in the table below will be amended so the discretionary powers currently given to the Directors under those Rules will instead be given to the Members Board.

Wording which is struck out will be deleted and wording which is underlined will be inserted.

| Rule | Proposed Amendments |
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| 19 (5) | <p>STOWAWAYS</p> <p>Expenses other than those covered under Rule 19(6) incurred by the Member as a consequence of stowaways being or having been on board an Entered Ship.</p> <p>PROVIDED ALWAYS THAT in Rule 19(5) the Members Board Directors may in its their absolute discretion reject or reduce any claim if it is considered that adequate steps have not been taken to guard against the Ship being boarded by stowaways.</p> |
| 19 (8) | <p>PERSONS IN DISTRESS</p> <p>Additional expenses incurred by the Member in respect of an Entered Ship in proceeding to the assistance of, or searching for, persons in distress and taking such steps as are reasonable in succouring and landing such persons to the extent that such expenses cannot be recovered from underwriters or other third parties.</p> <p>PROVIDED ALWAYS THAT in Rule 19(8):</p> <p>(A) the Members Board Directors shall have sole discretion in deciding whether and to what extent such expenses were incurred and the steps taken were reasonable with a view to adjudicating on the amount to be paid to the Member under this sub-section;</p> <p>(B) Payment of expenses under this section shall represent the net loss to the Member (over and above such expenses as would otherwise have been incurred) in respect of the fuel, insurance, Seamen's wages, stores, provisions and port charges.</p> |
| 19 (10) | <p>LIABILITIES ARISING FROM COLLISIONS</p> <p>Liabilities and costs incurred as a result of a collision between an Entered Ship and any other ship:</p> <p>(a) to the extent of the one-fourth (or such other proportion as may be applicable and agreed by the Managers) of the Member's liabilities costs and expenses not recoverable under Lloyd's Marine Policy with Institute Time Clauses (Hulls) 1.10.83, including collision liability clause, or under other forms of Hull Policies on the Entered Ship approved by the Managers;</p> <p>(b) to the extent of four-fourths of the Member's liabilities, costs and expenses relating to:</p> |

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| | <p>(i) removal or disposal of obstructions, wrecks, cargoes or any other thing whatsoever insofar as such liability may be covered under Rule 19(14);</p> <p>(ii) any real or personal property or anything whatsoever except other ships or property on other ships;</p> <p>(iii) the cargo or other property on the Entered Ship insofar as such liability may be covered under Rules 19(1 7) and 19(18);</p> <p>(iv) loss of life, personal injury or illness insofar as such liability may be covered under Rules 19(1), 19(2), 19(3) and 19(4);</p> <p>(v) pollution or contamination of any real or personal property or thing whatsoever (except other ships with which the Entered Ship is in collision or property on such other ship) insofar as such liability may be covered under Rule 19(13);</p> <p>(c) to the extent that they exceed the amount recoverable under the Hull Policies of the Entered Ship solely by reason of such liabilities costs and expenses exceeding the valuation under the said policies.</p> <p><i>PROVIDED ALWAYS THAT in Rule 19(10):</i></p> <p>(A) HULL POLICIES</p> <p>a Member shall not be entitled to recover any amounts which would be recoverable under the Hull Policies on the Entered Ship or which would have been recoverable had there been no franchise or deductible applicable to those policies;</p> <p>(B) PROPER VALUE</p> <p>for the purposes of paragraph (c) of this Rule the <u>Members Board Directors</u> shall determine whether the Entered Ship was insured for a proper value under the Hull Policies on that Ship. If the <u>Members Board Directors</u> determines the amount actually insured to be less than the proper value the Member shall only be entitled to recover the excess of such proper value;</p> <p><i>Note: In determining whether the Ship was insured for a proper value the <u>Members Board Directors</u> will need to be satisfied that the said Hull Policies have been the subject of periodic review in the light of a proper advice on market conditions. A proper value will be a figure which is reasonably close to the equivalent of the free uncommitted market value of the Ship at the time of the collision.</i></p> <p>(C) BOTH TO BLAME</p> <p>unless otherwise agreed between the Member and the Managers as a term of the Ship's entry in the Association if both Ships are to blame then, when the liability of</p> |
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| | <p>either or both of the ships in collision becomes limited by law, claims under this Rule 19(10) shall be settled on the principle of single liability. Otherwise claims under this Rule 19(10) shall be settled on the principle of cross-liabilities, as if the owners of each ship had been compelled to pay the owner of the other ship such proportion of the latter's damages as may have been properly allowed in ascertaining the balance or sum payable by or to the Member in consequence of the collision;</p> <p>(D) MEMBER'S OWN SHIP</p> <p>if a collision occurs involving two or more ships belonging to the same Member or where a claim arises in respect of cargo belonging to a Member, the Member shall be entitled to recover from the Association and the Association shall have the same rights as if the ships had belonged to different owners or as if the cargo had belonged to a third party.</p> |
| 19 (13) | <p>Liabilities, costs and expenses incurred as a result of any escape or discharge or threatened escape or discharge of oil or of any other substance to the extent of:</p> <p>(a) DAMAGES</p> <p>liability for damages or compensation payable to any person arising from or in respect of pollution;</p> <p>(b) CLEAN-UP</p> <p>the costs of any measures (not being measures taken in the ordinary course of business) reasonably taken for the purpose of preventing, minimising or cleaning up any pollution together with any liability for losses or damages arising from any measure so taken;</p> <p><i>PROVIDED ALWAYS THAT</i> in Rule 19(13)(b) unless otherwise agreed in writing between the Members and the Managers there shall be no recovery from the Association in respect of any liabilities, costs or expenses which would have fallen into general average if the contract of carriage under which any cargo is carried had been subject to the York - Antwerp Rules 1994 unamended, except as the <u>Members Board Directors</u> in the exercise of <u>their its</u> discretion shall otherwise determine;</p> <p>(c) AGREEMENTS AND CONTRACTS</p> <p>liability which a Member may incur, together with costs and expenses incidental there to, as party to any agreement relating to oil pollution, for loss, damage or expenses, including expenditure reasonably incurred in accordance with the Member's obligations under such agreement;</p> <p><i>PROVIDED ALWAYS THAT</i> in Rule 19(13)(c) such agreement has been approved by the Managers and the Member had paid or agreed to pay such additional premium as may be required by the Association.</p> <p>(d) GOVERNMENT ORDER</p> |

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| | <p>the costs or liabilities incurred as a result of compliance with any order or direction given by any Government or authority for the purpose of preventing or reducing pollution or the risk of pollution;</p> <p><i>PROVIDED ALWAYS THAT</i> in Rule 19(13)(d) such costs or liabilities are not recoverable under the Hull Policies on the Entered Ship.</p> <p>(e) SALVORS' EXPENSES OR SPECIALCOMPENSATION</p> <p>Liability of the Member to reimburse a salvor of an Entered Ship for:</p> <ul style="list-style-type: none"> (i) his reasonably incurred expenses (together with any increment awarded thereon) under Clause 1(a) of the Lloyd's Standard Form of Salvage Agreement (1980); (ii) special compensation in respect of work done or measures taken to prevent or minimise damage to the environment under the provisions of Article 14 of the International Convention on Salvage 1989 or the terms of a standard form of salvage agreement equivalent thereto approved by the Association; (iii) the Special Compensation P&I Clubs clause (SCOPIC) as incorporated into Lloyd's Open Form of Salvage Agreement or any other "No Cure – No Pay" salvage contract approved by the Association. <p>(f) FINES</p> <p>liability which a Member may incur for fines in respect of pollution insofar as such liability may be covered under Rule 19(19).</p> <p><i>PROVIDED ALWAYS THAT</i> in Rule 19(13):</p> <ul style="list-style-type: none"> (A) unless the Members Board Directors in their its sole discretion otherwise agrees there shall be no recovery in respect of any liability, loss, damage, cost or expense including, without limitation, liability for the cost of any remedial works or clean-up operations, arising as a result of the presence in, or the escape or discharge or threat of escape or discharge from any land-based dump, site, storage or disposal facility, of any substance previously carried on the Entered Ship, whether as cargo, fuel, stores or waste and whether at any time mixed in whole or in part with any other substance whatsoever; (B) in respect of liability of the Member for oil pollution which arises out of any incident to which the United States Oil Pollution Act of 1990 (OPA 1990) is applicable and which involves an Entered Ship which is a "tank vessel" (as defined in OPA 1990): <ul style="list-style-type: none"> (i) cover is subject to the following terms and conditions: <ul style="list-style-type: none"> (a) the Member shall have made accurate quarterly declarations |
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| | <p>in arrears to the Association, not later than two months after the end of each quarter ending 20 May, 20 August, 20 November and 20 February, of all cargo voyages to or from ports or places to which OPA 1990 applies, giving the dates of such voyages, the nature of the cargoes carried and the names of such United States ports or places at which the cargoes were first loaded or discharged, and</p> <p>(b) if a voyage declared under paragraph (a) above involved the carriage of persistent oil (as defined in the declaration form issued to the Member) as cargo (hereinafter referred to as a "relevant voyage"), the Member shall pay, on or before the date shown on the debit note issued by the Managers, an additional premium as specified in the Certificate of Entry, and</p> <p>(ii) in the event that a Member fails for any reason to make a declaration (whether or not any relevant voyage has been performed) within two months of the quarter dates specified in paragraph (i)(a) above:</p> <p>(a) the terms of entry of such Entered Ship will be amended with effect from the expiry of the said period of two months to exclude any and all claims in respect of oil pollution arising out of any incident to which OPA 1990 is applicable, and</p> <p>(b) he shall remain liable to pay any additional premium in respect of any relevant voyage performed prior to the amendment of the terms of entry under paragraph (a) above, and</p> <p>(iii) in the event that any declaration made by the Member or on his behalf pursuant to the procedure laid down in paragraph (i)(a) above is in any material respect inaccurate, the Member shall cease to be insured by the Association in respect of the Entered Ship relating to which the inaccurate declaration was made with effect from the date of the inaccurate declaration.</p> <p>(C) Unless the Association otherwise agrees in writing, a Member insured in respect of a Ship which is a "relevant ship" as defined in the Small Tanker Oil Pollution Indemnification Agreement ("STOPIA") or the Small Tanker Oil Pollution Indemnification Agreement 2006 (STOPIA 2006) shall, by reason of his Entry in the Association, be a party to STOPIA or STOPIA 2006, whichever is in force, for the period of Entry of the Ship in the Association. Unless the Association has agreed in writing or unless the Association in its discretion otherwise determines, there shall be no cover under this Rule 19(13) in respect of such a Ship so long as the Member is not a party to STOPIA or STOPIA 2006, whichever is in force.</p> <p>(D) Unless the Association otherwise agrees in writing, a Member insured in respect of a ship which is a "relevant ship" as defined in the Tanker Oil Pollution Indemnification Agreement 2006 (TOPIA 2006) shall, by reason</p> |
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| | <p>of his entry in the Association, be a party to TOPIA 2006 for the period of Entry of the Ship in the Association. Unless the Association has agreed in writing or unless the Association in its discretion otherwise determines, there shall be no cover under this Rule 19(13) in respect of such a Ship so long as the Member is not a party to TOPIA 2006.</p> |
| 19 (15) | <p>TOWAGE</p> <p>(a) Liabilities, costs and expenses incurred arising out of the towage of an Entered Ship:</p> <p>(i) under the terms of a contract entered into for the purpose of entering or leaving port or manoeuvring within the port during the ordinary course of trading;</p> <p>(ii) in the ordinary course of trading of an Entered Ship which is habitually towed from port to port or from place to place and which has been declared to the Association to be so trading but only to the extent that the Member is not insured against such liabilities under the Hull Policies of the Entered Ship;</p> <p>(iii) under the terms of any contract other than for customary towage as covered under Rule 19(15)(a)(i) but only if the towage contract has been approved by the Managers and the Member has paid, or agreed to pay, such additional premium as may be required by the Association.</p> <p>(b) Liabilities, costs and expenses arising out of towage by an Entered Ship of any ship or object.</p> <p><i>PROVIDED ALWAYS THAT in Rule 19(15)(b) unless the towage is for the purpose of saving or attempting to save life or property at sea:</i></p> <p>(A) the towage contract has been approved by the Managers and the Member has paid or agreed to pay such additional premium as may be required by the Association, or</p> <p>(B) the Directors Members Board in their its discretion shall, having regard to all the circumstances, <u>considers</u> the terms of the towage contract as reasonable and the liabilities as coming within the scope of the cover afforded by the Association.</p> <p><i>Note: The Managers will normally approve contracts which have been made on or incorporate the following terms and conditions:</i></p> <ol style="list-style-type: none"> <i>1. United Kingdom, Netherlands or Scandinavian standard towage conditions;</i> <i>2. Tow con and Tow hire;</i> <i>3. any current Lloyd's standard form of salvage agreement - no</i> |

