



JANUARY 03, 2019

CIRCULAR NO. 01/19

TO MEMBERS OF THE ASSOCIATION

Dear Member:

CHANGES TO THE RULES OF THE ASSOCIATION FOR THE 2019 POLICY YEAR

Please note that your Board has approved the following changes to the Club's Rules to take effect from February 20, 2019. They have been informed for the most part by certain changes to the Pooling Agreement between International Group clubs.

The changes are set out in the order in which current Rules appear in the Rule Book.

Class I – Protection and Indemnity Insurance

Losses Excluded (Class I, Rule 3, Section 2)

A revised wording of Sub-Section 9 will apply, as below, the updated list of excluded liabilities being set out in blue text:

Specialist Operations

9 Any liabilities, costs and expenses incurred by the Member during the course of performing dredging, blasting, pile-driving, well-intervention, cable or pipe-laying, construction, installation or maintenance work, core sampling, depositing of spoil, power generation to the extent that such liabilities, costs and expenses arise as a consequence of:

- a claims brought by any party for whose benefit the work has been performed, or by any third party (whether connected with any party for whose benefit the work has been performed or not), in respect of the specialist nature of the operations; or**
- b the failure to perform such specialist operations by the Member or the fitness for the purpose or quality of the Member's work, products or services; or**
- c any loss or damage to the contract work.**

Provided always that this exclusion shall not apply to liabilities, costs and expenses incurred by the Member in respect of:

- loss of life, injury or illness of crew and other personnel on board the insured vessel; or**

- *the wreck removal of the insured vessel; or*
- *oil pollution emanating from the insured vessel or the threat thereof,*

but only to the extent that such liabilities, costs and expenses are covered under Sections 1 through 20 of Rule 2 of these Rules of Class I.

A revised wording of Sub-Section 11 will also apply, the amendments highlighted below, by way of deletion of the expiring language in red text, being made in consequence of more substantive changes to Sub-Section 16 described later in this Circular.

Drilling and/or Production Operations

11 *Liabilities, costs and expenses incurred in respect of a drilling vessel or barge or any other vessel or barge employed to carry 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.*

A revised wording of Sub-Section 16 will also apply, as follows, the changes being shown by way of the deletion of the expiring language in red text, and new wording in blue text:

Non-Marine Personnel

16 *Liabilities, costs and expenses incurred by a Member in respect of any of the following:*

a *personnel (other than seamen) on board the insured vessel (being an accommodation vessel) employed otherwise than by the Member, ~~where there has not been a contractual allocation of risks as between the Member and the employer of the personnel which has previously been approved by the Managers in writing:~~*

unless

i *such insured vessel is moored or anchored more than 500 meters from any oil or gas production or exploration facility*

and

ii *there has been a contractual allocation of risks as between the Member and the employer of the personnel which has been approved by the Managers in writing;*

b *hotel and restaurant guests and other visitors and catering staff of the insured vessel when the insured vessel is moored (otherwise than on a temporary basis) and is open to the public as a hotel, restaurant, bar or other place of entertainment.*



Class II: Freight, Demurrage and Defense Insurance

The amendments set out above will also be formally incorporated into, and form an integral part of, the Rules of Class II to the extent that they are consistent with the subject and context of the said Rules of Class II.

Class III: Insurance for Charterers' Risks

The amendments set out above will also be formally incorporated into, and form an integral part of, the Rules of Class III to the extent that they are consistent with the subject and context of the said Rules of Class III.

It is hoped that the foregoing changes are clear, but if any Member requires any further explanation or comment, the Managers will be pleased to respond.

Yours faithfully,


Joseph E. M. Hughes, Chairman & CEO
Shipowners Claims Bureau, Inc., Managers for
THE AMERICAN CLUB