



Circular

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CIRCULAR TO ALL MEMBERS

Skuld Owners' Fixed P&I Terms and Conditions – Amendments for 2022/23 policy year

The following changes to Owners' Fixed P&I Terms and Conditions for 2022/23 policy year were approved by the Board of Directors of Assuranceforeningen Skuld (Gjensidig) at its Meeting in November 2021.

Skuld 2022 Owners' Fixed P&I Terms and Conditions are published on our website.

New text appears in red and deletions are struck through.

1. TERMS AND SCOPE OF COVER

1.4. If, in the opinion of Skuld, there is a substantial change of risk, as a result of new legislation or for any other reason, Skuld may make such amendments to these Terms & Conditions as the situation may require, giving at least two months' notice in writing of the amendment.

Comments: This change will allow Skuld to introduce amendments to Terms & Conditions 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.

13. WRECK REMOVAL

13.1. COVER

~~Liability for~~ The standard insurance shall cover liability and costs arising out of the raising, removal, destruction or marking of the wreck of the Vessel or any other vessel ~~their~~ **its** equipment, bunkers or cargo lost as a result of a casualty, ~~provided that~~ **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 Assured under a contract approved by Skuld. **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 Assured'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.



13.2 Exceptions

However the standard insurance shall not cover liability, costs, or expenses

13.2.1 which are covered under the Vessel's hull policies, **or**

13.2.2 where the Assured transfers his interest in the wreck or other property saved otherwise than by abandonment, **or**

13.2.3 arising out of removal of cargo carried on a semi-submersible heavy-lift vessel or any other vessel designed exclusively for the carriage of heavy-lift cargo, **unless the cargo is carried under a contract which has been approved by Skuld.**

13.3 Miscellaneous

The realised value of the wreck and other property saved shall be credited to Skuld.

Comments: This change aligns wreck removal terms with that in our Rules.

FINES:

17.1 Cover

The standard insurance shall cover the Assured's liability for fines or other penalties imposed or for which the Assured is under a legal obligation to reimburse a crew member, in respect of,

17.1.1 for breach of any immigration law or regulation,

17.1.2 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 Assured is covered for cargo liability under Clause 4 (**other than fines or penalties arising from the smuggling of goods or cargo or any attempt thereat**) ~~and the fine does not arise out of any of the matters referred to in Clause 4.2 (Cargo Exceptions),~~

17.1.3 **in respect of** the accidental escape or discharge of oil or other polluting substance or threat thereof, **provided the Assured is insured for pollution liability under Clause 12.**

~~17.1.4. smuggling or any infringement of any customs law or customs regulation other than in relation to cargo carried on the Vessel, and~~

~~17.1.5 an act or omission by any member of the crew acting pursuant to their obligations to the Assured under their contract of employment.~~

17.2 Exception

However the standard insurance shall not cover fines arising out of any of the matters referred to in Clause 4.2 (cargo liability exceptions).

17.3 Discretionary cover

Skuld may cover, in its absolute discretion, in whole or in part, the Assured's liability for fines



17.3.1 other than those set out in Clause 17.1, provided that *Skuld* is satisfied that the Assured took all reasonable steps to prevent the infringement of the law or regulation giving rise to the fine, or

17.3.2 imposed on a crew member or any other party in respect of the entered vessel
a) provided that the Assured is under a legal obligation to reimburse the crew member or other party, or
b) to the extent that *Skuld* determines that it was reasonable for the Assured to reimburse the crew member or other party.

Comments: This change aligns the wording of Fines clause with that in our Rules.

24.1. DISCLOSURE AND ALTERATION OF RISK

The Assured shall;

24.1.1. make full and correct disclosure to *Skuld* of all circumstances which the Assured knows or should know and which would influence *Skuld* in deciding whether and on what terms to provide cover, and

24.1.2. make full, correct and prompt disclosure to *Skuld* of every change in circumstance which the Assured knows or should know and which alter the risks covered by *Skuld*, failing which the Assured shall not be entitled to any recovery from *Skuld* in respect of any Event occurring after the time of the failure to comply with this Clause, and

24.1.3 the Assured shall inform *Skuld* of the lay-up of an entered vessel without undue delay, but not more than a maximum of 14 days from the first day of lay-up.

