

**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 [via Zoom, details available on request] on Tuesday, 12 January 2021 at 1330 GMT 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 2021 as set out in the Annexure" .

The Annexure is attached to this Notice.

By order of the Board.

J A Young
Secretary

15 December 2020

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.

MANAGERS:

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Registered in England and Wales No.10340
Authorised by the Prudential Regulation Authority
Regulated by the Financial Conduct Authority and the Prudential Regulation Authority

Annexure - Class 3 (P&I) Rule Changes for the 2021/2022 Policy Year

01/21

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 though~~ are to be removed from the text of the existing Rules.

Amend Rule 13 as follows:

RULE 13 LAID-UP RETURNS

Subject to any terms and conditions which may have been agreed in accordance with the provisions of Rule 6(5), if an Entered Ship shall be laid-up in any safe port or place for a period of thirty or more consecutive days after finally mooring there (such period being computed from the day on which ~~it~~ ~~she~~ finally moored to the day of departure, one day only being excluded), and the said Entered Ship shall be completely free of cargo, the Member shall be allowed a return of Calls payable in respect of such Ship for the said period, such return being calculated at a rate of not more than 50% on a pro rata daily basis. If during such period the Ship is also without crew the return shall be as aforesaid but at a rate of not more than 95%. The return of Calls referred to herein shall be calculated after the deduction of such amount for reinsurance, liabilities of the Association under the Pooling Agreement and administrative expenses as the Managers may from time to time determine. No return of Calls shall be made by the Association unless the Managers receive written notification within three months of the end of the period in respect of which the returns are claimed.

Provided always that:

- (i) the Managers shall determine whether the port or place is a safe port or place for the purposes of this Rule; and
- (ii) there shall be no return of Calls in respect of Overspill Calls.

EXPLANATION: This amendment is made in order to modernise the wording used in reference to a ship.

RULE 19 RISKS COVERED

Amend Rule 19(4) as follows:

19(4) Liabilities in respect of illness or injury or death of third parties

Compensation and damages for which the Member is liable which are payable by reason of the illness or death of, or injury to, any person, other than a Seaman or Passenger, and the diversion expenses specified in Rule 19(6) associated with the said illness, death or injury.

Provided always that:

(i) cover under this Rule 19(4) is limited to liabilities, costs and expenses arising out of a negligent act or omission on board or in relation to the operation of the Entered Ship, or in relation to the handling of ~~its~~ ~~her~~ cargo from the time of receipt of that cargo at the port of shipment until delivery of that cargo at the port of discharge; and

(ii) the Member shall take all appropriate steps permitted by law to recover such liabilities, costs and expenses from any other person or insurer concerned with such third party; and

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

(a) unless the Managers have (except in the case of a relative of a Seaman) approved of the presence of the third party to travel on board the Entered Ship and the terms and conditions on which he is carried and the Member had paid or agreed to pay such additional Call or premium as may be required by the Association;

or

(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 where either:

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

(c) in respect of hotel, restaurant, bar or other guests or visitors on board the Entered Ship when moored (other than on a temporary basis) and open to the public as a hotel, restaurant, bar or other place of entertainment.

EXPLANATION: This amendment is made in order to modernise the wording used in reference to a ship.

Amend Rule 19(19) as follows:

19(19) Fines

Fines or other penalties, together with costs and expenses incidental thereto, imposed in respect of the Entered Ship by any court, tribunal, or authority of competent jurisdiction, upon a Member or upon any Seaman or person whom the Member may be legally liable to reimburse (other than under the terms of a contract or indemnity, unless and only to the extent such terms have been previously approved by the Managers) or reasonably reimburses with the approval of the Managers, for:

Cargo (A) Short or over delivery of cargo or failure to comply with regulations relating to declaration of goods or to documentation of the cargo (other than fines or penalties arising from the smuggling of goods or cargo or any attempt thereat), subject always to the Member having cover for his responsibilities in respect of cargo under Rule 19(17).

~~**Customs laws (B)** Smuggling or any infringement of any customs law or regulation, other than in relation to cargo carried on the Entered Ship.~~

Immigration laws (C) Breach of any immigration law or regulation.

