



Steamship
Mutual

Rules 2024



- i Unless sub-paragraph ii of this Rule applies to the Member's entry, there shall be no recovery from the Club in respect of a Member's liabilities, costs or expenses (irrespective of whether a contributory cause of the same being incurred was any neglect on the part of the Member or on the part of the Member's servants or agents) when the incident in respect of which such liability arises, or such costs or expenses are incurred, was caused by:
- a war, civil war, revolution, rebellion, insurrection or civil strife arising therefrom, or any hostile act by or against a belligerent power or any act of terrorism;
 - b capture, seizure, arrest, restraint or detention (barratry or piracy excepted) and the consequences thereof or any attempt thereat;
 - c mines, torpedoes, bombs, rockets, shells, explosives or other similar weapons of war, save for those liabilities, costs or expenses which arise solely by reason of:
- (i) the transport of any such weapons whether on board the entered ship or not, or
- (ii) the use of any such weapons either as a result of Government order or through compliance with a written direction given by the Managers or Directors where the reason for such use was the avoidance or mitigation of liabilities, costs or expenses which would otherwise fall within the cover of the Club.

In the event of any dispute as to whether or not any act constitutes an act of terrorism, the decision of the Directors shall be final.

Provided always that:

- (i) Notwithstanding the exclusions of cover in Rules 20 and 21, the Club shall discharge and pay on behalf of the Owner liabilities, costs and expenses pursuant to a demand made under
- (a) a guarantee or other undertaking given by the Club to the Federal Maritime Commission under Section 2 of US Public Law 89-777; or
 - (b) a certificate issued by the Club in compliance with Article VII of the International Conventions on Civil Liability for Oil Pollution Damage 1969 and 1992 or any amendments thereof; or
 - (c) an undertaking given by the Club to the International Oil Compensation Fund 1992 in connection with the Small Tanker Oil Pollution Indemnification Agreement (STOPIA) or, except where such liabilities, costs and expenses arise from or are caused by an act of terrorism, the Tanker Oil Pollution Indemnification Agreement (TOPIA); including any addendum to, or variation or replacement of such Agreements, or
 - (d) a certificate issued by the Club in accordance with Article 7 of the International Convention on Civil Liability for Bunker Oil Pollution Damage, 2001; or
 - (e) a guarantee, undertaking or certificate issued by the Club in accordance with, or pursuant to, any other law, regulation or international convention coming into force during the current Policy Year;
 - (f) a Certificate issued by the Club in respect of liabilities for outstanding wages and repatriation expenses in accordance with Regulation 2.5.2, Standard A.2.5.2 and Guideline B.2.5 and compensating a seafarer for death or long term disability in accordance with Regulation 4.2, Standard A.4.2.1

and Guideline B.4.2 of the Maritime Labour Convention 2006, as amended, ("MLC 2006"), or equivalent statutory provisions implementing MLC 2006, when cover has not been specifically extended under Rule 21 ii.

(g) A certificate issued by the Club in compliance with Article 12 of the Nairobi International Convention on the Removal of Wrecks, 2007

(ii) Where any such guarantee, undertaking or certificate is provided by the Club on behalf of the Owner as guarantor or otherwise, the Owner agrees that:

(a) any payment by the Club under any guarantee, undertaking or certificate referred to in proviso (i) (a), (b), (c), (d), (e), (f) and (g) above in discharge of the said liabilities, costs and expenses shall, to the extent of any amount recovered under any other policy of insurance or extension to the cover provided by the Association, be by way of loan; and

(b) there shall be assigned to the Club, to the extent and on the terms that the Managers determine in their discretion to be practicable, all the rights of the Owner under any such other insurance and against any third party; and

(c) unless the Managers shall otherwise determine, the Owner shall indemnify the Club to the extent that any payment under any guarantee, undertaking or certificate referred to in proviso (i) (a), (b), (c), (d), (e), (f) or (g) above in discharge of the said liabilities, costs and expenses is or would have been recoverable under a standard P&I war risk policy of insurance, had the Owner complied with all the terms and conditions thereof, under which the vessel shall be deemed to be insured without deductible for its full value.

ii When cover has been specifically extended in writing by the Managers to cover War Risks and/or Bio-Chem Risks in the terms of this Rule 21 ii and the Member has paid, or agreed to pay the additional premium as may be required by the Managers then:

a in the case of War Risks the Member shall be covered in respect of such liabilities as would be covered under these Rules but for the exclusion of War Risks in Rule 21 i subject to the terms and conditions of subparagraph iii of this Rule 21; and

b in the case of Bio-Chem risks subject to the terms and conditions of subparagraph iv of this Rule 21;

and in each case subject to any additional terms and conditions set out in the Certificate of Entry, and claims being recoverable only to the extent provided therein.

