



Circular

January 2022

CIRCULAR TO ALL MEMBERS

Skuld 2022 P&I Rules and Statutes – Amendments for 2022/23 policy year

All amendments to Skuld 2022 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 2021. Changes to Statutes were approved at the Annual General Meeting of Assuranceforeningen Skuld (Gjensidig) in September 2021.

New text appears **in red** and deletions are ~~struck through~~.

SKULD P&I RULES

2. TERMS OF COVER

2.1 CONDITIONS OF COVER

The terms of entry and cover provided by the Association to the member are subject to the Statutes, these Rules and any special conditions agreed between the member and the Association. Provided always that it is not intended that any third party other than those referred to in Rules 1.2 or permitted assign has any right under this Contract.

If, in the opinion of the Association, there is a substantial change of risk, as a result of new legislation or for any other reason, the Association may make such amendments to the Rules as the situation may require, giving at least two months’ notice in writing on Skuld’s website of the amendment.

Comments: This change will allow Skuld to introduce amendments to Rules in the middle of the policy year in case of a special need. All amendments will be approved by the Board and published with 2 months’ notice on Skuld’s website.

3. CESSATION OF COVER AND TERMINATION

3.1 CESSATION OF COVER



Unless the Association agrees otherwise, the insurance cover shall cease immediately where,

3.1.8. the vessel having been engaged or engaging in any activity whatsoever that may expose the Association to the risk of being or becoming subject to any applicable sanction, prohibition, or adverse action in any form whatsoever by any State, international organisation or competent authority. The cessation of cover will take effect from the date of the commencement of the aforementioned activity and without notice.

Comments: This change will allow Skuld to terminate the policy immediately where the vessel's activity may expose Skuld to sanctions. This amendment also aligns our Rules with those of other Clubs in the International Group.

3.3 Termination by the Association

3.3.2 The Association may also terminate the entry of any or all vessels entered by the member or on behalf of more than one member,

- e) notwithstanding and without prejudice to Rule 3.1.8, on such notice in writing as the Association may decide, where, in the opinion of the Association, the Member has exposed or may expose the Association to the risk of being or becoming subject to a sanction, prohibition, restriction or other adverse action by a state or international organisation or competent authority.

Comments: We refer to change in Rule 3.1.8 above. This amendment will protect the right of termination and cessation as alternatives to each other where Skuld may be exposed to sanctions.

6. EXTRA CARGO HANDLING COSTS

6.1 COVER

The standard insurance shall cover the member's extra costs, and liability for extra costs, in connection with or as a consequence of handling and/or disposing of cargo, where such costs are necessarily, reasonably and solely incurred, as a direct result of,

6.1.1 damage to cargo on board the entered vessel,

6.1.2 damage to the vessel which is of a type that would be covered under a standard hull policy, or

6.1.3 the consignee's rejection of cargo carried on board the vessel.

Comments: This amendment reflects our current practice of covering extra costs for disposing of cargo.

9.2 EXCEPTIONS

However, the standard insurance shall not cover liabilities, costs and expenses which

9.2.1 result from any of the matters referred to in Rules 7.2.1 to 7.2.4, or



9.2.2 arise in respect of personnel (other than marine crew) on board the vessel (~~being an accommodation vessel~~) employed otherwise than by the member, where ~~either~~

(i) such vessel is ~~moored or anchored within 500 meters~~ **providing accommodation to such personnel in relation to their employment on or about** an oil or gas production or exploration facility ~~or~~ **unless a contractual allocation of such risk has been approved by the Association**

~~(i) there has not been a contractual allocation of risks between the member and the employer of the personnel which has been approved by the Association.~~

~~(ii) —~~

9.2.3 hotel and restaurant guests and other visitors and catering crew of the vessel when the vessel is moored (otherwise than on temporary basis) and is open to the public as a hotel, restaurant, bar or other place of entertainment.

Comments: This amendment reflects changes to the Pooling Agreement. It removes the 500-metre exclusion, allowing Skuld to rely solely on an acceptable contractual division of liability on terms no less favourable to the member than Knock for Knock.

