

**Amendments to the Rules for Ships for 2014**

Dear Sirs,

This circular outlines amendments to the Rules for Ships of both Assuranceforeningen Gard - gjensidig - and Gard P. & I. (Bermuda) Ltd (collectively the "Associations" and individually the "Association"), which will enter into force at noon GMT on 20 February 2014.

**Rules 1, 20 and new 20A – Insurance Premium Tax (IPT)**

Members are in some jurisdictions liable to pay taxes or dues calculated on the basis of the insurance premiums payable to the Association as insurer. This is usually referred to as Insurance Premium Tax ("IPT"). The Associations may in some jurisdictions be liable for the IPT if the member has failed to pay the IPT in relation to the relevant entry to the relevant tax authorities when it falls due. In order to strengthen the Associations' legal position as to the right of recourse against a member when the Association has been forced to pay in the first instance an amount which is properly the responsibility of the member; a new Rule 20 A has been introduced clarifying the Association's right of recourse. Changes are also required in Rule 1 – Definitions; and Rule 20 – Payment as set out below.

The new definition of "Insurance Premium Tax" in Rule 1 shall read as follows (amendments underlined):

***"Rule 1 Interpretation******Insurance Premium Tax***

***Any taxes or other dues payable in respect of an entry of a Ship in the Association in the country where the Ship is registered, the country where the Member is resident, the country where the Member has a permanent place of business or in the country where the risk is located.***

Rule 20.6 shall read as follows (amendments underlined):

***"Rule 20 Payment***

1. (...)

(...)

6. ***Any other sums debited by the Association to a member, including Release Calls, Overspill Calls, Insurance Premium Tax for which the Member is liable, reimbursement of deductibles, interest, costs or expenses, are due on demand.***

(...)"

New Rule 20A shall read as follows (amendments underlined):

***"Rule 20A Insurance Premium Tax***

***The Member shall indemnify the Association and hold it harmless in respect of any liability, cost or expense incurred or amount paid by the Association in respect of any Insurance Premium Tax for which the Member is liable.***

## Rule 42 – Salvage

The Lloyd's Open Form of Salvage Agreement 2011 (LOF 2011) has been added to the list of approved salvage agreements in Rule 42 sub-paragraph b.

The amended Rule 42 shall read as follows (amendments underlined):

*“Rule 42 Salvage*

*The Association shall cover liability for special compensation awarded to a salvor*

*a) (...)*

*b) pursuant to Article 14 of the International Convention on Salvage 1989, as incorporated into Lloyd's Open Form of Salvage Agreement (1980, 1990, 1995, 2000 or 2011), or into any other salvage contract approved by the Association: or*

*c) (...).”*

## Rule 63 - Excluded losses - Salvage operations – Wreck removal

Rule 63.1 f states that the Association covers liabilities, losses, costs and expenses arising out of salvage operations conducted by the Ship when the purpose is saving or attempting to save life at sea and where they are incurred by a professional salvor. In order to harmonize the wording of the Rules with the corresponding wording of the Pooling Agreement it is proposed to add a bracket saying that the term 'salvage operation' shall be deemed to include a 'wreck removal' operation conducted by the entered Ship.

The amended Rule 63.1 f shall read as follows (amendments underlined):

*“1 The Association shall not cover.....*

*f) liabilities, losses, costs or expenses arising out of salvage operations (including for the purpose of this sub-paragraph f, wreck removal) conducted by the Ship or provided by the Member, other than:*

*(i) liabilities, costs and expenses arising out of salvage operations conducted by the Ship for the purpose of saving or attempting to save life at sea; and*

*(ii) liabilities, costs and expenses incurred by a professional salvor which are covered by a special agreement between the Member and the Association, and which arise out of the operation of, and in respect of the Member's interest in the Ship.”*

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If you have any questions or comments, please contact Gard's legal department.

Yours faithfully,  
**GARD AS**



Rolf Thore Roppestad  
Chief Executive Officer