War Risks

iii Cover under Rule 21 ii:

a May be cancelled on seven days' notice given by the Directors, expiring at 24.00 hours GMT on the seventh day, from 24.00 GMT on the day during which notice is given;

subject to the agreement of the Directors, in their absolute discretion, to reinstate cover at any time after the issuance of such notice on such revised terms as are agreed with the Member.

b Shall terminate automatically on:

- (i) The outbreak of war, (irrespective of whether declared or not) between any of the following: the United Kingdom, the United States of America, France, the Russian Federation and the People's Republic of China; or
- (ii) Requisition of the Entered Ship whether for title or for use.

c Excludes the following areas:

In addition to any areas excluded under the terms of entry, at any time during the currency of this insurance, the Managers may in their absolute discretion exclude any geographical location as defined by them from cover under Rule **21 ii**.

Where such exclusion is made, the Managers:

(i) shall notify the Members having insurance under Rule **21 ii** and as from 24.00 hours GMT on the seventh day after such notice is given, excluding the day during which notice is given, there shall be no cover in respect of any claim consequent on events occurring at, or within, the excluded location, unless the Directors in their absolute discretion so determine; and

(ii) may reinstate cover in respect of such excluded area at any time in their absolute discretion.

d Excludes the following risks:

In addition to the exclusions from cover elsewhere under these Rules,

(i) Liabilities, costs and expenses consequent upon:

(a) The outbreak of war (irrespective of whether declared or not) between any of the following:

the United Kingdom, the United States of America, France, the Russian Federation, and the People's Republic of China;

(b) Requisition of the Entered Ship whether for title or for use;

(ii) In no case shall this insurance cover loss, damage, liability or expense directly or indirectly caused or contributed to by or arising from:

(a) any chemical, biological, bio-chemical or electromagnetic weapon;

(b) the use or operation, as a means of inflicting harm, of any computer virus; and

(c) Rule **21 iii d (ii) (b)** shall not operate to exclude losses (which would otherwise be covered under these Rules) arising from the use of any computer, computer system or computer software program or any other electronic system in the launch and/or guidance system and/or firing mechanism of any weapon or missile.

Provided always that to the extent not excluded by this rule any loss otherwise covered by this insurance will not be prejudiced by the involvement of the use or operation of any computer, computer system, computer software programme or any other electronic system.

e Shall be limited to the following extent and subject to the following limit of liability:

(i) The Club's liability under Rule 21 ii shall be excess of either:

(a) the "proper value" of the Entered Ship as defined in Rule 25 v b (i) and the Note thereto (which, for the purpose of Rule 21 ii only, shall be deemed not to exceed US\$500 million); or

(b) the amount recoverable in respect of the claim under any other policy of insurance, whether in respect of War Risks or otherwise;

whichever shall be the greater.

Provided always that in relation to this Rule 21 iii e (i)

(a) such excess shall not apply where the entry of the ship is solely in the name or on behalf of a Charterer other than a Charterer by Demise or Bareboat Charterer, and

(b) the Directors may authorise the payment, in whole or in part, of any claim which falls within such excess, in their absolute discretion.

(ii) The limit of the Club's liability under this Rule 21 ii shall be the lesser of such sum as is agreed by the Managers in writing and appears in the Certificate of Entry, or, in the absence of any such amount, US\$500 million in aggregate per occurrence, inclusive of interest and costs. Where a series of events occurs which are temporally and/or geographically proximate, the Directors may in their absolute discretion determine that such events and any liabilities, costs and expenses arising out of them amount to a single occurrence for the purposes of this Rule.

f When either a Demise, Time, Voyage, Space or Slot Charterer and/or the Owner of the Entered Ship are separately insured for losses, liabilities, or the costs and expenses incidental thereto covered under Rule 21 ii and/or the equivalent cover of any other Association which participates in the Pooling Agreement and General Excess Loss Reinsurance Contract, the aggregate recovery in respect of such losses, liabilities, or the costs and expenses incidental thereto covered under such entries shall be limited to the amount set out in the Certificate of Entry in respect of the Owner's entry of the ship, any one incident or occurrence. If such claims exceed this limit, the liability of the Club in respect of each Certificate of Entry shall be limited to such proportion of that limit as the claims recoverable from the Club under that Certificate of Entry bear to the aggregate of all such claims recoverable from the Club and from such other Association(s), if any.

g Cover for acts of terrorism as defined in the US Terrorism Risk Insurance Act of 2002 (TRIA) is included hereunder, subject to the conditions set out above, the estimated cost of this element of coverage being US0.0025 cents per entered gross ton.

h The Club shall not provide insurance hereunder for any losses, liabilities, costs or expenses if the provision of such insurance would create a liability for the Member under the Tanker Oil Pollution Indemnification Agreement 2006, or any addendum to, or variation or replacement thereof, to contribute to the IOPC Supplementary Fund.

- i Cover hereunder excludes liabilities, costs and expenses to the extent that the payment of any claim or the provision of any benefit in respect of those liabilities, costs and expenses would expose the Club and/or their reinsurers hereunder to any sanction, prohibition or restriction under United Nations Resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.



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