11. STOWAWAYS, DIVERSION AND RELATED COSTS

11.1 COVER The standard insurance shall cover the member's extra net costs (in excess of those which would have been incurred but for the presence on board or the diversion) necessarily, reasonably and solely incurred,

11.1.1 as a result of the presence on board the vessel of stowaways, refugees or persons saved at sea provided that the member is legally liable for such costs or they are incurred with the approval of the Association, or

11.1.2 for extra or additional fuel, insurance ~~wages~~, **crew overtime and bonuses**, 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.

Comments: This amendment clarifies our current practice in cases of vessels' diversion to compensate for overtime payment and bonuses to crew only.

27. DEFENCE COVER

27.1 Cover

The Association shall cover the member's reasonable costs for necessary legal assistance in relation to disputes which are directly connected with the operation of the entered vessel and which are in respect of any of the following:-

27.1.16 conversion, alteration, building, ~~purchase~~, **or** mortgaging ~~or sale~~ of the vessel (subject to Rules 27.2.8 and 27.4).



27.1.17 contracts for the ~~purchase or sale of the vessel~~ sale of the entered vessel or purchase of a vessel, provided that the purchased vessel has been entered in the Association for Defence cover at the latest on signing the relevant contracts (subject to Rule 27.4)

27.2 Exceptions

However, the Association shall be under no liability to reimburse members for costs:

27.2.7 where the vessel is not entered with the Association

1. at the time the cause of action arises, and
2. in the case of disputes arising out of the alteration, building, ~~purchase or mortgage or~~ sale of the vessel, at the time the relevant contract is entered into,

27.2.8 where the dispute arises under Rule 27.1.16 (the conversion, alteration, building, ~~purchase, or mortgage or sale~~ of the vessel) unless cover has been separately agreed in writing,

27.4 Limitation

Cover under this Rule is limited to USD 5 million per dispute, except for disputes arising under Rule 27.1.16 (alteration, conversion, building, ~~purchase, or mortgage or sale~~ of the vessel) and Rule 27.1.17 (purchase or sale of the vessel) where the limit shall be USD 300,000 per dispute unless a different limit is agreed. Any policy limit shall apply to the total amount of any claim, inclusive of the deductible.

Comments: This amendment expands our FDD terms by including sale & purchase disputes in the standard cover. It also aligns our FDD cover with the market conditions.

35.2 Survey of vessel following lay-up

35.2.7 Where a vessel is subject to a survey following lay-up, there shall be no cover 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.

Comments: This amendment clarifies that there is no cover to a vessel prior to survey following lay-up has been conducted.

37. TIME LIMITS

Notwithstanding Rule 36.2.1, the member shall lose any right to compensation unless the member gives notice to the Association of any event which may give rise to a claim on the Association within six months of the member becoming aware of it.

Comments: This amendment clarifies the member's obligation to notify Skuld of claim within the agreed time period.

39. WAIVER AND RECOVERY



39.6

39.6.1 Where the Association has issued any guarantee, undertaking or certificate as referred to in Rules 30.4.1(a) and 38 or other bail or security by which it undertakes to directly meet or guarantee any relevant liabilities, (together the “Direct Liabilities”); and

39.6.2 Where claims in respect of Direct Liabilities alone or in combination with other claims may in the sole opinion of the Association exceed any limit(s) on the cover provided by the Association as set out in the Rules or in the Certificate of Entry;

the Association may in its absolute discretion defer payment of any such other claims or any part thereof until the Direct Liabilities, or such parts of the Direct Liabilities as the Association may in its absolute discretion decide, have been discharged.

To the extent that any claims or liabilities (including any Direct Liabilities) discharged by the Association exceed the said limit(s) any payment by the Association in respect thereof shall be by way of loan and the Member shall indemnify the Association promptly upon demand in respect of such payment and shall assign to the Association to the extent and on the terms that the Association determines in its discretion to be practicable all the rights of the Member under any other insurance and against any third party.

Comments: This new rule introduces a mechanism to allow Skuld, at its discretion, to prioritise certified claims (made under blue cards issued by Skuld, e.g. CLC, Bunkers Convention, Wreck Removal Convention, Reg 4.2 of MLC) and payments under guarantees or securities issued by Skuld over uncertified claims.

