

January 2021

CIRCULAR TO ALL MEMBERS

Skuld 2021 P&I Rules and Statutes – Amendments for 2021/22 policy year

All amendments to Skuld 2021 P&I Rules (“Rules”) and Skuld Statutes are listed below.

Skuld Statutes and Rules will appear as two different publications on our website.

Changes to the Rules were approved by the Board of Directors of Assuranceforeningen Skuld (Gjensidig) at its Meeting in November 2020.

New text appears in red and deletions are struck through.

SKULD RULES

4.6 LAY-UP RETURNS

4.6.1 ~~Subject to any special terms which may have been agreed by the Association,~~ ~~W~~ when the entered vessel is laid up ~~at in~~ a safe port or place approved by the Association, without cargo and without crew (other than for maintenance and security) ~~on board~~ for a minimum of 30 consecutive days ~~or more~~, the member shall be entitled ~~(subject to any special terms which may have been agreed)~~ to a pro rata reduction or return of premiums (other than overspill calls) in respect of the laid-up period, in such proportion as the Association considers appropriate.⁵

4.6.2 Such a claim for lay-up returns shall be recoverable from the Association providing that;

- i. ~~the member has informed the Association of the lay-up without undue delay, but not more than a maximum of 14 days from the first day of lay-up.~~
- ii. the member submits the claim for lay-up returns no later than three months after the last day of lay-up.

provided that written notice of the lay-up is given to the Association no later than three months after the end of lay-up.

4.6.~~32~~ If the lay-up period continues into a new policy year, notice shall be given to the Association within 14 days of the start of the new policy year.

Comment: *to clarify conditions on return of premium for a period of lay-up. This amendment also brings Skuld’s Rules in line with the approach adopted by other clubs.*

5. CARGO

5.2 EXCEPTIONS

However the standard insurance shall not cover liabilities, costs and expenses arising out of any of the following,

5.2.11. deviation or departure from the contractually agreed voyage or adventure which deprives the member of the right to rely on defences or rights of limitation which would otherwise be available, **unless and to the extent that the Association in its discretion otherwise decides, or cover has been confirmed in writing by the Association prior to the deviation.**

Comment: *to clarify cases when Skuld may agree to cover deviation.*

11. STOWAWAYS, DIVERSION AND RELATED COSTS

11.1 Cover

11.1.2 for **extra or additional** fuel, insurance, wages, stores, provisions and port charges in diverting the vessel for the purpose of,

- a) obtaining necessary medical treatment for an injured or ill person on board the vessel,
- b) embarking a necessary substitute for a crew member who is injured, ill or deceased,
- c) landing stowaways, refugees or persons saved at sea, or d) assisting in the search for or rescue of persons in distress at sea.

Comment: *to clarify that Skuld would only cover extra or additional costs described in Rule 11.1.2 when incurred in relation to stowaways or persons rescued at sea.*

12. COLLISION AND CONTACT LIABILITY

12.1 COVER The standard insurance shall cover the member's liability,

12.1.1 only if and to the extent that such liability exceeds the sum recoverable under the vessel's hull policies solely by reason of the fact that the liability exceeds the valuation of the vessel in those policies and

- a) arising out of a collision between the entered vessel and another vessel, or
- b) arising out of a contact between the entered vessel and a fixed or moveable object, ~~and only if and to the extent that such liability exceeds the sum recoverable under the vessel's hull policies solely by reason of the fact that the liability exceeds the valuation of the vessel in those policies,~~ and

Comment: *editorial changes to remove duplicate wording in the Rule.*

15. WRECK REMOVAL

15.1. COVER

The standard insurance shall cover liability and costs arising out of the raising, removal, destruction or marking of the wreck of the entered vessel or its equipment, bunkers or cargo lost as a result of a casualty, insofar as the raising and other operations are compulsory by law or necessary to avoid or remove a hazard or obstruction to navigation or the costs are legally recoverable from the member under a contract approved by the Association. **For the purpose of this rule, 'casualty' means collision, stranding, explosion, fire or similar fortuitous event, but excludes any wreck caused by dereliction.**

The standard insurance shall also cover the member's liability and costs of the raising, removal, destruction or marking of the wreck of any other vessel as far as the raising and other operations are compulsory by law.

Comment: This amendment is done to (i) provide a clear definition of casualty in the context of wreck removal and (ii) clarify that Skuld would also cover mandatory costs for the removal of wreck from other vessel.

19. FINES

19.1 COVER The standard insurance shall cover the member's liability for fines or other penalties imposed,

19.1.1 for breach of any immigration law or regulation,

19.1.2 for short delivery or over-delivery of cargo, or failure to comply with regulations concerning the declaration of goods on board, or documentation of cargo, provided the member is insured for cargo liability under Rule 5, (other than fines or penalties arising from the smuggling of goods or cargo or any attempt thereat),

19.1.3 in respect of the accidental escape or discharge of oil or other polluting substance or threat thereof, provided the member is insured for pollution liability under Rule 14, and

~~19.1.4 for smuggling or any infringement of any customs law or customs regulation other than in relation to cargo carried on the entered vessel.~~

Comment: This amendment reflects a change in the pooling agreement which removes reference to fines imposed for smuggling or for infringement of customs law or regulations. Such fines may be eligible for cover on a discretionary basis in accordance with Rule 19.4.