Comments: This change introduces a requirement to advise Skuld of the lay-up.

24.4. CLASSIFICATION AND CERTIFICATION

The Assured shall

24.4.1. ensure that the *Vessel* remains fully classed with a classification society which is a member of the International Association of Classification Societies or approved by *Skuld*, and

24.5. SURVEY AND AUDIT

24.5.1. *Skuld* may at any time, for its sole benefit, conduct a survey of the condition, or operation of the *Vessel* or an audit of the Assured's management systems.

24.5.2 If *Vessel* has been laid-up for a period of six months or more, whether entered with *Skuld* for the whole period or part of the lay-up the Assured shall give *Skuld* not less than fourteen days notice prior to the end of the lay-up period in order to allow *Skuld* at their absolute discretion to survey the *Vessel*.

24.5.3 When complying with 24.5.1 or 24.5.2 the Assured shall
a) provide such facilities as may be required for such a survey, and
b) comply with any recommendations made by *Skuld* following the survey

24.5.4. If the survey or audit demonstrates that the condition or operation of the *Vessel*, or the Assured's management systems, are not satisfactory, the Assured shall indemnify *Skuld* against



the cost of the survey or audit, and *Skuld* shall be entitled to restrict cover until the condition or operation of the *Vessel*, and the *Assured's* management systems, are satisfactory.

24.5.5 Where *Vessel* is subject to a survey, the insurance shall not cover liability, costs, or expenses in respect of any event occurring prior to the survey, except insofar as the *Assured* can prove that liability, loss, expense, or costs would have been incurred in any event and that it would have been covered by *Skuld* had such a survey taken place.

Comments: These changes align the wording of Survey and Audit clause with that in our Rules.

24.6. OBLIGATIONS

The Assured shall,

24.6.3. upon the occurrence of any Event, take all reasonable steps to avert or minimise any liabilities, losses, expenses and costs which may be covered by *Skuld*,

24.6.4 provide *Skuld* as soon as possible with all available information and documentation relating to any claim or to any event which might give rise to a claim,

24.6.54. preserve any right of recourse against third parties,

24.6.65. reimburse *Skuld* for any claims paid under certificates issued under Regulation 2.5., Standard A2.5.2. of the Maritime Labour Convention 2006 (as amended),

24.6.76. refrain from admitting liability, waiving rights, settling any claim or appointing any lawyers or arbitrators without the prior approval of *Skuld*,

24.6.87. allow *Skuld* to handle or take over the handling of any claim or legal or other proceedings in respect of any liability, loss, cost or expense for which the Assured is or may be wholly or partly covered under this insurance and to conduct such proceedings in the name of the Assured and authorise *Skuld* to appoint lawyers, experts, arbitrators, surveyors and other parties on behalf of the Assured,

24.6.98. notify *Skuld* promptly of any incident which may give rise to liabilities, losses, expenses or costs which may be covered by *Skuld*. The insurance shall not cover the Assured for any liabilities, losses, expenses or costs resulting from the Assured's failure to comply with any of the obligations set out in this Clause 24.6, to the extent that the failure has caused or contributed towards the claim against *Skuld* or has otherwise materially prejudiced *Skuld's* interests.

Comments: These changes introduce a clear obligation for the Assured to provide *Skuld* with all documentation related to a claim.

25 EXCLUSIONS

25.1.21. any event falling within the *Communicable Disease Coronavirus Exclusion Clause*.

Comments: Please see comment to change in Appendix 1.

27. TERMINATION

27.1. AUTOMATIC TERMINATION



Unless Skuld agrees otherwise, the insurance cover shall terminate automatically without notice immediately where;

27.1.7 the Vessel/ having been engaged or engaging in any activity whatsoever that may expose Skuld 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.