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| | <p style="text-align: center;"><i>cure no pay.</i></p> <p>(c) There shall be no recovery in respect of any liabilities, costs or expenses arising out of towage of or by an Entered Ship except insofar as such liabilities, costs and expenses relate to risks set out under Rule 19, and also fulfil the requirements of this Rule 19(15).</p> |
| 19 (16) | <p>CONTRACTS, INDEMNITIES & GUARANTEES</p> <p>Liabilities, costs and expenses relating to risks set out under Rule 19 which would not have arisen but for the terms of a contract, indemnity or guarantee made by or on behalf of a Member relating to facilities or services provided or to be provided by or to an Entered Ship.</p> <p><i>PROVIDED ALWAYS THAT</i> in Rule 19(16):</p> <p>(A) that contract, indemnity or guarantee has been approved by the Managers in writing and the Member has paid, or agreed to pay, such additional premium as may be required by the Association and (unless the Managers have otherwise agreed in writing) that the provisions of any other applicable Rule, or section of this Rule 19, have been satisfied, or</p> <p>(B) the Directors Members Board in its their absolute discretion decides <u>s</u> that the Member should be reimbursed.</p> |
| 19 (17) | <p>LIABILITIES IN RESPECT OF CARGO</p> <p>The liabilities, costs and expenses set out in paragraphs (a) to (e) below in respect of cargo intended to be, or being, or having been carried in an Entered Ship or another Ship as provided for in Rule 19(17)(e).</p> <p>(a) Liabilities for loss, shortage, damage or other responsibility arising out of any breach by the Member or by any person for whose acts, neglect or default he may be legally liable, of his obligation properly to load, handle, stow, carry, keep, care for, discharge or deliver the cargo or out of unseaworthiness or unfitness of the Entered Ship.</p> <p>(b) Additional costs (in excess of the costs which would normally have been incurred under the contract of carriage) incurred in discharging or disposing of damaged or worthless cargo provided that the Member is liable for such costs and is not entitled to recover them from any other party.</p> <p><i>PROVIDED ALWAYS THAT</i> in Rule 19(17)(b) the value of any cargo retained by the Member or any sums recovered by or due to the Member in respect of the sale of such cargo shall either be credited to the Association or deducted from any recovery due from the Association.</p> <p>(c) Additional costs of discharging and disposing of, or of restowing, cargo which are necessarily incurred in order to continue the safe prosecution of the voyage following a casualty, provided that the Member is liable for</p> |

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| | <p>such costs and is not entitled to recover them from any other party.</p> <p>(d) Liabilities for loss, shortage, damage or other responsibility for cargo carried by means of transport other than the Entered Ship when the liabilities, costs and expenses arise under a through or transshipment bill of lading or other form of contract providing for carriage partly to be performed by the Entered Ship.</p> <p><i>PROVIDED ALWAYS THAT in Rule 19(17)(d):</i></p> <p>(A) there shall be no recovery unless cover has been specifically extended in writing by the Managers and the Member has paid, or agreed to pay, such additional premium as may be required by the Association, and</p> <p>(B) such bill of lading or contract has been approved by the Managers.</p> <p>(e) Liabilities for loss, shortage, damage or other responsibility when the liabilities, costs and expenses arise out of the carriage of cargo on a Consortium Ship under a consortium agreement or other agreement for the reciprocal sharing of cargo space.</p> <p><i>PROVIDED ALWAYS THAT in Rule 19(17)(e):</i></p> <p>(A) there shall be no recovery unless cover has been specifically extended in writing by the Managers and the Member has paid, or agreed to pay, such additional premium as may be required by the Association,</p> <p>(B) such consortium agreement or other agreement has been approved by the Managers,</p> <p>(C) such Consortium Ship shall be deemed to be entered as a Charterer's Entry for the purposes of these Rules, and all conditions, exclusions, limitations and warranties in these Rules applicable to an Entered Ship shall also apply to the Consortium Ship and</p> <p>(D) Rule 19(17)(d) and the Provisos thereto shall apply where liabilities, costs and expenses arise under a through or transshipment bill of lading or other form of contract providing for carriage partly to be performed by such Consortium Ship and in such case the Association's liability shall be limited in accordance with Rule 22(2).</p> <p><i>PROVIDED ALWAYS THAT in Rule 19(17):</i></p> <p>(A) HAGUE RULES EXCEPTIONS</p> <p>where the cargo is carried by sea other than under a contract of carriage which is subject to the provisions of the Hague Rules or the Hague Visby Rules or to exemptions which in the event confer as wide a measure of protection on the carrier as either the Hague Rules or Hague Visby Rules, (save where the contract of carriage is on such terms solely by reason of</p> |
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| | <p>the incorporation by operation of law of the Hamburg Rules) there shall be no recovery in respect of any claim to the extent that the Directors Members Board considers it would have been reduced if the cargo had been carried under a contract of carriage which was subject to the Hague Visby Rules unless and to the extent that the Directors Members Board in its their discretion otherwise decides, or special cover has been agreed in writing by the Managers;</p> <p>(B) DEVIATION</p> <p>there shall be no recovery where the Member has become liable in consequence of a deviation unless in the case of a deviation authorised by the Member prior notice of the intended deviation has been given to the Managers or in the case of a deviation without the Member's authority the earliest possible notice has been given to the Managers after the Member has received information thereof and in either case, the Managers have confirmed to the Member that his cover under this Rule continues unprejudiced. Nevertheless, the Directors Members Board may allow such a claim either in part or in whole, if in its their discretion, it they considers that the Member had reasonable grounds for believing that no deviation was to be or had been made. If upon receiving information of the deviation, the Managers advise the Member that his cover under this Rule is prejudiced and the Member then requests the Managers to arrange a special insurance to cover his liabilities under this Rule, the cost of such insurance shall be borne by the Member;</p> <p>(C) DECK CARGO</p> <p>unless and to the extent that the Members Board Directors in its their discretion otherwise decides or special cover has been agreed in writing by the Managers, there shall be no recovery where cargo is carried on deck unless:</p> <ul style="list-style-type: none"> (i) the cargo is suitable for carriage on deck of the Entered Ship, and (ii) the contract of carriage contains an appropriate liberty to carry cargo on deck, and (iii) the contract of carriage is specially claused to the effect that the cargo is carried on deck and that either the carrier is exempted from all liability for loss or damage to such cargo howsoever caused, or that the Hague Rules or the Hague-Visby Rules apply to carriage on deck notwithstanding Article 1 (c) of the said Rules. <p>Note: Members are referred to the Association's Recommended Clauses for the carriage of deck cargo.</p> <p>(D) DISCHARGE AT WRONG PORT ETC.</p> <p>unless the Members Board Directors in the exercise of its their discretion shall otherwise determine no claim on the Association shall be allowed in</p> |
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| | <p>respect of a Member's liability arising out of:</p> <ul style="list-style-type: none"> (i) discharge of cargo at a port or place other than that provided in the contract of carriage; (ii) the failure to arrive or late arrival of an Entered Ship at a port of loading, or any delay in loading or failure to load any particular cargo or cargoes in an Entered Ship other than any such liabilities, costs and expenses arising under a bill of lading already issued; (iii) delivery of cargo carried under a negotiable bill of lading or similar document of title without production of that bill of lading or document by the person to whom delivery is made; (iv) delivery of cargo carried under a non-negotiable bill of lading or waybill or similar document to a person other than the party named in such bill of lading, waybill or document as the person to whom delivery should be made, or where there has been no proper delivery as required by that document by its express terms and/or by operation of law; (v) the issue of an antedated or post-dated bill of lading, waybill or other document containing or evidencing the contract of carriage; (vi) a bill of lading, waybill or other document containing or evidencing the contract of carriage issued with the knowledge of the Member or the Master with an incorrect description of the cargo or its quantity or its condition; <p>(E) AD VALOREM BILLS OF LADING</p> <p>where cargo or other property is carried under an ad valorem bill of lading or other document of title, contract of carriage or waybill and the value per unit piece or package has been stated to be in excess of US\$2,500 (or the equivalent in any other currency) there shall be no recovery of more than US\$2,500 per unit piece or package or the limitation per unit, piece or package specified in the Hague Visby Rules whichever be the higher;</p> <p>(F) REFRIGERATED CARGO</p> <p>the Managers may at any time require to be satisfied as to the spaces, plant and apparatus used and the instructions given for the carriage of cargo in insulated or refrigerated chambers or containers and the terms of contract of carriage under which such cargo is to be carried and the Member shall upon request supply the relevant information to the Managers. If the Managers are not so satisfied and therefore withhold their approval and so notify the Member, such Member shall not be entitled to recover from the Association in respect of any loss of or damage to such cargo the carriage of which began after the serving of the notice;</p> |
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| | <p>(G) RARE AND VALUABLE CARGO</p> <p>there shall be no recovery in respect of loss of or damage to specie, bullion, precious or rare metals or stones, plate, jewellery, works of art or other objects of a rare or precious nature, bank notes or other forms of currency, bonds or other negotiable instruments whether the value is declared or not unless the contract of carriage and the spaces, apparatus and means used for the carriage and the instructions given for the safe custody thereof have been approved by the Managers;</p> <p>(H) PROPERTY OF THE MEMBER</p> <p>in the event that any cargo lost or damaged on board the Entered Ship shall be the property of the Member, such Member shall be entitled to recover from the Association the same amount as would have been recoverable from him if the cargo had belonged to a third party and that third party had concluded a contract of carriage of the cargo with the Member on the terms of the Association's recommended standard terms of carriage referred to in Proviso (A) above.</p> <p>(I) PAPERLESS TRADING</p> <p>There shall be no recovery from the Association for any liability, cost or expense arising from the use of any electronic trading system, other than an electronic trading system approved in writing by the Managers, to the extent that such liability, cost or expense would not (save insofar as the <u>Members Board Directors</u> in <u>its their</u> sole discretion shall otherwise determine) have arisen under a paper trading system.</p> <p>For the purposes of this Proviso:</p> <p>(a) 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:</p> <ul style="list-style-type: none"> (i) are documents of title, or (ii) entitle the holder to delivery or possession of the goods referred to in such documents, or (iii) evidence a contract of carriage under which the rights and obligations of either of the contracting parties may be transferred to a third party. <p>(b) a "document" shall mean anything in which information of any description is recorded including, but not limited to, computer or other electronically generated information.</p> |
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| 19 (18) | <p>GENERAL AVERAGE</p> <p>(a) If the Members Board Directors in its their discretion so authorises, the Entered Ship's proportion of general average, special charges or salvage not recoverable under the Hull Policies by reason of the value of the Ship being assessed for contribution to general average or salvage at a sound value in excess of the insured value under the Hull Policies.</p> <p><i>PROVIDED ALWAYS THAT in Rule 19(18)(a) there shall be excluded from the claim any loss which arises from the insured value in those policies being, in the opinion of the Directors-Members Board, less than the proper value of the Ship.</i></p> <p><i>Note: In determining whether the Ship was insured for a proper value the Directors Members Board will need to be satisfied that the said policies have been the subject of periodic review in the light of proper advice on market conditions. A proper value will be a figure which is reasonably close to the equivalent of the free uncommitted market value of the Ship at the time of the General Average Act.</i></p> <p>(b) The proportion of general average, special charges or salvage which may be chargeable to cargo or some other party to the marine adventure and which is not legally recoverable, or for which the Member may become liable, solely by reason of a breach of the contract of carriage.</p> <p><i>PROVIDED ALWAYS THAT in Rule 19(18)(b) Proviso (A) (Hague Rules), Proviso (B) (Deviation) and Proviso (D) (Discharge at Wrong Port, etc.) of Rule 19(17) shall apply to a claim under Rule 19(18)(b) unless the Members Board Directors in its their discretion shall otherwise determine or unless a special agreement has been made with the Managers in accordance with the terms of Rule 19(17).</i></p> |
| 19 (19) | <p>FINES</p> <p>Fines or other penalties, together with costs and expenses incidental thereto, imposed in respect of an Entered Ship by any court, tribunal, or authority of competent jurisdiction, upon a Member or upon any person whom the Member may be legally liable to reimburse or reasonably reimburses with the approval of the Managers:</p> <p>(a) for short or over delivery of cargo or for failure to comply with regulations relating to the declaration of goods or to documentation of the cargo:</p> <p style="padding-left: 40px;">but subject always to the Member having cover for his liabilities in respect of the cargo under Rule 19(17);</p> <p>(b) for smuggling or for any infringement of customs laws or regulations;</p> <p>(c) for contravention of immigration laws or regulations;</p> <p>(d) in respect of the accidental escape or discharge of oil or any other</p> |

