

AMENDMENTS FOR 2017/2018 TO THE RULES OF THE PROTECTING & INDEMNITY CLASS OF THE NORTH OF ENGLAND PROTECTING AND INDEMNITY ASSOCIATION LTD

Explanatory notes have been provided for the proposed changes and consequential renumbering and any cross referencing which will also be required. In the proposed new Rules, new wording is in **bold** and existing wording to be deleted is shown as [.....]. To assist in understanding amendments, however, in the case of rules which have been substantially amended, redrafted, or restructured, all of the replacement Rule is shown in **bold**.

At Appendix A there is a list of other amendments which the Managers intend to make to the Rules which deal with matters such as the format of the Rules book, typographical errors or inconsistencies in form or format, inaccurate or redundant cross-referencing, etc. The amendments set out in Appendix A do not impact upon the scope or terms of cover provided under the Rules.

• **RULE 19(2) LIABILITIES IN RESPECT OF SUPERNUMERARIES**

NB: The current wording of this rule ties the scope of cover for liabilities incurred in respect of supernumeraries to the cover provided in respect of crew. The range of liabilities covered in respect of crew has extended over the years (most recently, for example, in respect of MLC obligations/liabilities). There is therefore a danger that the current cover for supernumeraries “as if such persons were Seamen” wording might give scope for argument that supernumerary cover has also been extended. The proposed amendment makes it clear that supernumerary cover does not extend beyond indemnity for fortuitous liabilities incurred by a Member.

OLD RULE

RULE 19 (2)

Liabilities, costs and expenses in respect of Supernumeraries carried on an Entered Ship as if such persons were Seamen and covered under Rule 19(1).

NEW RULE

RULE 19 (2)

[Liabilities, costs and expenses in respect of Supernumeraries carried on an Entered Ship as if such persons were Seamen and covered under Rule 19(1).]

Liabilities to pay damages or compensation for death, personal injury or illness and loss of or damage to the personal effects of any supernumerary carried on board an Entered Ship.

- **RULE 19(9) QUARANTINE EXPENSES**

NB: These amendments are being made to bring North's Rule in line with those of the majority of other clubs. The amendments make it clear that for the Rule to respond, there must have been an outbreak of an infectious disease on board the vessel itself. The amendments further make it clear that in situations where Members have agreed to trade to a port in the knowledge that there is a likelihood that the call may result in quarantine of the vessel, there shall only be cover in the discretion of the Members Board.

OLD RULE

RULE 19(9)

Additional expenses unavoidably incurred by a Member as a direct consequence of an outbreak of infectious disease for disinfection of an Entered Ship or the cargo or persons on board such Ship or in respect of quarantine and the net loss to the Member (over and above such expenses as would have been incurred but for the outbreak) in respect of fuel, insurance, Seamen's wages, stores, provisions and port charges.

NEW RULE

RULE 19(9)

Additional expenses unavoidably incurred by a Member as a direct consequence of an outbreak of infectious disease **on an Entered Ship** for disinfection of [an Entered] such Ship or the cargo or persons on board such Ship or in respect of quarantine and the net loss to the Member (over and above such expenses as would have been incurred but for the outbreak) in respect of fuel, insurance, Seamen's wages, stores, provisions and port charges.

PROVIDED ALWAYS THAT in Rule 19(9), in the case of an Entered Ship which is not already under contract being ordered or chartered to proceed to port where it is known or should be reasonably anticipated that such Ship will, as a result, be subject to quarantine there or elsewhere, unless and to the extent that the Members Board in its discretion otherwise decides, there shall be no recovery of expenses arising at or consequent upon the Ship having been at such port.

.....

• RULE 28 EXCLUSION OF CERTAIN RISKS RELATING TO SPECIALIST OPERATIONS

NB: This amendment is to bring North's Rules in line with the Pooling Agreement wording.

OLD RULE

RULE 28

Unless otherwise agreed by the Managers in writing there shall be no recovery from the Association in respect of any claim relating to:

.....

28(2) DRILLING AND PRODUCTION OPERATIONS

(a) Liabilities, costs and expenses incurred in respect of an Entered Ship carrying out drilling or production operations in connection with oil or gas exploration or production, including any accommodation unit moored or positioned on site as an integral part of any such operations, to the extent that such liabilities, costs or expenses arise out of or during drilling or production operations.