Notwithstanding the provisions of 27.1.7 above, where cover ceases or the entry is terminated, Skuld may nevertheless, in its absolute discretion, reinstate the cover with effect from such time as it considers appropriate.

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 this clause with that in our Rules.

27.2. TERMINATION BY NOTICE

27.2.2. Skuld may terminate the insurance cover by giving;

e) notwithstanding and without prejudice to provisions of 27.1.7, on such notice in writing as Skuld may decide, where, in the opinion of Skuld, the Assured has exposed or may expose Skuld 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 Clause 27.1.7 above. This amendment will protect the right of termination and cessation as alternatives to each other where Skuld may be exposed to sanctions.

36. SET OFF

Skuld shall be entitled to set off any amount due from the Assured against any amount due to the Assured or Co-Assureds.

Comments: This amendment extends Skuld's right to set-off any outstanding amounts to co-assureds and also aligns it with the provision in Rules.

Appendix 1 Definitions

~~Communicable Disease~~ Coronavirus Exclusion Clause

1. Any and all liabilities, losses, damages, costs and expenses in excess of USD10,000,000 for one event directly arising from any transmission or alleged transmission of the Declared Communicable Disease in the event that the World Health Organization ('WHO') has determined an outbreak of a Communicable Disease to be a Public Health Emergency of International Concern (a 'Declared Communicable Disease') are excluded.

This exclusion in paragraph 1 above will not apply to any liability otherwise covered, where the liability directly arises from an identified instance of a transmission of a Declared Communicable Disease and where the Assured proves that identified instance of a transmission took place before the date of determination by the WHO of the Declared Communicable Disease.



2. However even if the requirements of paragraph 1 of this exclusion are met, no cover will be provided for any:

A. liability, cost or expense to identify, clean up, detoxify, remove, monitor, or test for the Declared Communicable Disease whether the measures are preventative or remedial;

B. liability for or loss, cost or expense arising out of any loss of revenue, loss of hire, business interruption, loss of market, delay or any indirect financial loss, howsoever described, as a result of the Declared Communicable Disease;

C. loss, damage, liability, cost or expense caused by or arising out of fear of or the threat of the Declared Communicable Disease.

3. For the purpose of this exclusion, Communicable Disease means any disease, known or unknown, which can be transmitted by means of any substance or agent from any organism to another organism where:

A. the substance or agent includes but is not limited to a virus, bacterium, parasite or other organism or any variation or mutation of any of the foregoing, whether deemed living or not, and

B. the method of transmission, whether direct or indirect, includes but is not limited to human touch or contact, airborne transmission, bodily fluid transmission, transmission to or from or via any solid object or surface or liquid or gas, and

C. the disease, substance or agent may, acting alone or in conjunction with other co-morbidities, conditions, genetic susceptibilities, or with the human immune system, cause death, illness or bodily harm or temporarily or permanently impair human physical or mental health or adversely affect the value of or safe use of property of any kind.

4. This exclusion shall not extend to cover any liability which would not have been covered hereunder had this exclusion not been included.

~~1) directly arising from the transmission or alleged transmission of:~~

~~a) Coronavirus disease (COVID-19);~~

~~b) Severe Acute Respiratory Syndrome Coronavirus 2 (SARS-CoV-2); or~~

~~c) any mutation or variation of SARS-CoV-2; or from any fear or threat of a), b) or c) above;~~

~~2) any liability, cost or expense to identify, clean up, detoxify, remove, monitor, or test for a), b) or c) above;~~

~~3) any liability for or loss, cost or expense arising out of any loss of revenue, loss of hire, business interruption, loss of market, delay or any indirect financial loss, howsoever described, as a result of any of a), b) or c) above or the fear or the threat thereof.~~

Comment: *This change reflects the updated wording adopted in the wider insurance market in respect of liabilities arising out of Communicable Disease and excludes cover in excess USD10,000,000.00 (ten million US Dollars) for all losses and liabilities arising from Declared Communicable Diseases as defined above. This change is implemented across all non-mutual products.*