

**To all Members of Class 3
Protection and Indemnity**

NOTICE IS HEREBY GIVEN that a Separate General Meeting of the Members of Class 3 – Protection and Indemnity, of the Association will be held at Regis House, 45 King William Street, London EC4R 9AN on Tuesday, 14 January 2020 at 11.15 a.m. for the purpose of considering and, if thought fit, passing the following ORDINARY RESOLUTION:

"That, the Rules of Class 3, Protection and Indemnity of the Association (the "Class 3 Rules"), be amended with effect from noon GMT on 20 February 2020 as set out in the Annexure" .

The Annexure is attached to this Notice.

By order of the Board.

J A Young
Secretary

18 December 2019

Note: A Member of Class 3 – Protection and Indemnity entitled to attend and vote may appoint a proxy to attend and vote in their stead. Such proxy must be a Member of the Association or the duly authorised representative of a body corporate which is a Member.

Annexure - Draft Class 3 (P&I) Rule Changes for the 2020/21 Policy Year

12/19

Proposed Class 3 (P&I) Rule Changes are set out below.

The proposed changes are set out below with additional wording underlined. The words ~~struck through~~ are to be removed from the text of the existing Rules.

Rule 2 DEFINITIONS

Amend Rule 2 as follows:

Call Rate In relation to any Entered Ship, the rate per ton of the Entered Tonnage at which ~~Advance-Calls~~ an Estimated Total Call ~~are~~ is payable to the Association in accordance with Rule 11(1).

Contribution An ~~Advance, Deferred~~ Estimated Total Call, Exceptional or Overspill Call or Fixed Premium levied by the Association pursuant to Rule 7 and Rule 11.

EXPLANATION: These amendments are to reflect the fact that premium will in future be based on an Estimated Total Call, rather than an Advance and Deferred Call.

Convention Limit The limit of liability of the owner of an Entered Ship for Claims (other than claims for loss of life or personal injury) determined in accordance with Article 6.1 (b) of the International Convention on Limitation of Liability for Maritime Claims 1976 (but applying 334 SDRs to each ton up to 500 tons) and converted from Special

Drawing Rights into United States Dollars at the rate of exchange conclusively certified by the Association as being the rate prevailing on the Overspill Claim Date. Any Entered Ship shall be deemed to be a seagoing ship to which the Convention applies, notwithstanding any provision in the Convention to the contrary; but if a tonnage less than the Full Tonnage of the Ship was entered in the Association, the Convention Limit shall be the proportion of the limit of liability, determined and converted as aforesaid which the Entered Tonnage bears to the Full Tonnage of the Ship.

EXPLANATION: This amendment is made in order to bring the definition into line with the Pooling Agreement, the revision having been made to ensure that ships of less than 500 tons do not contribute disproportionately to overspill claims.

Ship

In the context of a ship entered or proposed to be entered in this Class of the Association, any ship, boat, hydrofoil, hovercraft or other description of vessel whether completed or under construction (including a lighter, barge or similar vessel howsoever propelled but excluding (a) a unit or vessel constructed or adapted for the purpose of carrying out drilling operations in connection with oil or gas exploration or production, ~~and~~ (b) a fixed platform or fixed rig and (c) a wing-in-ground craft) used or intended to be used for any purpose whatsoever in navigation or otherwise on, under, over or in water or any part of such ship or any proportion of the tonnage thereof or any share therein.

EXPLANATION: This amendment is made in order to bring the definition into line with the Pooling Agreement.

RULE 10**CONTRIBUTION BY WAY OF CALLS**

Amend Rule 10(2) as follows:

The said Calls shall be levied by means of ~~Advance, Deferred and~~ Estimated Total Call, Exceptional and Overspill Calls in accordance with the provisions of Rule 11.

EXPLANATION: This amendment is to reflect the fact that premium will in future be based on an Estimated Total Call, rather than an Advance and Deferred Call.

