

January 2020

CIRCULAR TO ALL MEMBERS

Skuld P&I Rules – Amendments for 2020/21 policy year

All amendments are listed below. Skuld P&I Rules will be published on our website.

Changes to the Rules were approved by the Board of Directors of Assuranceforeningen Skuld (Gjensidig) at its Meeting in November 2019.

New text appears in red and deletions are struck through.

SKULD RULES

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

c) on seven days' notice, where the vessel is unseaworthy and the member has not made her seaworthy without undue delay, or where the member has not allowed the Association to carry out a survey in accordance with Rule 35, or where the member has notified the Association of any change of circumstance which materially alters the risks covered by the Association, or Rule 29.1.4 (in respect of breach of statutory requirements)

Comment: this amendment allows Skuld to terminate cover for breach of flag state requirements.

5. CARGO

5.2. Exceptions

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

5.2.6: ~~carriage of cargo on terms less favourable to the member than the Hague or Hague-Visby Rules, except insofar as the contract of carriage is on less favourable terms solely because of the compulsory application of the Hamburg Rules by virtue of the place of loading or discharge,~~

carriage of cargo which would not have been incurred by the Member if the cargo had been carried on terms no less favourable to the Member than those laid down in the Hague or Hague-

Visby Rules, save where the contract of carriage is on terms less favourable to the Member than those laid down in the Hague or Hague-Visby Rules solely because of the relevant terms of carriage being of mandatory application.

Comment: *this amendment incorporates Skuld's current practice of accepting application of other mandatory law provisions in addition to Hague (Hague-Visby) Rules.*

9. OTHER PERSONS CARRIED ON BOARD THE VESSEL

9.2 Exceptions

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

(i) such vessel is moored or anchored within 500 meters of an oil or gas production or exploration facility; or

(ii) 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.

9.2.3. arise in respect of 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.

Comment: *this amendment reflects changes made to the Pooling Agreement.*

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 any other vessel, or their 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.

Comment: *this amendment limits Skuld's liability for removing a wreck to cases where such liability is legally imposed.*

24. MITIGATION COSTS (SUE AND LABOUR)

24.1 Cover

The standard insurance shall cover the member's extraordinary costs which are necessarily and reasonably ~~and solely~~ incurred, on or after a casualty or event liable to give rise to a claim against the Association, in avoiding or minimising any liability or loss of the member covered under these Rules.

Comment: *this amendment incorporates Skuld's current practice of not applying the "solely" requirement to mitigation costs.*

27. DEFENCE COVER

27.2 EXCEPTIONS

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

27.2.5 where the dispute arises out of damage to the vessel, to the extent that the cost of repairs exceeds the ~~the deductible or one per cent of the insured value of the vessel~~ under the hull policies,

Comment: *this amendment clarifies the amount excluded under the defence cover.*

27.2.10 where the dispute arises out of or consequent upon the provision of the vessel of hotel, leisure or entertainment related facilities or similar services to any passengers and any claims, disputes or proceedings whatsoever arising from such facilities and services,

Comment: *this amendment allows Skuld to exclude disputes not directly related to the operation of the vessel from the scope of Defence Cover.*

27.3 Miscellaneous

27.3.6 Where a separate agreement has been reached in respect of disputes arising out of the repair, alteration, conversion, building, purchase or sale of the entered vessel (pursuant to Rule 27.2.8), any limit agreed shall apply in the aggregate to all disputes arising out of one contract or series of contracts.

For all disputes arising under Rule 27.2.8, it shall be a condition of cover that, upon delivery of the vessel to the owners, that vessel shall be entered for P&I risks with Skuld.

Comment: *this amendment clarifies that FDD disputes arising out of pre-delivery issues are only covered if the vessel is to be entered with Skuld.*

Appendix 1

Definitions

Drilling or production operations

Drilling or production operations in connection with oil or gas exploration or production, ~~including any accommodation unit moored or positioned on site as an integral part of any such operations~~

Comment: *this amendment reflects changes made to the Pooling Agreement.*

Specialist operations

~~Operations including and not limited to~~ **Performing** dredging, blasting, pile-driving, well-**intervention** stimulation, cable or pipelaying, construction, installation, ~~removal~~ or maintenance work, core sampling, depositing of spoil, **power generation and decommissioning**. ~~professional oil spill response or professional oil spill response training and tank cleaning (otherwise than on the entered vessel) but excluding fire fighting.~~

Comment: *this amendment reflects changes made to the Pooling Agreement.*

Appendix 2

Terms of entry for co-assureds and affiliates

3. Contractor's co-assurance

3.2. A co-assured referred to in paragraph 3.1 above shall only be covered for liabilities, costs and expenses which are to be borne by the member under the terms of the contract and which **to the extent only they** would, if borne by the member, be recoverable by the member from the Association.

Comment: *this amendment reflects changes made to the Pooling Agreement ensuring that if the member would have been entitled to limit liability, then the cover granted to co-assured contractor is similarly restricted.*

Appendix 4 Deductibles

Unless otherwise agreed, compensation shall be subject to the following deductibles

per category:

1.1 For Rules other than those referred to in paragraphs 1.2 to 1.6:

USD ~~12,500~~ 40,000

1.2 Rules 5 (cargo liability), 6 (extra cargo handling costs), 17 - 18 (general average) and

19.1.2 (cargo fines) applicable per cargo voyage:

USD ~~17,500~~ 45,000

For vessels under 2500 GT, USD ~~12,500~~ 40,000

The deductibles applicable to cargo claims under the Rules referred to in this paragraph (whether for standard or separately agreed amounts) shall be doubled when the loss or liability is due to water damage resulting from leaky cargo hatches or tank hatches on account of inadequate maintenance.

1.3 Claims under Rules 7, (crew), 8 (passengers), 9 (other persons carried on board) and

10 (persons not carried on board):

USD ~~12,500~~ 40,000

1.4 Rules 14 (pollution), 19.1.3 (pollution fines) and 22.1.3 (salvage - special compensation):

USD ~~12,500~~ 40,000

1.5 Rules 12 (collision and contact liability) and 13 (property liability):

Rule 12.1 (standard cover)

USD ~~50,000~~ 45,000

Rule 12.3 (additional cover)

RDC (4/4): USD ~~50,000~~ 45,000

RDC (1/4): USD ~~45,000~~ 50,000
Rule 12.4 (additional cover)

FFO: USD ~~45,000~~ 50,000
Rule 13 (property liability)

USD ~~45,000~~ 17,500

1.6 Rules 25 (legal and associated costs such as correspondents' fees) and 24 (mitigation costs) shall be subject to the deductible applicable to the claim in respect of which the costs have been incurred.

2. Deductibles - defence cover

Unless otherwise agreed, cover under Rule 27 (Defence cover) shall be subject to the following deductible per dispute: 25% of the total costs with a minimum of

USD ~~40,000~~ 12,500—per dispute.