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| | <p>substance or threat thereof; but subject always to the Member having cover for his liabilities in respect of pollution under Rule 19(13);</p> <p>(e) any fine (other than those specified in Rules 19(19)(a) to (d) inclusive of this Rule) to the extent that:</p> <p>(i) the Member has satisfied the Directors <u>Members Board</u> that he took such steps as appear to the Directors <u>Members Board</u> to be reasonable to avoid the event giving rise to such fine or penalty, and</p> <p>(ii) the Directors <u>Members Board</u> in its <u>their</u> absolute discretion decides that the Member should recover.</p> <p>(f) notwithstanding the terms of Rule 27(1) the Directors <u>Members Board</u> in its <u>their</u> discretion may authorise the payment in whole or in part of a Member's claim for loss of an Entered Ship following confiscation of that Ship by any legally empowered court, tribunal or authority by reason of the infringement of any customs law or customs regulation.</p> <p><i>PROVIDED ALWAYS THAT</i> in Rule 19(19)(f):</p> <p>(A) the total aggregate amount recoverable from the Association shall under no circumstances exceed the market value of the Ship without commitment at the date of confiscation;</p> <p>(B) the Member shall have satisfied the Members Board <u>Directors</u> that he took such steps as may appear to the Members Board <u>Directors</u> to be reasonable to prevent the infringement of the customs law or regulation giving rise to the confiscation;</p> <p>(C) any amount claimed under this paragraph shall be recoverable to such extent only as the Members Board <u>Directors</u> in its <u>their</u> sole discretion may determine without having to give any reasons for their decision;</p> <p>(D) no such claim shall be considered by the Members Board <u>Directors</u> until such time as the Member has been deprived of his interest in the Entered Ship.</p> <p><i>PROVIDED ALWAYS THAT</i> in Rule 19(19) the Association shall not in any event indemnify a Member against a fine or penalty imposed upon him for the overloading of an Entered Ship or for illegal fishing or against the legal costs and expenses relating thereto.</p> |
| 19 (20) | <p>LEGAL COSTS, SUE & LABOUR</p> <p>(a) LEGALCOSTS</p> <p>Costs and expenses which a Member may incur in respect of any liability or expenditure against which the Member is insured under these Rules.</p> <p>(b) SUE AND LABOUR</p> |

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| | <p>Losses, costs and expenses necessarily incurred by a Member after an incident in order to avoid or reduce a liability or expenditure against which the Member is insured by the Association even if such losses, costs and expenses would otherwise be excluded by these Rules.</p> <p>(c) SPECIAL DIRECTION</p> <p>Losses, costs and expenses which a Member may be required to incur by special direction of the Association in cases where the <u>Members Board Directors</u> decides that it is in the interests of the Association that the directions be given even if such losses, costs and expenses would otherwise be excluded by these Rules.</p> <p><i>PROVIDED ALWAYS THAT</i> in Rule 19(20)(c):</p> <p>(A) no such losses, costs or expenses shall be recoverable unless either they have been incurred with the prior agreement of the Managers, or the <u>Directors Members Board</u> shall determine that such losses, costs and expenses were reasonably incurred;</p> <p>(B) costs and expenses incurred in respect of a formal enquiry into a casualty involving an Entered Ship shall be recoverable to such extent only as the <u>Members Board Directors</u> may determine.</p> |
| 19 (21) | <p>RISKS INCIDENTAL TO SHIPPING</p> <p>Liabilities, costs and expenses incidental to the business of owning, operating, chartering or managing ships which in the opinion of the <u>Members Board Directors</u> fall within the scope of the cover afforded by the Association but only to the extent that the <u>Directors Members Board</u> in its their absolute discretion may decide that the Member should recover from the Association.</p> |
| 26 | <p>IMPRUDENT OR HAZARDOUS OPERATIONS, CONTRABAND, BLOCKADE RUNNING, OR UNLAWFUL TRADING, WILFUL MISCONDUCT OR PRIVITY</p> <p>No claim on the Association shall be allowed:</p> <p>26 (1) if it arises out of or is consequent upon an Entered Ship carrying contraband, blockade running or being employed in an unlawful trade, or</p> <p>26 (2) if the <u>Members Board Directors</u>, having regard to all the circumstances, shall be of the opinion that the nature of the carriage, trade or voyage in which the Ship was engaged was imprudent, unsafe, unduly hazardous or improper, or</p> <p>26 (3) if the <u>Members Board Directors</u>, having regard to all the circumstances, shall be of the opinion that the claim arose out of the wilful misconduct of any Insured Party or his managers or managing agents, (being an act intentionally done, or a deliberate omission with knowledge that the performance or omission will probably result in loss, damage or injury, or an act done or omitted in such a way as to allow an inference of a reckless disregard of the</p> |