30. EXCLUSIONS

30.1.1 which the Association excludes under Rule 35.1.64 and 35.2.6 (exclusion of cover following a surveyor audit),

Comment: editorial changes to reflect changes done to Rule 35.

30.3 EXCLUDED OPERATIONS

The insurance shall not cover, except under Rule 27 (Defence), liabilities, costs and expenses 30.3.3 which arise during the course of specialist operations (as defined in Appendix 1) as a consequence of:

c) loss of or damage to the contract work, except that this exclusion shall not apply to loss of life, injury of crew and other personnel on board the vessel, the wreck removal of the vessel, or oil pollution or threat thereof from the vessel insofar as covered under the Rules.

Comment: to reflect wording in the Pooling Agreement.

Rule 35. SURVEYS AND AUDITS

35.1 SURVEYS AND AUDITS

35.1.1 The Association may, in its absolute discretion, conduct a survey of the condition, manning, operation or management of ~~an the entered~~ or prospective vessel ~~at any time,~~ or a management audit of a member or prospective member at any time.

35.1.2 Such survey or audit shall be performed by a surveyor approved by the Association or person it deems suitable to perform such survey or audit.

35.1.3 The owner shall

- provide such facilities as may be required for such a survey or audit, and
- comply with any recommendations made by the Association following a survey or audit

35.1.24 Any such survey or audit shall be carried out for the sole benefit of the Association.

35.1.35 Any such survey or audit shall initially be carried out at the Association's expense.

35.1.46 ~~However~~ If the survey or audit demonstrates that the condition of the vessel or standards of manning, operation or management of the member are such that ~~the vessel is unseaworthy or~~ risk covered by the Association is altered,

- the Association shall be entitled to exclude any risk which the Association considers appropriate, in its absolute discretion, ~~appropriate to exclude in the light of survey~~ until the condition, manning, operation or and management of the vessel are confirmed by the Association to be acceptable, and
- the member shall indemnify the Association in respect of the expense of the survey or audit.

35.1.57 Where a vessel is entered subject to a survey, the Association shall be entitled to refuse to cover the member in respect of any event occurring prior to the survey, except insofar as the member can prove that liability, loss, expense or costs would have been incurred in any event and would have been covered by the Association, had such a survey taken place.

35.1.68 The member hereby authorises the Association to obtain all available information and documentation

- relating to the maintenance of class of the vessel and in the possession of the classification society with which the vessel is or has been classed, and
- relating to the issue of certificates under the ISM Code and in the possession of the administration of the vessel's flag state or an organisation recognised by the flag state for the purposes of the ISM Code.

35.1.79 The member or prospective member

- consents to and authorises the disclosure by the Association to any other insurer which participates in the Pooling Agreement any survey of a vessel undertaken on behalf of the Association either pursuant to an application for, or after entry in, the Association, and
- waives any rights or claims against the Association or its Managers of whatsoever nature arising in respect of or relating to the contents or opinions expressed in any survey so disclosed.

Provided always that

- i. such survey may only be disclosed to another insurer which participates in the Pooling Agreement when an application for an entry of such vessel is made thereto, and
- ii. the disclosure of the survey shall be for the limited purpose only of that insurer considering an application to enter such vessel for insurance.

35.2 SURVEY OF VESSEL FOLLOWING LAY-UP

35.2.1 Where an entered vessel has been laid-up for a period of six months or more, regardless whether any part of that period precedes the vessel's entry in the Association and whether or not the Member has sought lay-up returns in accordance with Rule 4.6, the Member shall give the Association not less than fourteen days notice prior to the end of the lay-up period in order to allow the Association at their absolute discretion to survey the vessel pursuant to this Rule.

35.2.2 Such survey shall be performed by a surveyor approved by the Association or person it deems suitable to perform such survey.

35.2.3 The owner shall

- a. provide such facilities as may be required for such a survey, and
- b. comply with any recommendations made by the Association following the survey

35.2.4 Any such survey shall be carried out for the sole benefit of the Association.

35.2.5 Any such survey shall initially be carried out at the Association's expense.

35.2.6 If the survey demonstrates that the condition of the vessel or standards of manning, operation or management of the member are such that the risk covered by the Association is altered,

- a. the Association shall be entitled to exclude any risk which the Association considers appropriate, in its absolute discretion, until the condition, manning, operation or management are confirmed by the Association to be acceptable, and
- b. the member shall indemnify the Association in respect of the expense of the survey.

Comment: *The survey rule has been amended to: (i) explicitly confirm that performance of management audits are done on the same terms as surveys; (ii) specify rights and obligations of Skuld and Member when performing audits and surveys and (iii) allow Skuld to conduct a survey following the end of the lay-up period. The latter also brings the Rule in line with the approach adopted by other clubs.*

45. JOINT MEMBERS, CO-ASSUREDS, AFFILIATES AND FLEET ENTRIES

45.10 The liability of co-assured and the member to each other shall not be excluded nor discharged by reason of co-assurance. Any payment to the member in respect of any liabilities, losses, costs and expenses shall operate only as satisfaction but not exclusion or discharge of the liability of such person to the member.'

Comment: *to reflect changes in the Pooling Agreement.*

SKULD STATUTES

There are no changes to Skuld Statutes in 2021.