Appendix I

Sub-Sea activities

The operation by the member of submarines, mini-submarines, diving bells, **or remotely operated underwater vehicles**, or the activities of professional or commercial divers where the member is responsible for such activities (other than activities arising out of salvage operations being conducted by an entered vessel where the divers form part of the crew of that entered vessel (or of diving bells or other similar equipment or craft operating from the entered vessel) and where the member is responsible for the activities of such divers).

Comments: This amendment aligns our Rules with the changes to Pooling Agreement by adding ROVs to sub-sea activities definition.

Appendix II

3. Contractor’s co-assurance

3.1 The Association may agree to extend the cover afforded to the member to a coassured named in the Certificate of Entry who is a person (a “contractor”) who has entered into a contract (a “knock for knock” contract as customarily used in the offshore activity) with the member for the provision of services to or by the vessel, and any of the contractor’s affiliates, other contractors and co-licensees and ~~its and~~ **any person in the contractor’s group** ~~their sub-contractors~~ and any of their personnel, provided that the contract has been approved by the Association and the contract is on terms no less favourable to the insured owner than that each party shall be responsible for loss of or damage to, or injury or death of, its own property and



personnel and property and personnel of its affiliates and other contractors (and in the case of offshore operators, co-licensees) and **all persons in the contractor's group** ~~their sub-contractors, and/or liability arising out of the ownership or operation of its own property,~~ irrespective of any fault or neglect of that party or its affiliates, contractors or co-licensees or ~~its or their sub-contractors~~ **any person in the contractor's group** or of any of their personnel.

Comments: This amendment aligns our Rules with the changes to Pooling Agreement. It brings a wider group of persons within the scope of the contractor's assumption of responsibility



SKULD STATUTES

1.10 THE AUDIT COMMITTEE

1.10.1 The Audit Committee shall consist of 3 to 4 members who are appointed by and among the members of the Board of Directors.

1.10.2 The Audit Committee shall collectively have the qualifications necessary to perform its duties. At least one of the members shall be independent of the Association and its business and have expertise relating to accounting or auditing.

1.10.3 The Audit Committee shall:

- a) inform the Board of the result of the statutory audit and explain how the audit contributed to financial reporting with integrity and the role of the Audit Committee in the process,
- b) prepare the Board's supervision of the financial reporting process and provide recommendations or suggestions to ensure its integrity,
- c) ~~b)~~ monitor the systems for internal control and risk management and the internal audit without breaking with the independent role of the Audit Committee,
- d) consider and monitor the independence of the auditor,
- e) ~~e)~~ recommend on the choice of auditor, and have ongoing contact with the auditor in respect of the audit of financial statements including to monitor the execution of the audit.

1.10.4 The Audit Committee shall submit to the Member's Committee an annual Report from the Audit Committee.

Norsk versjon:

1.10 REVISJONSUTVALGET

1.10.1 Revisjonsutvalget skal bestå av 3 til 4 medlemmer som velges av og blant styrets medlemmer.

1.10.2 Revisjonsutvalget skal samlet ha den kompetanse som er nødvendig for å utføre dets oppgaver. Minst ett av medlemmene i revisjonsutvalget skal være uavhengig av Foreningen og dens virksomhet og ha kvalifikasjoner innen regnskap eller revisjon.

1.10.3 Revisjonsutvalget skal:

- a) informere styret om resultatet av den lovfestede revisjonen og forklare hvordan revisjon bidro til regnskapsrapportering med integritet og revisjonsutvalgets rolle i den prosessen,
- b) forberede styrets oppfølging av regnskapsrapporteringsprosessen og komme med anbefalinger eller forslag for å sikre dens integritet,
- c) ~~b)~~ overvåke systemene for intern kontroll og risikostyring og internrevisjon, uten at det bryter med revisjonsutvalgets uavhengige rolle,
- d) vurdere og overvåke revisors uavhengighet,
- e) ~~e)~~ anbefale valg av revisor og ha løpende kontakt med revisor i forbindelse med revisjon av årsregnskapet inkludert å overvåke gjennomføringen av revisjonen,

1.10.4 Revisjonsutvalget skal legge fram for representantskapet en årlig rapport.

Comments: This amendment aligns our Statutes with the requirements of the Norwegian regulations applicable to financial institutions.