



JANUARY 16, 2018

CIRCULAR NO. 04/18

TO MEMBERS OF THE ASSOCIATION

Dear Member:

**CHANGES TO THE RULES OF THE ASSOCIATION FOR THE 2018 POLICY YEAR**

Please note that your Board has approved the following changes to the Club's Rules to take effect from February 20, 2018.

They derive from a continuing review of the language of the existing Rules and a desire to maintain good housekeeping in the interests of the clarity and efficacy of the terms on which Members are insured by the Club. They have also been informed 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**

**Members, Joint Members, Affiliates and Co-Assureds (Class I, Rule 1, Section 3)**

A revised wording of Sub-Section 8 will apply, the changes being highlighted below.

***Cover for Co-assureds and Affiliates***

**8** ***Notwithstanding the provisions of Rule 1.4.31 below, the cover afforded to a Co-assured who is a time or voyage charterer of an insured vessel and who is affiliated to or associated with a Member (other than a Co-assured expressly given cover by the Association in accordance with Rule 1.3.10) shall extend only to the risks, liabilities, losses, costs and expenses in respect of which that Member has cover, and is limited as follows to \$350,000,000.***

~~*to the lesser of either (a) the sum to which such Member shall be deemed to be entitled to limit his liability under Rule 1.4.30 plus an additional \$50,000,000, or (b) \$350,000,000; but if his liability is in respect of oil pollution, recovery shall be limited to \$100,000,000.*~~

***Provided that where a vessel is separately insured for charterers' risks by more than one time charterer with the Association or any other association which participates in the International Group of P&I Clubs' Pooling Agreement and Excess Reinsurance Policies, the aggregate recovery in respect of all claims for oil pollution liability following any one occurrence brought against all time charterers of such insured vessel and/or against the Association and/or against any other association shall be limited to \$350,000,000. The liability of the Association in respect of such claims shall be limited to that proportion of \$350,000,000 that each claim recoverable from the Association bears to the***



**aggregate of the claims recoverable against the Association and such other associations.**

This reflects the current wording of the Pooling Agreement in regard to cover for affiliated charterers.

### **Risks and Losses Covered - Loss of life, injury and illness (Class I, Rule 2, Section 1)**

In order to reflect a change to the Pooling Agreement for 2018 in regard to cover for passengers on shore excursions, the wording of proviso c to Sub-Section D.3 will be amended to read as follows:

**PROVIDED that:**

**c There shall be no recovery from the Association under a contract in respect to passengers on the insured vessel ~~of the contractual liability of a Member to a passenger~~ while on an excursion from the insured vessel in circumstances where either ~~a separate~~ that contract has been separately entered into by the passenger for the excursion whether or not with the Member, or the Member has waived any or all of ~~the its~~ Member's rights of recourse against any sub-contractor or other third party in respect of the excursion.**

### **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**