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| | <p>probable consequences), or</p> <p>26 (4) if the Members Board Directors, having regard to all the circumstances, shall be of the opinion that the claim arose out of the sending to sea of the Entered Ship in an unseaworthy state with the privity of the Member or his managers or managing agents.</p> |
| 30 (a) | <p>OBLIGATIONS OF THE MEMBERS IN RESPECT OF SURVEYS</p> <p>(a) The Managers may at any time require a Member to submit his Ship to be surveyed, by a surveyor nominated by the Managers but at the expense of the Member, within such period as may be specified by the Managers. No claim for recovery from the Association as a result of an incident arising after the expiry of such period shall be allowed save in the sole discretion of the Members Board Directors if the Ship shall not have been made available for survey within the period specified.</p> <p>(b) In the light of the survey and any recommendations by the surveyor as to the repairs or other action to be taken by the Member, the Managers shall have the power, in their discretion, to:</p> <ul style="list-style-type: none"> (i) terminate the Member's entry forthwith whereupon the Member shall cease to be insured and shall be allowed a return of premium pro rata for the period in respect of which the insurance has ceased; (ii) amend or vary the terms of entry in such manner as they think fit; (iii) impose conditions on the terms of entry in such form as they think fit including, without limitation, the exclusion of all or part of the risks specified in Rule 19 unless and until the Member has complied with the recommendations of the surveyor as to repairs or other action to be taken by the Member within such time as may be specified by the Managers to the satisfaction of the Managers and their surveyor; <p>(c) Without prejudice to the generality of Rule 46, nothing said, seen or done by the surveyor appointed by the Association or advice given prior to, during, or after survey and/or inspection shall be taken as in any way derogating from the Member's responsibility for the safety and seaworthiness of the Ship and its mandatory compliance with any classification, statutory, flag state or port state requirement or any other issues relating to the safety of the Ship, its crew, cargo, and any other person, places or entities which may be affected by the operation of the Ship.</p> <p>(d) By applying to enter or upon the Entry or the continuation of the Entry of a Ship in this Class of the Association, the Member or any person who has made an application to become a Member as the case may be:</p> <ul style="list-style-type: none"> (i) consents to and authorises the disclosure by the Managers to any Association which is a party to the Pooling Agreement of any survey or inspection of such Ship undertaken on behalf of the Association either pursuant to an application for Entry or whilst entered in the Association, |

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| | <p>and</p> <p>(ii) waives any rights or claims against the Association of whatsoever nature arising in respect of or relating to the contents of or opinions expressed in any survey or inspection so disclosed.</p> <p><i>PROVIDED ALWAYS THAT</i> in Rule 30(d):</p> <p>(A) such survey or inspection may only be disclosed to another Association when an application for entry of such Ship is made thereto, and</p> <p>(B) the disclosure of the survey or inspection shall be for the limited purpose only of that Association considering an application to enter such Ship for insurance.</p> |
| 32 (3) | <p>CIRCULARS</p> <p>32 (1) The Directors or the Managers may from time to time issue a Circular in respect of any matter as they see fit.</p> <p>32 (2) The Directors or the Managers may from time to time make a recommendation to any Member or to all Members in connection with the operation of any or all Entered Ships. Notice of such a recommendation shall be given by Circular either at the commencement of or during the period of insurance and shall take effect as set out in Rule 50(3) unless the Circular specifies some later date.</p> <p>32 (3) A Member shall use his best endeavours to comply with such a recommendation and the <u>Directors Members Board</u> may, at their in its absolute discretion, reject or reduce any claim made by the Member to the extent to which it would not have arisen if the Member had complied with the recommendation and the burden of proving in each case that the liability, cost or expense (or portion thereof) could not have been avoided by such a compliance shall be on the Member.</p> |
| 33 (5) | <p>TIME LIMIT FOR REIMBURSEMENT</p> <p>All requests by a Member for reimbursement of any losses, costs or expenses recoverable from the Association under these Rules and the Certificate of Entry must be made to the Association within twelve months of the incurring of the loss or the payment of the cost or expense by the Member.</p> <p><i>PROVIDED ALWAYS THAT</i> in Rule 33(1), 33(3), 33(4) and 33(5), unless and to the extent that the <u>Directors Members Board</u> in its their discretion otherwise decides, compliance with the provisions of this Rule shall be a condition precedent to a Member's right to recover from the funds of the Association.</p> |
| 35 (2) | <p>CLAIMS</p> <p>Without prejudice to any other provisions of these Rules, the <u>Members Board</u> Directors shall have power in its their discretion to reject a claim or reduce the sum</p> |

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| | payable by the Association in respect thereof if the Members shall have failed to comply with any of the provisions of Rules 33 and 34. |
| 35 (3) | <p>INTEREST & CONSEQUENTIAL LOSS</p> <p>In no case shall a Member be entitled to be paid interest on his claim against the Association. Unless the <u>Members Board Directors</u> in their <u>its</u> discretion shall otherwise determine, a Member shall have no rights to recover any losses suffered as a consequence of delay or failure on the part of the Association to reimburse a Member.</p> |

Appendix F

Proposed Changes to the Rules of the Freight Demurrage & Defence Class

Summary of Proposed Changes to the Rules of the Freight Demurrage & Defence Class

1. Changes proposed following annual review

The Rule changes set out in the table below have been proposed as a result of the Director's annual review of the Rules and are not related to the proposed changes to the Club's corporate governance structure. Wording which is struck out will be deleted and wording which is underlined will be inserted.

| Rule | Proposed Amendments | Explanatory Note |
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| 1 | <p>MEMORANDUM & ARTICLES OF ASSOCIATION</p> <p>These Rules are subject to the Memorandum and Articles of Association of The North of England Protecting and Indemnity Association Limited.</p> <p><u><i>Note: In the event of any dispute as to the terms of the Rules, or in the event of any error appearing in any published version of the Rules, the applicable Rules shall be those approved for the relevant time in accordance with the Articles of Association.</i></u></p> | <p>This amendment does not affect the scope of cover. The addition of a Note to Rule 1 is intended to ensure that any typographical errors which inadvertently appear in the printed Rule Book or on the Association's website (despite the various checks and processes which are in place to prevent this) do not prejudice the Association's position.</p> |
| 26 (8) | <p>CONDUCT OF CASES</p> <p>All monies recovered <u>by or</u> for any Member shall be paid over to him without deduction of any commission or other sum except when a pending proceeding-matter has been settled or compromised for an amount which includes costs, whereupon the Member shall then suffer such deduction, or make such payment as is fixed by the Directors to represent party and party costs which might otherwise have been recovered for the benefit of the Association and further when a pending proceeding has been settled or compromised either on terms that each party bear its own costs, or without any provision being made for the payment of costs the Member shall then suffer such deduction or make such payment as is fixed by the Directors to represent the costs which might otherwise have been recovered for the benefit of the Association but for such mode of settlement or compromise or has been settled or compromised either on terms that each party bear its own costs or without any adequate provision being made for the payment of costs, or if any judgment or award is made of similar effect or if any judgment or award on costs is not enforced, then the Member shall suffer such deduction or make such payment as is fixed by the Members Board to represent a fair recovery of costs for the benefit of the Association.</p> | <p>This Rule allows the Association to obtain a contribution towards costs when a claim has been settled or compromised. The amendment covers the situation where instead of a settlement, the claim proceeds to a Judgment or Award, but no adequate provision is made for costs, or costs cannot be recovered from the losing party.</p> |

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2. Changes proposed to implement new corporate governance structure

a. Changes to ensure consistency with constitutional documents

The Rule changes set out in the table below are proposed to ensure that the Rules are consistent with the constitutional documents that are proposed to be adopted to implement the Club's new corporate governance structure. Wording which is struck out will be deleted and wording which is underlined will be inserted.

| Rule | Proposed Amendments | Explanatory Note |
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| 2 | DIRECTORS The Directors (other than the Managing Director) for the time being of the Association or as the context may require those Directors present at a duly convened meeting of the Directors at which a quorum is present. | This definition will be amended to reflect the changing role of the Directors following the creation of a Members Board |
| 2 | <u>MEMBERS BOARD</u> <u>Has the meaning given in Article 2 of the Association's Articles of Association.</u> | A definition of Members Board has been inserted |
| 37 (1) | <u>37 (1)</u> Whenever any power, duty or discretion is stated in these Rules to be vested in the Directors such power, duty or discretion shall be exercisable by the Directors unless the same shall have been delegated to any sub-committee of the Directors or to the Managers <u>or to the Members Board (as the case may be)</u> in accordance with the provisions as regards delegation contained in the Memorandum and Articles of Association of the Association in which event the power, duty or discretion may be exercised by any person to whom the same shall have been so delegated. | The Directors will have the ability to delegate powers to the Members Board |
| 37 (2) | <u>37 (2) Whenever any power, duty or discretion is stated in these Rules to be vested in the Members Board such power, duty or discretion shall be exercisable by the Members Board unless the same shall have been delegated to any committee of the Members Board or to the Managers (as the case may be) in accordance with the provisions as regards delegation contained in the Memorandum and Articles of Association of the Association in which event the power, duty or discretion may be</u> | The Members Board will have the ability to delegate powers to a committee or the Managers |

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| | <u>exercised by any person to whom the same shall have been so delegated.</u> | |
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b. Transfer of discretionary powers to the Members Board

It is proposed that the Rules detailed in the table below will be amended so the discretionary powers currently given to the Directors under those Rules will instead be given to the Members Board. Wording which is struck out will be deleted and wording which is underlined will be inserted.

| Rule | Proposed Amendments |
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| 19 (4) | Subject to the discretion of the Directors <u>Members Board</u> the enforcement of all proper claims and the defence of all claims improperly brought in respect of Ships entered in this class for damages sustained by any such Ships where the amount is not covered by the policies on Hull and Machinery (or in the case of Charterer Members the policies on Charterers' liability for Damage To Hull), or, if covered, is (apart from detention) below the franchise for the time being in force on Members' Policies, which for the purposes of this Rule shall be deemed not to exceed one percent of the Ship's insured value for Owner Member claims, and not to exceed US\$25,000 for Charterer Member claims. |
| 19 (5) | The enforcement of all proper claims and the defence of all other proceedings improperly brought in respect of any Ship entered in this Class, the true intent of these Rules being that the Members shall be afforded aid and protection in all legal proceedings which in the opinion of the Directors <u>Members Board</u> arise out of the ownership and management of Ships entered in this Class (other than co ownership matters or disputes), except such as are covered or protected by Lloyd's Marine Policy with Institute Time Clauses (Hulls)1.10.83 or equivalent, and the Protecting and Indemnity Associations. |
| 21 | <p>IMPRUDENT OR HAZARDOUS OPERATIONS, CONTRABAND, BLOCKADE RUNNING, UNLAWFUL TRADING, WILFUL MISCONDUCT OR PRIVITY</p> <p>No claim on the Association shall be allowed:</p> <p>21 (1) if it arises out of or is consequent upon an Entered Ship carrying contraband, blockade running or being employed in an unlawful trade, or</p> <p>21 (2) if the Directors <u>Members Board</u>, having regard to all the circumstances, shall be of the opinion that the nature of the carriage, trade or voyage in which the Ship was engaged was imprudent, unsafe, unduly hazardous or improper, or</p> <p>21 (3) if the Directors <u>Members Board</u>, having regard to all the circumstances, shall be of the opinion that the claim arose out of the wilful misconduct of any Insured Party or his managers or managing agents, (being an act intentionally done, or a deliberate omission with knowledge that the performance or omission will probably result in loss, damage or injury, or an act done or omitted in such a way as to allow an inference of a reckless disregard of the probable consequences), or if the Directors <u>Members Board</u>, having regard to all the circumstances, shall be of the opinion that the claim arose out of the sending to sea of the Entered Ship in an unseaworthy state with the privity of the Member or his managers or managing agents.</p> |