Pollution (D) The accidental escape or discharge of oil or any other substance subject always to:

(i) the Member having cover for his liabilities together with the costs and expenses incidental thereto, in respect of such accidental escape or discharge under Rule 19(12); and

(ii) any overall limit of liability in respect of such escape or discharge contained in the Certificate of Entry.

Other faults (E) Any other act, neglect or default of a Seaman or other servant or agent of the Member in the course of their duties in respect of the Entered Ship and which, in the discretion of the Board (or, in the case of claims not exceeding USD 2 million, the Committee), comes within the scope of the cover afforded by the Association.

PROVIDED ALWAYS THAT:

There shall be no recovery from the Association of a fine or other penalty (nor of the costs and expenses relating thereto):

(i) imposed for the overloading of an Entered Ship; or

(ii) imposed for illegal fishing (including the costs and expenses incurred in defending any allegation of illegal fishing); or

(iii) imposed for the infringement of regulations relating to safe navigation (including the maintenance of proper charts), unless the Board (or, in the case of claims not exceeding USD 2 million, the Committee) is satisfied that the Member had taken all reasonable steps to prevent the infringement which gave rise to the fine or other penalty; or

(iv) imposed for a criminal activity which the Member had knowledge of, recklessly disregarded, or failed to take reasonable steps to prevent; or

(v) imposed for an infringement of MARPOL regulations where the ship's oily water separator or similar pollution prevention device has been bypassed or rendered inoperable.

(vi) involving the confiscation of an Entered ship by reason of the infringement of any customs law or customs regulation unless the Board (or, in the case of claims not exceeding USD 2 million, the Committee) in its discretion authorises the recovery, in whole or in part, by the Member of his loss arising by reason of such confiscation.

The Board (or, in the case of claims not exceeding USD 2 million, the Committee) in exercising its discretion under proviso (vi) above shall take account of the following:

- (a) the amount recoverable from the Association shall in no circumstances exceed the market value (without commitment) of the Entered Ship at the date of the confiscation;
- (b) the Member shall satisfy the Board (or, in the case of claims not exceeding USD 2 million, the Committee) that he took all reasonable steps to prevent the infringement which gave rise to the confiscation;
- (c) the Board (or, in the case of claims not exceeding USD 2 million, the Committee) will only consider authorising such a recovery after the Member has been deprived of his interest in the Entered Ship

EXPLANATION: This amendment is to bring the Rule into line with the revised wording of the Pooling Agreement.

RULE 21 EXCLUSION OF CERTAIN SPECIALIST RISKS

Amend Rule 21(3) as follows:

There shall be no recovery from the Association in respect of any claim relating to liabilities, costs and expenses of an Entered Ship which is: ...

Drilling 21(3) Used for drilling, core sampling, or production operations in connection with oil or gas exploration or production when the claim arises out of or during such operations. In
and

Production Operations respect of any Entered Ship employed to carry out production operations in connection with oil or gas production, the exclusion shall apply from the time that a connection, whether directly or indirectly, has been established between the Entered Ship and the well pursuant to a contract under which the Entered Ship is employed, until such time that the Entered Ship is finally disconnected from the well in accordance with that contract.

EXPLANATION: This amendment is to bring the Rule into line with the revised wording of the Pooling Agreement.

RULE 27 LIMITATION OF LIABILITY

Amend Rule 27(1) as follows:

General 27(1) Subject to these Rules and to any special terms and conditions upon which a Ship may be entered, the Association insures the liability of a Member in respect of an Entered Ship as this liability may ultimately be determined and fixed by law, including any laws pertaining to limitation of liability. The Association shall in no circumstances be liable for any sum in excess of such legal liability. If the Ship is entered for less than its ~~her~~ Full Tonnage the liability of the Association shall be limited to the proportion that the Entered Tonnage bears to the Full Tonnage.

EXPLANATION: This amendment is made in order to modernise the wording used in reference to a ship.

RULE 34 CESSER OF SHIP ENTRY

Amend Rule 34(4) as follows:

Ship 34(4) If the Ship shall be missing for ten days from the date it ~~she~~ was last heard of or from **Missing** it ~~her~~ being posted at Lloyd's as missing, whichever shall be the earlier.

EXPLANATION: This amendment is made in order to modernise the wording used in reference to a ship.