RULE 11**CALLS**

Amend Rule 11(1) as follows:

Estimated Total Call**~~Advance Calls~~ 11(1)(A)**

Before the start of a Policy Year the Association shall levy upon Members an Estimated Total Call calculated at ~~Board shall decide the percentage by which there is to be a general change in the Call Rates of all Members which are to be levied~~ upon their Ships (subject to any special terms upon which such Ships may be entered) ~~and which are to be paid by way of an Advance Call in respect of such Policy Year.~~

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

EXPLANATION: These amendments are to reflect the fact that Members' contributions will no longer be based on the concept of the "general increase" and that premium will in future be based on an Estimated Total Call, rather than an Advance and Deferred Call.

Amend Rule 11(2) as follows:

Deferred Calls~~11(2)(A)~~

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

(B)

~~The Board may~~ if at any time ~~after the end of a Policy Year (but not after such Policy Year has been closed~~ before the closure in accordance with Rule 37(1)) of any Policy Year ~~direct that the Deferred Call or a proportion of the Deferred Call shall be paid by each Member. All Deferred Calls so made shall be calculated pro rata to the Advance Call (less any returns of Call) in the relevant Policy Year~~ the Board determines that the whole of the Estimated Total Call (together with any transfers from reserves made for the credit of or in respect of such Policy Year) is not required for the purposes set out in Rule 10:

- (i) it may declare a discount of such percentage of the Estimated Total Call as it may decide; and

- (ii) the liability of the Member to pay the Estimated Total Call under Rule 11(1)(A) shall be reduced accordingly.

Amend Rule 11(3) as follows:

Exceptional Calls 11(3)

~~In addition to any Deferred Call~~ The Board may at any time or times during or after the end of each Policy Year (but not after such Policy Year has been closed in accordance with Rule 37(1)) direct that an Exceptional Call shall be paid by each Member in respect of Ships entered for such Policy Year of such amount as the Board may think fit. All Exceptional Calls so made shall be calculated pro rata to the Estimated Total Call, ~~being the aggregate of the Advance Call~~ (less any returns of Call) ~~and the Deferred Call~~, in the relevant Policy Year.

RULE 12 PAYMENT

Amend Rule 12(1) as follows:

Instalments 12(1)

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

Amend Rule 12(2) as follows:

Notification 12(2)

As soon as reasonably practicable after the amount of any Estimated Total Call or the rate of any ~~Advance, Deferred,~~ Exceptional or Overspill

Call shall have been fixed the Managers shall notify each Member concerned:

(A) Of such rates.

(B) Of the date on which the Call concerned is payable or, if such Call is payable by instalments, of the amounts of such instalments and the respective dates on which they are payable.

(C) Of the amount payable by such Member in respect of each Ship entered by him.

RULE 14

RELEASE

Amend Rule 14(1) as follows:

14(1) ...

The Managers may release a Member from liability from further contribution to one or more of ~~either Deferred Calls made under Rule 11(2) the Estimated Total Call, and Exceptional Calls made under Rule 11(3) or and Overspill Calls made under Rule 11(4), or in respect of both Deferred the Estimated Total Call and Exceptional and Overspill Calls.~~

Amend Rule 14(2) as follows:

14(2) As from the date of the release of an Entered Ship under Rule 14(1) in respect of ~~either Deferred and~~ the Estimated Total Call, Exceptional Calls or Overspill Calls ~~or both Deferred and Exceptional and Overspill Calls~~ as the case may be the Member shall be under no further liability to contribute to the corresponding Calls in respect of that Ship under Rule 10 nor shall he have any right to share in any return of

Contributions or other receipts under either Rule 37(3) or Rule 39(2) or both as the case may be in respect of that Ship.

EXPLANATION: These amendments are to reflect the fact that premium will in future be based on an Estimated Total Call, rather than an Advance and Deferred Call.

RULE 19 RISKS COVERED

Amend Rule 19(4)(iii)(b) as follows:

Liabilities in respect of illness or injury or death of third parties

(iii) there shall be no recovery under this Rule 19(4):

...