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| 23 (1) | <p>DOUBLE INSURANCE</p> <p>23 (1) The Association shall not, unless and to the extent that the Directors <u>Members Board</u> in their <u>its</u> discretion otherwise decides, be liable for any liabilities, costs or expenses recoverable under any other insurance or which would have been so recoverable:</p> <p>(i) apart from any terms in such other insurance excluding or limiting liability on the ground of double insurance; and</p> <p>(ii) if the Ship had not been entered in the Association with cover against the risks set out in these Rules.</p> |
| 24 (3) | <p>CIRCULARS</p> <p>24 (1) The Directors or the Managers may from time to time issue a Circular in respect of any matter as they see fit.</p> <p>24 (2) The Directors or the Managers may from time to time make a recommendation to any Member or to all Members in connection with the operation of any or all Entered Ships. Notice of such a recommendation shall be given by Circular either at the commencement of or during the period of insurance and shall take effect as set out in Rule 39(3) unless the Circular specifies some later date.</p> <p>24 (3) A Member shall use his best endeavours to comply with such a recommendation and the Directors <u>Members Board</u> may, at its <u>their</u> absolute discretion, reject or reduce any claim made by the Member to the extent to which it would not have arisen if the Member had complied with the recommendation and the burden of proving in each case that the liability, cost or expense (or portion thereof) could not have been avoided by such a compliance shall be on the Member.</p> |
| 25 (5) | <p>TIME LIMIT FOR REIMBURSEMENT</p> <p>All requests by a Member for reimbursement of any losses, costs or expenses recoverable from the Association under these Rules and the Certificate of Entry must be made to the Association within twelve months of the incurring of the loss or the payment of the cost or expense by the Member.</p> <p><i>PROVIDED ALWAYS THAT</i> in Rule 25, unless and to the extent that the Directors <u>Members Board</u> in their <u>its</u> discretion otherwise decides, compliance with the provisions of this Rule shall be a condition precedent to a Member's right to recover from the funds of the Association.</p> |
| 26 | <p>CONDUCT OF CASES</p> <p>26 (1) The business of this Class shall be managed by the Directors <u>or , where so delegated to it, the Members Board</u>, as provided by the Articles of Association and these Rules .</p> <p>26 (2) No legal steps or other proceedings of any kind shall be undertaken at the expense of this Class, without the sanction of the Directors <u>Members Board</u>, or</p> |

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| | <p>of a local or special committee appointed by them, but they <u>Members Board</u> may, in their <u>its</u> discretion, adopt any steps or proceedings of whatsoever kind which may have been already taken by any Member. All subsequent steps or proceedings shall be conducted by lawyers appointed and retained on behalf of the Member by the Association under the control of the Directors <u>Members Board</u>, and at the expense of this Class. The lawyers appointed and retained on behalf of the Member may either be lawyers in private practice or lawyers employed by the Association.</p> <p><i>PROVIDED ALWAYS THAT</i> where legal steps or other proceedings have been, are, or will be undertaken on behalf of the Member by lawyers employed by the Association the Directors <u>Members Board</u> may, at any time and in its <u>their</u> entire discretion, whether prospectively or retrospectively, require the Member to pay the Association for such legal services (whenever such services have been, are or will be rendered) and the Member shall be under a liability to the Association in respect of the same. The amount payable shall be determined by the Managers of the Association at the conclusion of the legal steps or other proceedings. If any difference or dispute shall arise between the Member and the Association as to the reasonableness of the amount payable as determined by the Managers, such difference or dispute shall, in the first instance, be referred to an independent legal costs draughtsman to be appointed by the Association who will rule upon such dispute or difference, and determine the extent (if any) to which the amount for which the Member is liable is to be reduced. Such reference and determination shall be on written submissions only.</p> <p>26 (3) Notwithstanding the effect of Rule 25 above <u>anything in these Rules to the contrary</u>, the Directors <u>Members Board</u> shall have entire discretion as to what actions, proceedings, defences, matters and things shall be undertaken by this Class, or at its cost and expense, and they have an <u>unfettered unlimited</u> control over every matter that may be undertaken. They <u>The Members Board</u> may direct and require any such proceedings to be taken, or act to be done by any Member, or any course to be pursued in every matter so undertaken as they it shall from time to time think proper. <u>The Members Board</u> They shall, nevertheless, keep in view the objects of this Class, so that the same may as far as practicable be effectually attained, and they <u>Managers</u> shall further from time to time keep the Members advised of the special circumstances and cases in which <u>the Members Board has determined</u> in the interests of the Association <u>that it they</u> will in their <u>its</u> discretion decline to afford protection.</p> <p>26 (4) The Association is under no obligation to provide security for costs on behalf of any Member, but the Directors <u>Members Board</u> shall have entire discretion as to whether such security for costs shall be provided and on such terms as they it may consider appropriate. Unless the Directors <u>Members Board</u>, in the exercise of their <u>its</u> discretion, shall otherwise determine in no case shall security for costs be provided by way of cash deposits by the Association. Furthermore, the Directors <u>Members Board</u> shall have entire discretion to pay the actual costs incurred by a Member in giving security for costs where the same is given with their <u>its</u> approval.</p> <p>26 (5) The Members Board <u>Directors</u> may, by notice in writing <u>given by the Managers on its behalf</u>, require any proceedings to be discontinued and this Class shall</p> |
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| | <p>thereupon cease to be liable in any way whatever for anything done subsequent to such notice, but they <u>Members Board</u> shall be at liberty, having regard to the peculiar circumstances of each case, to authorise the continuance of any proceedings upon such terms as they it may consider desirable and proper.</p> <p>26 (6) The Directors <u>Members Board</u> shall have full power to require the compromise of any proceedings whenever they it deems it reasonable or prudent, or may require such proceedings to be abandoned or to be submitted to arbitration or mediation and if the Member declines to act in accordance with the Directors' <u>Members Board's</u> decision, he shall then take upon himself the entire risk and expense of all past and future proceedings without any claim whatsoever for reimbursement out of the funds of this Class.</p> <p>26 (7) No Member shall be entitled to the benefits of this Class who has not complied with all the requirements of the Directors <u>Members Board</u>, or who shall make any false statement, or wilfully or negligently withhold from the Directors any documents or material information, respecting any matter undertaken by this Class, or cause or knowingly permit any other person to do so, and any Member so offending shall be liable to pay, and, on demand, shall pay to this Class all costs and expenses which may have been incurred or paid by this Class in consequence thereof and in relation thereto.</p> <p>26 (8) All monies recovered <u>by or</u> for any Member shall be paid over to him without deduction of any commission or other sum except when a <u>pending proceeding matter</u> has been settled or compromised for an amount which includes costs, whereupon the Member shall then suffer such deduction, or make such payment as is fixed by the Directors to represent party and party costs which might otherwise have been recovered for the benefit of the Association and further when a pending proceeding has been settled or compromised either on terms that each party bear its own costs, or without any provision being made for the payment of costs the Member shall then suffer such deduction or make such payment as is fixed by the Directors to represent the costs which might otherwise have been recovered for the benefit of the Association but for such mode of settlement or compromise <u>or has been settled or compromised either on terms that each party bear its own costs or without any adequate provision being made for the payment of costs, or if any judgment or award is made of similar effect or if any judgment or award on costs is not enforced, then the Member shall suffer such deduction or make such payment as is fixed by the Members Board to represent a fair recovery of costs for the benefit of the Association.</u></p> <p>26 (9) When a Member seeks to recover through this Class damage by collision or otherwise, he must give to the Directors a written undertaking to be responsible for such proportion of the costs of any legal or other proceedings taken as does not attach to or become payable by this Class under the Rules for the time being.</p> <p>26 (10) In any case of improper detention by the Government or any department thereof, or by any such public authority or Corporation as aforesaid of any ship entered in the Association, or where such ship has been unavoidably or wrongfully detained by reason of the false or unjustifiable reports or complaints of any of her crew or other persons, the Directors <u>Members Board</u> (or those</p> |
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| | <p>duly authorised on its their behalf) shall, where they it considers that in the interests of the Members generally such ship shall remain under such detention for the purpose of testing the legality or propriety of the action taken by such public authority, corporation, crew or person, pay to the Member whose vessel has been so detained, such reasonable sum as compensation for the loss or damage which the Directors <u>Members Board</u> shall consider he has actually sustained in consequence of such detention.</p> |
| 29 (2) | <p>EFFECT OF CESSER OF INSURANCE</p> <p>29 (1) FOR FAILURE TO PAY</p> <p>If the cesser of insurance shall have occurred by virtue of Rule 27(c) (Failure to Pay Sums Due), the provisions of Rule 17(1) shall apply.</p> <p>29 (2) FOR ANY OTHER REASON</p> <p>Except as provided in Rule 17(2), if the cesser of insurance shall have occurred by virtue of any other reason the Association shall remain liable for all claims under these Rules arising by reason of any incident which occurred before the cesser but shall be under no liability whatsoever by reason of any incident which occurred after the cesser.</p> <p><i>PROVIDED ALWAYS THAT</i> in Rule 29 the <u>Members Board</u> Directors may in its their discretion admit either wholly or partly any claim for which the Association is under no liability under this Rule whether the incident giving rise to such claim occurred before or after the cesser of insurance.</p> <p>29 (3) NO WAIVER OF RIGHTS</p> <p>Without prejudice to the generality of Rule 35 (Forbearance) no act, omission, course of dealing, forbearance, delay or indulgence of any kind by or on behalf of the Association nor the granting of time, nor the acceptance by the Association (whether express or implied) of liability for, or the recognition of, any claim and whether occurring before or after the cesser of insurance, shall derogate from the effect of Rule 27 and Rule 28 (Cesser of Insurance) or be treated as a waiver or any of the Association's rights there under.</p> |

Appendix G

Proposed Changes to the Rules of the War Risks Class

Summary of Proposed Changes to the Rules of the War Risks Class

1. Changes proposed following annual review

The Rule changes set out in the table below have been proposed as a result of the Director's annual review of the Rules and are not related to the proposed changes to the Club's corporate governance structure. Wording which is struck out will be deleted and wording which is underlined will be inserted.

