

**To all Members of Class 6  
Freight, Demurrage & Defence**

NOTICE IS HEREBY GIVEN that a Separate General Meeting of the Members of Class 6 – Freight, Demurrage & Defence 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 6, Freight, Demurrage & Defence of the Association (the "Class 6 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 6 – 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 6 (FD&D) Rule Changes for the 2020/2021 Policy Year

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12/19

Proposed Class 6 (FD&D) Rule Changes are set out below.

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

Amend Rule 2 as follows:

### Rule 2                      DEFINITIONS

**Call Rate**                      In relation to any Entered Ship, the rate 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 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.

**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~~ an Estimated Total Call or Exceptional 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) 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, or~~ Exceptional 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 or Exceptional 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.

**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 13                      RELEASE**

Amend Rule 13(1) as follows:

**Rule 13(1)**

...

The Managers may release a Member from liability from further contribution to either or both of the Estimated Total Call or Exceptional Calls made under Rule 11(3).

**EXPLANATION:** The purpose of this amendment is to bring the FDD Rule in line with the corresponding P&I Rule (Rule 14(1)).

**RULE 18 EXTENT OF COVER**

Amend Rule 18(9) as follows:

**Rule 18(9)**

**~~Insurance claims~~**

Claims in respect of amounts due from or to

**Insurers and brokers**

(i) underwriters, brokers and any other persons conducting the business of marine insurance;

(ii) shipbrokers.

**EXPLANATION:** This amendment is to reflect that cover is available in respect of claims by or against brokers.

**RULE 37 CLOSING OF POLICY YEARS**

Amend Rule 37(2) as follows:

**Disposal of**

**excess funds 37(2)**

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; 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 13 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 as follows:

The Board may establish and maintain such reserve funds or other accounts for such contingencies or purposes as it in its discretion thinks fit.

In particular:

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.