(b) in respect of personnel (other than those employed for marine purposes) on board the Entered Ship (being an accommodation Ship) employed by someone other than the Member ~~unless~~ where either:

(i) such Ship is moored or anchored ~~more than~~ within 500 metres ~~from~~ of any oil or gas production or exploration facility; ~~and~~ or

(ii) there has not been a contractual allocation of risks as between the Member and the employer of the said personnel which has been approved by the Association (see Rule 19(15));

EXPLANATION: This amendment is to reflect that cover is available for non-marine personnel onboard accommodation vessels that are not moored or anchored, whether or not those vessels are within 500 metres of an oil or gas platform or rig, and to bring the Rule into line with the revised wording of the Pooling Agreement.

Amend Rule 19(18)(B) as follows:

Unrecoverable (B)

General Average

Contribution

The cost to the Member of that proportion of general average expenditure (including salvage) and special charges which should be paid by cargo or by some other party to the maritime adventure, but which are not so paid after the exhaustion of all legal remedies against such parties solely by reason of a breach of the contract of carriage. Subject always to provisos (i), (ii), (iii) and (viii) of Rule 19(17) insofar as they are capable of application.

EXPLANATION: This amendment is to clarify that only legal remedies against the parties to the maritime adventure, and not other parties, must be exhausted before recovery can be made under the Rule.

RULE 36

CONTRIBUTIONS DUE ON CESSER OF INSURANCE

Amend Rule 36(1) as follows:

36(1) Subject to his liability being otherwise agreed or assessed under Rule 14 (release), a Member whose Entered Ship or Ships cease to be insured by the Association for any reason, shall be and remain liable to pay to the Association all Contributions in respect of such Ship or Ships for all Policy Years which have not been closed under Rules 37(1) (~~Deferred and~~ Exceptional Calls) and 37(2) (Overspill Calls) as at the date of such cesser, including the Policy Year in which the insurance

ceases which, under Rule 10 (Contribution), such Member would have been liable to pay had the insurance of such Ship or Ships not ceased.

RULE 37 CLOSING OF POLICY YEARS

Amend Rule 37(1) as follows:

~~Deferred and~~

Exceptional Calls 37(1)

The Board shall, at such time as it may deem expedient after the end of a Policy Year, declare that such Policy Year shall be closed in respect of ~~Deferred and~~ Exceptional Calls made under Rules ~~11(2) and~~ 11(3).

Amend Rule 37(3) as follows:

Disposal of

excess funds 37(3)

If prior to closing any Policy Year the Contributions and other receipts (including transfers from reserves and provisions) in respect of such Policy Year shall exceed the claims, expenses, losses and other outgoings (whether incurred, accrued or anticipated) falling upon the Association for that year together with all transfers to reserves and provisions made out of the Contributions paid in respect of such Policy Year, then the excess may be disposed of either:

- (i) by being put to General Reserve in accordance with the provisions of Rule 39(1); and/or

- (ii) the Board may order it to be returned in whole or in part to the Members who paid such Contributions in proportion to their respective Contributions, save that no return shall be made in respect of any Ship which has been subject to a release under Rule 14 or which was entered on special terms which specifically excluded liability to contribute to ~~Deferred and~~ Exceptional Calls, or the entry of which ceased by reason of the application of Rule 33(1) (cesser for non-payment).

RULE 39

RESERVES

Amend Rule 39(1) as follows:

General Reserve 39(1)

The Board may set aside at any time to General Reserve such sums from the proceeds of ~~any Advance, Deferred~~ the Estimated Total Call or Exceptional Call in respect of any Policy Year as it thinks fit. Such General Reserve may be used by the Board at any time:

- (i) so as to provide in whole or in part for any claims, expenses, losses or other outgoings of the Association (whether incurred, accrued or anticipated) and including, but not limited to, any deficiency which has occurred or may occur in respect of any Closed Policy Year or so as to eliminate or reduce any Call in respect of any Policy Year past, present or future; or
- (ii) to make a distribution to Members of such amount and in such manner as it thinks fit.

EXPLANATION: These amendments are to reflect the fact that premium will in future be based on an Estimated Total Call, rather than an Advance and Deferred Call.