| Rule(s) | Proposed Amendments | Explanatory Note |
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| 2.B.1.6 | piracy, barratry or violent theft by persons coming from outside the Entered Ship; | These changes to the Rules are being made in order reflect the changes currently shown by way of a term of entry within Members' Certificates of Entry. The change reflects the general move in the market to remove piracy risks from marine hull and machinery to war risks hull and machinery. |
| 3.1.6 | piracy, barratry or violent theft by persons coming from outside the Entered Ship; | |
| 4.B.1 | <p>The Association shall not be liable for any losses, liabilities, costs or expenses covered by the Standard Form of English Marine Policy with the Institute Time Clauses – Hulls (edition of 1.10.83 or any subsequent edition or amendment thereof current at the date of the casualty) attached and with the War Exclusion Clause, the Strikes Exclusion Clause, and the Malicious Acts Exclusion Clause <u>and the Violent Theft, Piracy and Barratry Exclusion Clause</u> inserted therein or which would have been covered thereby if the Entered Ship had been insured under such a policy. A loss shall be deemed to be so insured notwithstanding that it is excluded in whole or in part by any deductible or franchise specified in such a policy.</p> <p><i>PROVIDED ALWAYS THAT:</i></p> <p>losses, liabilities, costs or expenses caused by piracy or violent theft by persons coming from outside the Entered Ship shall be recoverable under Rule 2 Part B notwithstanding that they are also covered by the</p> | |

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| | Standard Form of English Marine Policy with the Institute Time Clauses– Hulls (edition of 1.10.83 or any subsequent edition or amendment thereof current at the date of the casualty) attached. | |
| D.5.2 | <p><i>PROVIDED ALWAYS THAT:</i> the Association’s liability under paragraph D.5 shall be only for such collision liability as falls within one or more of the following heads, namely:</p> <p>D.5.2.1 It would have been recoverable under the Institute Time Clauses – Hulls (edition of 1.10.83 or any subsequent edition or amendment thereof current at the date of the casualty) <u>had the ship been insured on such terms, but for the War Exclusion Clause, the Strikes Exclusion Clause, the Malicious Acts Exclusion Clause and the Violent Theft, Piracy and Barratry Exclusion Clause inserted therein</u> or, as the case may be, the Institute Time Clauses – Freight (edition of 1.8.89 or any subsequent edition or amendment thereof current at the date of the casualty) had the ship been insured on such terms, but for the War Exclusion Clause, the Strikes Exclusion Clause or the Malicious Acts Exclusion Clause inserted therein.</p> <p>D.5.2.2 It would have been recoverable under the rules of Class I (Protecting and Indemnity) of the Association, had the Entered Ship been entered therein, but for Rule 24 of the rules of such Class I. This proviso is in substitution for the proviso to Rule 2.D.1.</p> | |
| 33 | <p>33.3</p> <p>Unless otherwise agreed in writing by the Managers, an Insured Owner shall cease to be insured by the Association in respect of a ship entered by him or on his behalf upon the occurring of whichever shall be the earliest of the following events or circumstances in relation to such Entered Ship:</p> <p>33.3.1</p> <p>the Entered Ship being missing for ten days from the date when she was last heard of;</p> <p>33.3.2</p> | The addition to the Cesser Rule reflects the current term of entry within all Members Certificates of Entry in relation to sanctions and reflects the arrangements made in Classes 1 and 2 of the Association. |

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| | <p>the Entered Ship being posted at Lloyd's as missing;</p> <p>33.3.3</p> <p>the Entered Ship becoming an actual total loss;</p> <p>33.3.4</p> <p>acceptance by hull underwriters or by the Association that the Entered Ship is a constructive total loss;</p> <p>33.3.5</p> <p>payment to the Insured Owner of the Entered Ship by marine underwriters or by the Association of an unrepaired damage claim which exceeds the market value of the Entered Ship, without commitment, immediately prior to the casualty which gave rise to such claim;</p> <p>33.3.6</p> <p>a compromise settlement with marine underwriters or with the Association on the basis of which the Entered Ship is considered or deemed to be an actual or constructive total loss;</p> <p>33.3.7</p> <p>a decision by the Association that the Entered Ship is to be considered or deemed to be an actual or constructive total loss or otherwise commercially lost.</p> <p><u>33.3.8</u></p> <p><u>the Entered Ship is employed by the Insured Owner in a carriage, trade or on a voyage which will thereby in any way howsoever expose the Association to the risk of being or becoming subject to any sanction, prohibition or adverse action in any form whatsoever by any state or international organisation, unless the Managers shall otherwise determine.</u></p> <p>.....</p> <p><u>33.5</u></p> <p><u>The Insured Owner shall in no circumstances be entitled to recover from the Association that part of</u></p> | |
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| | <u>any liabilities, costs and expenses which is not recovered by the Association from parties to the pool and/or under any reinsurance(s) because of shortfall in recovery from the parties or reinsurers thereunder by reason of any sanction, prohibition or adverse action against them by a state or international organisation or the risk thereof if payment were to be made by such parties or reinsurers. For the purposes of this clause, "shortfall" includes any failure or delay in recovery by the Association by reason of the parties or reinsurers making payment into a designated account in compliance with the requirements of any state or international organisation.</u> | |
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2. Changes proposed to implement new corporate governance structure

a. Changes to ensure consistency with constitutional documents

The Rule changes set out in the table below are proposed to ensure that the Rules are consistent with the constitutional documents that are proposed to be adopted to implement the Club's new corporate governance structure. Wording which is struck out will be deleted and wording which is underlined will be inserted.

| Rule | Proposed Amendments | Explanatory Note |
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| Definitions | <p>DIRECTORS</p> <p><u>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 Directors at which a quorum is present.</u> means the Board of Directors for the time being of this Class of the Association.</p> | This has been changed so it is consistent with the definition given in the Rules of the P&I and FD&D Classes. |
| Definitions | <p><u>MEMBERS BOARD</u></p> <p><u>Has the meaning given to it in Article 2 of the Association's Articles of Association.</u></p> | A definition of Members Board has been inserted |

b. Transfer of discretionary powers to the Members Board

It is proposed that the Rules detailed in the table below will be amended so the discretionary powers currently given to the Directors under those Rules will instead be given to the Members Board. Wording which is struck out will be deleted and wording which is underlined will be inserted.

| Rule | Proposed Amendments |
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| 2.A.3. | DETENTION FOLLOWING CAPTURE, SEIZURE, ARREST, RESTRAINT OR DETAINMENT |

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| | <p>In the event of the Entered Ship being captured, seized, arrested, restrained or detained, the Insured Owner shall be entitled to recover from the Association:</p> <p>2.A.3.1 the daily running expenses of the Entered Ship during the period of the detention, save for the first seven days thereof;</p> <p>2.A.3.2 the expenses, other than the expenses insured by Rule 2.A.3.1, incurred in respect of the capture, seizure, arrest, restraint or detainment and the recapture, release and restoration of the Entered Ship, including claims for damage to property arising in respect of the Entered Ship during the period of capture, seizure, arrest, restraint or detainment which are recoverable in law from the Insured Owner;</p> <p>2.A.3.3 if the detention of the Entered Ship should last for a continuous period exceeding 90 days, in addition to any sums recoverable under Rules 2.A.3.1 and 2.A.3.2, a sum calculated at the rate of ten per cent per annum of the Insured Value of the Entered Ship as specified in the Certificate of Entry and applied pro rata to the whole of the detention;</p> <p><i>PROVIDED ALWAYS THAT:</i></p> <p>unless the Members Board Directors in its their discretion otherwise determines, the Insured Owner shall give credit against the said amount payable under Rule 2.A.3.3 for any claim paid or payable by the Association for damage received by the Entered Ship during such period.</p> |
| 2.A.4.3 | <p>Unless the Members Board Directors in their its discretion otherwise determines, no sum shall be recoverable from the Association in respect of any period after the Entered Ship has become or been accepted as an actual or constructive total loss (whether under the terms of a policy or contract against marine risks or under the cover specified in these Rules), or after the Association has accepted notice of abandonment or after the Association has notified the Insured Owner in writing, whether or not he has given any notice of abandonment, that the Association has decided to treat the Entered Ship as a constructive total loss.</p> |
| 2.C | <p>Part C: Detention or Diversion Expenses</p> <p>2.C.1 This Part of the cover insures an Insured Owner against loss sustained through the detention or diversion of an Entered Ship caused:</p> <p>2.C.1.1 by war, civil war, warlike operations, revolution, rebellion, insurrection, civil strife, any hostile act by or against a belligerent power or by conditions brought about as a result of any of the foregoing;</p> <p>2.C.1.2 as a result of compliance with orders, prohibitions or directions by the Directors or by any Department of the Government of the United Kingdom or any other Government having the right to give such orders or any British Military or Naval Authority given in order to avoid loss of or damage to the Entered Ship by any of the risks referred to in Rule 2</p> |