(b) For the purposes of Rule 28(2):

(i) an Entered Ship shall be deemed to be carrying out production operations if (inter alia) it is a storage tanker or other vessel engaged in the storage of oil, and either:

(ia) the oil is transferred directly from a producing well to the storage vessel; or

(ib) the storage vessel has oil and gas separation equipment on board and gas is being separated from oil whilst on board the storage vessel other than by natural venting; and

(ii) in respect of any Entered Ship employed to carry out production operations in connection with oil or gas production, the exclusion shall

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(ia) the oil is transferred directly from a producing well to the storage vessel; or

(ib) the storage vessel has oil and gas separation equipment on board and gas is being separated from oil whilst on board the storage vessel other than by natural venting; and

(ii) in respect of any Entered Ship employed to carry out production operations in connection with oil or gas production, the exclusion shall apply [:(ia)] from the time that a connection,

apply:

(iia) from the time that a connection, whether directly or indirectly, has been established between the Entered Ship and the well until such time that the Entered Ship has been disconnected from the well as part of a planned procedure to leave the site for the purpose of navigation to shore or to another production site; or

(iib) where the Entered Ship is unintentionally, as well as intentionally as an emergency response, disconnected from the well; or

(iic) where the Entered Ship remains connected to the well, but the production is shut down, whether or not as an emergency response.

whether directly or indirectly, has been established between the Entered Ship and the well **pursuant to a contract under which the vessel is employed** until such time that the Entered Ship **is finally disconnected from the well in accordance with that contract** [has been disconnected from the well as part of a planned procedure to leave the site for the purpose of navigation to shore or to another production site; or].

[(iib) where the Entered Ship is unintentionally, as well as intentionally as an emergency response, disconnected from the well; or]

[(iic) where the Entered Ship remains connected to the well, but the production is shut down, whether or not as an emergency response.]

.....

- RULE – POWERS OF THE MANAGERS RELATING TO THE HANDLING AND SETTLEMENT OF CLAIMS**

NB: This amendment is to mirror the Managers' existing powers to require Members to co-operate in the conduct of secured claims, and to bring North's Rules into line with those of a number of other clubs (which contain express subrogation provisions and other terms to assist in the pursuit and enforcement of rights of indemnity) following reimbursement or settlement of Members' liabilities. Further, the fact that the Members' attention can be drawn to express provisions in the Rules which formally confirm the Associations' powers and the Members' obligations in this respect will strengthen the Managers' position in insisting that rights of indemnity are pursued to the mutual benefit of all Members. The new powers will be inserted as Rule 34(3), with the current Rules 34(3), 34(4) and 34(5) (and any cross-references to these in other Rules) being renumbered as required.

OLD RULE

N/A

NEW RULE

RULE 34(3)

Where the Association makes a payment to or discharges a liability of an Insured Party and the Insured Party has rights against a third party, whether by way of a claim for contribution, indemnity or otherwise, arising out of a claim or matter in respect of which the Association has made such payment or discharged such liability, the Association shall be subrogated to the rights of the Insured Party in respect of the claim or matter to the extent of that payment or discharge, including the right to any interest accruing and the right to recover any costs incurred in relation to the exercise of such rights. Further, the Insured Party agrees to provide or execute any documents required to allow the Association to enforce such rights. All such recoveries, including interest and recovered costs, are to be paid to the Association, provided that if any such recovery exceeds the amounts paid or discharged by the Association, the balance shall be paid to the Member.

APPENDIX A

1. Rule 19(12)(A) – the wording “see Rule 19(16)” will be amended to “subject to Rule 19(16)” to clarify the extent of the exclusion for contractual liabilities.
2. Rule 19(20)(B) – there is a typographical error: “(B)” will be amended to “(b)”.
3. Following the adoption of the York Antwerp Rules 2016, a Pooling Agreement update in respect of the reference to the York Antwerp Rules 1994 contained in Rule 19(13)(b) is anticipated. North’s Rules will be amended to reflect the Pooling Agreement wording.
4. Amendments to the STOPIA and TOPIA Agreements will come into effect on 20 February 2017. The amendments concern the operation and review of the Agreements themselves and do not impact upon cover provided in relation to them. The Pooling Agreement will refer to the amended versions of STOPIA and TOPIA and accordingly and Rule 19(13) and Rule 31(1) will therefore be amended. All IG clubs will make corresponding amendments.
5. Rule 6(1) will be amended to reflect the fact that the Insurance Act 2015 has now come into force, rather than being anticipated.