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| | <p>Part A or Part B;</p> <p>2.C.1.3 by any Government or department or agency thereof or by the armed forces of any Government or by any persons acting or purporting to act on behalf of any Government or any department or agency thereof where the detention or diversion is considered by the <u>Members Board Directors</u> in its their discretion to have been caused, instigated, incited or encouraged by such Government or department or agency in furtherance of its political aims;</p> <p>2.C.1.4 by any group of persons which in pursuit of its political aims maintains an armed force;</p> <p>2.C.1.5 by terrorists, pirates, bandits or rioters;</p> <p>2.C.1.6 in order to avoid loss of or damage to the Entered Ship by any of the risks insured under Rule 2 Part A or Part B but only where and to the extent that the <u>Members Board Directors</u> in its their discretion determines that the loss should be recoverable from the Association.</p> <p>2.C.2 <i>PROVIDED ALWAYS THAT:</i></p> <p>2.C.2.1 a loss caused by strikers, locked-out workmen or persons taking part in labour disturbances, or as a result of strikes, lock-outs or labour disturbances, or in order to avoid loss of or damage to the Entered Ship by any of the said risks, shall not be insured under this Rule 2 Part C;</p> <p>2.C.2.2 there shall be no recovery under Rule 2 Part C if the Insured Owner intended to detain or divert the Entered Ship before the commencement of loading cargo or passengers for, or clearing in ballast on, the voyage during which the detention or diversion shall have occurred;</p> <p>2.C.2.3 in the case of Rule 2.C.1.2 the orders, prohibitions or directions were given after the commencement of the voyage.</p> <p>2.C.3 The sums recoverable from the Association in respect of a loss specified in Rule 2.C.1 shall be as set out in Rules 2.C.4 to 2.C.6.</p> <p>2.C.4 In the event of the detention or diversion of an Entered Ship in any of the cases referred to in Rule 2.C.1, the Insured Owner shall be entitled, subject to Rule 2.C.6, to recover:</p> <p>2.C.4.1 in the case of the detention of the Entered Ship, the daily running expenses of the Entered Ship during the period of the detention;</p> <p>2.C.4.2 in the case of the diversion of the Entered Ship, the net extra running expenses of the Entered Ship incurred by the Insured Owner in consequence of the diversion over and above those which would have been incurred but for the same.</p> |
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| | <p>2.C.4.3 <i>PROVIDED ALWAYS THAT:</i></p> <p>2.C.4.3.1 no sum shall be recoverable from the Association under Rule 2 Part C in respect of loss of profit or in respect of the amortization of the capital cost of the Entered Ship or in respect of the depreciation thereof, or in respect of any payments of principal or interest made under any mortgage or other financial arrangements concluded in connection with the Entered Ship;</p> <p>2.C.4.3.2 from each claim there shall be deducted a sum equivalent to seven days' daily running expenses of the Entered Ship or, in the case of a claim for net extra expenses only, a sum equivalent to the net extra expenses for seven days; and</p> <p>2.C.4.3.3 no expenses shall be recoverable under Rule 2 Part C to the extent that they have either been paid or are recoverable under Rule 2.A.3.</p> <p>2.C.4.3.4 In the event of the detention of an Entered Ship by any of the causes referred to in Rules 2.C.1.1, 2.C.1.3, 2.C.1.4 or 2.C.1.5 and lasting for a continuous period exceeding 90 days, the Insured Owner shall be entitled, subject to Rule 2.C.6, to recover from the Association in respect of such detention, in addition to any sums recoverable under Rule 2.C.4, a sum calculated at the rate of ten per cent per annum of the Insured Value of the Entered Ship as specified in the Certificate of Entry and applied pro rata to the whole of the detention.</p> <p>2.C.5 <i>PROVIDED ALWAYS THAT:</i></p> <p>2.C.5.1 unless the Members Board Directors in its their discretion otherwise determines, the Insured Owner shall give credit against the said amount for any claim paid or payable by the Association for damage received by the Entered Ship during such period;</p> <p>2.C.5.1 the Insured Owner shall give credit for any sum recoverable under Rule 2.A.3.3.</p> <p>2.C.6 The sums recoverable by an Insured Owner under Rules 2.C.4 and 2.C.5 shall be limited as follows:</p> <p>2.C.6.1 No sum shall be recoverable, in an Insured Owner's claim for detention of an Entered Ship, in respect of any period during which that ship is:</p> <p>2.C.6.1.1 delayed solely because a decision on the part of the Insured Owner, his servants or agents, is awaited on the disposal, repair or movement of the Entered Ship, or</p> <p>2.C.6.1.2 awaiting repairs or being repaired, irrespective of whether the need for such decision or repairs has been created by damage caused to the Entered Ship by any of the risks specified in Rule 2 Part B or otherwise howsoever.</p> |
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| | <p>2.C.6.2 If the Insured Owner shall have received any hire or other contractual reward payable on a time basis (whether under a demise or time charterparty or otherwise howsoever) for the period in respect of which a claim is made under Rule 2.C.4 and Rule 2.C.5, he shall give credit for such hire or other reward in making his claim under Rule 2.C.4.1 and 2.C.5 and if he shall have any right to receive such hire or other reward but shall not have received the same he shall assign his rights therein to the Association.</p> <p>2.C.6.3 Unless the Directors Members Board in its their discretion otherwise determines, no sum shall be recoverable from the Association in respect of any period after the Entered Ship has become or been accepted as an actual or constructive total loss (whether under the terms of a policy or contract against marine risks or under the cover specified in these Rules), or after the Association has accepted notice of abandonment or after the Association has notified the Insured Owner in writing, whether or not he has given any notice of abandonment, that the Association has decided to treat the Entered Ship as a constructive total loss.</p> |
| 2.D.8 | <p>Unless the Directors Members Board otherwise determines, it shall be a condition precedent of an Insured Owner's right of recovery from the Association in respect of each of the liabilities and expenses enumerated in Rule 2 Part D that the Insured Owner shall first have paid the same.</p> |
| 2.E.2 | <p>Extraordinary costs and expenses (not being the running expenses of the Entered Ship referred to in Rule 2.C.4 or the liabilities and expenses referred to in Appendix D paragraphs D.1 to D.12) reasonably incurred on or after the occurrence of any casualty, event or matter liable to give rise to a claim upon the Association and incurred solely for the purpose of avoiding or minimising any losses, liabilities, costs or expenses against which the Insured Owner is insured by the Association.</p> <p><i>PROVIDED ALWAYS THAT:</i></p> <p>unless the Directors Members Board in its their discretion shall otherwise determine, the following shall not be recoverable whether as sue and labour expenses or otherwise howsoever:</p> <p>2.E.2.1 any fines, penalties or other impositions such as are specified in Rule 4.E.4;</p> <p>2.E.2.2 any other sum of money paid in consideration of the release of an Entered Ship from any capture, seizure, arrest, detainment, confiscation or expropriation.</p> |
| 2.F.1 | <p>Losses, liabilities, costs and expenses not otherwise recoverable under these Rules which the Directors Members Board may decide to be within the scope of the Association. Claims under Rule 2 Part F shall be recoverable to such extent only as the Members Board Directors may determine.</p> |

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| 4.D.5 | <p>IMPRUDENT CONDUCT</p> <p>If any act or omission shall be committed on board or in connection with the Entered Ship which ought reasonably to be anticipated as being of such nature as to render the Entered Ship liable to any loss or damage, or to capture, seizure, arrest, restraint, detainment, confiscation or expropriation, and if such act or omission shall cause or in any way contribute to such loss or damage or to such capture, seizure, arrest, restraint, detainment, confiscation or expropriation, then the Association shall not be liable for the loss of, damage to or detention of the Entered Ship nor for any losses, liabilities, costs or expenses resulting therefrom.</p> <p><i>PROVIDED ALWAYS THAT:</i></p> <p>4.D.5.1 Rule 4.D.5 shall not apply if the relevant act or omission shall have been committed with the agreement of the Managers or if the Insured Owner shall prove that such act or omission occurred without the fault or privity of the Insured Owner or the managers of the Entered Ship; and</p> <p>4.D.5.2 the Directors <u>Members Board</u> may allow a claim either in whole or in part, which would otherwise be excluded by the provisions of Rule 4.D.5, if in all the circumstances the Directors <u>Members Board</u> shall in their <u>its</u> discretion see fit.</p> |
| 4.E.2.3 | <p>Unless otherwise agreed in writing between the Insured Owner and the Association or unless the Directors <u>Members Board</u> in its <u>their</u> sole discretion see <u>s</u> fit, the Insured Owner must at all times maintain the validity of all statutory certificates as are issued by or on behalf of the Ship's flag in relation to maritime security.</p> |
| 4.E.3.1 | <p>183 DAY RULE</p> <p>4.E.3.1 In the event of the detention of an Entered Ship which is caused by capture, seizure, arrest, restraint, detainment, confiscation or expropriation, no claim for an actual or constructive total loss shall arise before the expiry of a period of 183 days (or such shorter period as the <u>Members Board</u> Directors may in their <u>its</u> discretion decide) from the commencement of such detention.</p> |
| 4.E.4 | <p>FINES, PENALTIES ETC.</p> <p>The Association shall not be liable for any losses, liabilities, costs or expenses arising from capture, seizure, arrest, restraint, detainment, confiscation or expropriation or the consequences thereof where such capture, seizure, arrest, restraint, detainment, confiscation or expropriation is not the consequence of hostilities or warlike operations and has been made by or on behalf of any state or public authority on the ground of any alleged contravention of the laws of any state or in order to enforce or secure payment of a fine, penalty or other imposition in respect of such contravention.</p> |

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| | <p><i>PROVIDED ALWAYS THAT:</i></p> <p>the <u>Members Board Directors</u> may allow a claim, either in whole or in part, which would otherwise be excluded by the provisions of this Rule 4.E.4, if in all the circumstances the <u>Directors Members Board</u> shall in their <u>its</u> discretion see fit being of the opinion that the dominant motive of those detaining the Entered Ship is her capture, seizure, arrest, restraint, detainment, confiscation or expropriation.</p> |
| 4.E.10 | <p>PARTIAL INSURANCE</p> <p>4.E.10.1 For the purposes of Rule 2 Part A the insured value shall be the full Insured Value of the Entered Ship.</p> <p>4.E.10.2 For the purposes of Rule 2 Parts B, C, D and E and Rule 3 where only a part or a percentage of the insured value is insured by the Association, the Insured Owner shall be his own insurer in respect of the uninsured balance. Without prejudice to the generality of the foregoing, the Insured Owner shall, unless the entry of the ship has been accepted on special terms which otherwise provide or unless the <u>Members Board Directors</u> in their <u>its</u> discretion shall otherwise determine, only be entitled to recover from the Association such proportion of any claims arising under these Parts as the amount insured with the Association bears to the insured value.</p> |
| 4.E.11 | <p>OBLIGATION TO SUE AND LABOUR</p> <p>Upon the occurrence of any casualty, event or matter liable to give rise to a claim by an Insured Owner upon the Association, it shall be the duty of the Insured Owner and his agents to take and to continue to take all such steps as may be reasonable for the purpose of averting or minimising any expense or liability in respect whereof he may be insured by the Association. In the event that an Insured Owner commits any breach of this obligation, the <u>Directors Members Board</u> may in their <u>its</u> discretion reject any claim by the Insured Owner against the Association arising out of the casualty, event or matter, or reduce the sum payable by the Association in respect thereof by such amount as they may determine.</p> |
| 4.E.12 | <p>OBLIGATIONS WITH REGARD TO CLAIMS</p> <p>4.E.12.1 An Insured Owner must promptly notify the Managers of every casualty, event or claim upon him which is liable to give rise to a claim upon the Association, and of every event or matter which is liable to cause the Insured Owner to incur losses, liabilities, costs or expenses for which he may be insured by the Association.</p> <p>4.E.12.2 An Insured Owner must promptly notify the Managers of every survey or opportunity for survey in connection with a matter referred to in Rule 4.E.12.1.</p> <p>4.E.12.3 An Insured Owner must at all times promptly notify the Managers of</p> |

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| | <p>any information, documents or reports in his or his agents' possession, power or knowledge relevant to such casualty, event or matter as is referred to in Rule 4.E.12.1 and shall further, whenever so requested by the Managers, promptly produce to the Association and/or allow the Association or its agents to inspect, copy or photograph all relevant documents of whatsoever nature in his or his agents' possession or power and shall further permit the Association or its agents to interview any servant, agent or other person who may have been employed by the Insured Owner at the material time or at any time thereafter or whom the Association may consider likely to have any direct or indirect knowledge of the matter or who may have been under a duty at any time to report to the Insured Owner in connection therewith.</p> <p>4.E.12.4 An Insured Owner shall not settle or admit liability for any claim for which he may be insured by the Association without the prior written consent of the Managers.</p> <p>4.E.12.5 In the event that an Insured Owner commits any breach of his obligations referred to in Rules 4.E.12.1 to 4.E.12.4, the Directors <u>Members Board</u> may in its their discretion reject any claim by the Insured Owner against the Association arising out of the casualty, event or matter, or reduce the sum payable by the Association in respect thereof by such amount as they may determine.</p> <p>4.E.12.6 <i>PROVIDED ALWAYS THAT:</i></p> <p>in 4.E.12, unless and to the extent that the <u>Members Board Directors</u> in its their discretion otherwise decides, compliance with the provisions of this Rule shall be a condition precedent to an Insured Owner's right to recover from the funds of the Association.</p> |
| 4.E.14 | <p>TIME BAR</p> <p>In the event that:</p> <p>4.E.14.1 an Insured Owner fails to notify the Managers of any casualty, event or claim referred to in Rule 4.E.12 within one year after he has knowledge thereof; or</p> <p>4.E.14.2 an Insured Owner fails to submit a claim to the Managers for reimbursement of any losses, liabilities, costs or expenses within one year after discharging or settling the same;</p> <p>the Insured Owner's claim against the Association shall be discharged and the Association shall be under no further liability in respect thereof unless the <u>Members Board Directors</u> in its their discretion shall otherwise determine.</p> |
| 29.3.4 | <p>Additional Premiums</p> <p>If an Entered Ship shall proceed to or be or remain in any Additional Premium</p> |

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| | <p>Area the provisions of Rule 29 shall have effect.</p> <p>29.1 The Insured Owner shall pay to the Association an Additional Premium or Premiums as follows:</p> <p>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;</p> <p>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,</p> <p>as shall be agreed with the Managers.</p> <p>29.2 The Insured Owner shall continue to be insured while the Entered Ship proceeds to or is or remains within such area.</p> <p>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:</p> <p>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;</p> <p>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;</p> <p>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.</p> <p>29.3.4 <i>PROVIDED ALWAYS THAT:</i></p> <p>the <u>Members Board Directors</u> may in <u>their</u> its 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 <u>Members Board Directors</u> <u>does</u> not exercise <u>its</u> their discretion to allow recovery as aforesaid, the Association shall return to the Insured Owner any</p> |
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| | Additional Premium which may have been paid pursuant to Rule 29.1. |
| 35.3 | <p>Effects of Cesser and Cancellation of Insurance</p> <p>35.1 When an Insured Owner's insurance ceases under or by reason of the operation of any of these Rules other than Rule 34:</p> <p>35.1.1 such Insured Owner and his Successors shall be and remain liable for all Contributions, Additional Premiums, Premiums and any other sums whatsoever payable in respect of the Policy Year in which the insurance ceases, and in respect of previous Policy Years, unless and to the extent that Rule 37 is applicable and/or the Insured Owner's liability may have been otherwise agreed under Rule 38;</p> <p>35.1.2 subject to Rule 35.2 and to the other provisions of these Rules and to the terms of entry in the Association of the Entered Ship or Ships in respect of which insurance has ceased, the Association shall remain liable in respect of such Entered Ship or (as the case may be) Ships for all claims under these Rules arising out of any event which has occurred prior to the time of cessation of the insurance, but shall not otherwise be under any liability whatsoever by reason of anything occurring after such time.</p> <p>35.2 When an Insured Owner's insurance is cancelled in accordance with Rule 34 (which time is hereinafter in Rule 35 referred to as "the date of cancellation"):</p> <p>35.2.1 such Insured Owner and his Successors shall be and remain liable for all Contributions, Additional Premiums, Premiums and other sums payable in respect of the Policy Year in which the date of cancellation occurs pro rata only for the period up to the date of cancellation or such earlier date as the Managers in their discretion decide and stipulate in writing, and in respect of previous Policy Years;</p> <p>35.2.2 the Association shall with effect from the date of cancellation cease to be liable for any claims of whatsoever kind under these Rules in respect of any and all ships entered in the Association by or on behalf of such Insured Owner irrespective of whether:</p> <p>35.2.2.1 such claims have occurred or arisen or may arise by reason of any event which has occurred at any time prior to the date of cancellation, including during previous Policy Years;</p> <p>35.2.2.2 such claims arise by reason of any event occurring after the date of cancellation;</p> <p>35.2.2.3 the Association may have admitted liability for or appointed lawyers, surveyors or any other person to deal with such claims;</p> <p>35.2.2.4 the Association at the date of, or prior to the date of, cancellation knew that such claims might or would arise, and as from the date of</p> |

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| | <p>cancellation any liability of the Association for such claims shall terminate retrospectively and the Association shall be under no liability to such Insured Owner for any such claims or on any account whatsoever.</p> <p>35.3 <i>PROVIDED ALWAYS THAT:</i></p> <p>the Members Board Directors may in its their discretion and upon such terms as they it thinks fit, including but not restricted to terms as to payment of Contributions, Additional Premiums, Premiums or other sums, agree to pay either in whole or in part any claim in respect of any ship entered by an Insured Owner for which the Association is under no liability by virtue of Rule 35, whether such claim has arisen before or arises after the date of cessation or the date of cancellation, as the case may be, or remit wholly or partly any payment of Contributions, Additional Premiums, Premiums or other sums paid or payable to the Association.</p> |
| 44 | <p>Meetings of the Directors</p> <p>44.1 The Directors shall meet as often as they may consider necessary for the settlement of claims which shall be paid by the Association as the Directors may determine in accordance with these Rules and the Directors shall have power from time to time to authorise the Managers, without prior reference to the Directors, to effect payment of claims of such types and up to such sums as the Directors may determine. No Director shall act as such in the settlement of any claim in which he is interested.</p> <p>44.2 Wherever any discretion or power is granted to the Directors <u>or the Members Board (as the case may be)</u> under these Rules, and notwithstanding any provision in these Rules or the Articles to the contrary, the Directors <u>or the Members Board (as the case may be)</u> shall in exercising any such discretion or power with respect to any matter in any way affecting insurance against Queen's Enemy Risks or the recovery of any claim in respect thereof have regard to or take into account or act in accordance with the views or wishes or requirements of the Secretary of State and the Association may by agreement with the Secretary of State bind the Directors <u>or the Members Board (as the case may be)</u> not to exercise such discretions or powers without the consent of the Secretary of State and in such circumstances the discretions and powers shall not be exercised by the Directors <u>or the Members Board (as the case may be)</u> without such consent.</p> <p>44.3 Representatives of the Secretary of State shall be entitled to attend all meetings of Directors <u>or the Members Board (as the case may be)</u> at which and to the extent that any matter relating to the insurance of Queen's Enemy Risks is considered.</p> |
| B.2.5 | <p>Claims for salvage, salvage charges and general average, when recoverable hereunder, are payable in full if the Entered Ship liable to contribution is insured under Rule 2 for her full contributory value. If the Entered Ship is not</p> |

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| | <p>insured under Rule 2 for her full contributory value or if only a part or percentage thereof is insured, the sum recoverable from the Association shall be reduced in proportion to the under insurance.</p> <p><i>PROVIDED ALWAYS THAT:</i></p> <p>the Directors <u>Members Board</u> shall have the power to admit a claim without reduction, or to direct that it shall only be reduced to some lesser extent, if the Directors <u>Members Board</u> in its <u>their</u> discretion shall see fit.</p> |
| C.3.5 | <p>Claims for salvage, salvage charges and general average, when recoverable hereunder, are payable in full if the Sum Insured in respect of freight is not less than the full contributory value of such freight. If the Sum Insured is less than the full contributory value of such freight, the sum recoverable from the Association shall be reduced in proportion to the under insurance.</p> <p><i>PROVIDED ALWAYS THAT:</i></p> <p>the Directors <u>Members Board</u> shall have the power to admit a claim without reduction, or to direct that it shall only be reduced to some lesser extent, if the Directors <u>Members Board</u> in its <u>their</u> discretion shall see fit.</p> |
| D.4.2 | <p>Payments made to dependants of members of the crew of an Entered Ship who are detained in circumstances which the Directors <u>Members Board</u> in its <u>their</u> discretion considers would have given rise to a claim under Rules 2.C.1.1 or 2.C.1.3 had the Entered Ship been detained. The amount recoverable shall be assessed by the Directors <u>Members Board</u> whose decision shall in all respects be final.</p> |
| D.13 | <p>LEGAL COSTS</p> <p>Legal costs and other similar charges which the Insured Owner may incur in respect of, or in avoiding or attempting to avoid, any liability or expenditure against which he is insured by Rule 2 Part D and/or paragraphs D.1 to D.11, provided that such costs have been incurred with the written consent of the Managers, or the Members Board <u>Directors</u> determines that such costs or expenses were reasonably incurred.</p> |

Appendix H

Details of Proposed Independent Director

Name

Mr Alexander McKay Lynch

Address

11 Tantallon Avenue, Levan Meadows, Gourrock, Scotland, PA19 1HA

Date of birth

6 October 1949

Nationality

British

Honours

MBE

Professional Qualifications

ACMA, CGMA, MCILT

Current Position

Retired since 30 April 2012

Previous Directorships

- Finance Director, David MacBrayne Limited & Subsidiary Companies, 2006 – 2012
- Non executive Director & Audit Committee Member/Chairman, Marine Shipping Mutual Insurance Company Limited, 2002 – 2011
- Finance Director, Caledonian MacBrayne Limited, 2002 – 2006
- Finance Director & Deputy Managing Director, ScotRail Railways Limited, 1995 - 2000