

Additional amendments to Rules 2023

Member Circular No. 17/2022

Updated February 2023

As set out in [Member Circular No. 15/2022](#), further changes to the Rules for P&I and Defence cover for ships and other floating structures (“Rules for Ships”) and the Rules for P&I and Defence cover for mobile offshore units (“Rules for MOUs”) for both Assuranceforeningen Gard - gjensidig – and Gard P.& I. (Bermuda) Ltd (collectively the “Associations” and individually the “Association”) were expected due to changes to the terms of the applicable reinsurances as a consequence of the ongoing war between Russia and Ukraine.

The following amendments to the Rules for Ships and Rules for MOUs have now been endorsed by the Executive Committee of Gard P. & I. (Bermuda) Ltd. on the basis of authorization provided by the Board of Directors of Gard P. & I. (Bermuda) Ltd. in the board meeting held on 2 November 2022 and by the Board of Directors of Assuranceforeningen Gard - gjensidig –, and will enter into force at noon GMT on 20 February 2023.

RULES FOR SHIPS – P&I ENTRIES

Appendix I – Additional insurances

As a consequence of a contraction of cover available from reinsurers, there is an amendment to the level of cover available for vessels operating in Russian and certain other Belarusian and Ukrainian waters due to the current conflict. For vessels transiting and/or calling within all Russian waters and certain European waters, war risk cover is sub-limited to **USD 80 million** any one event, each vessel.

As a result of these changes, the following amendments have been made to the special excess war risks P&I cover set out in Appendix I.2 (amendments reflected by strike-through/underlining):

“...2 War risks

The Association has arranged an additional war risk insurance for the benefit of its Members.

Scope of cover

1 The special war risk P&I insurance will cover P&I risks set out in Part II, Chapter 1, of the Rules for Ships, caused by war risks as described in Rule 58 of the Rules for Ships, but subject always to special terms of entry agreed between the individual Association and the individual Member attached to or included in the Ship’s certificate of entry.

The cover is subject to a minimum deductible of USD 50,000 any one event each Ship.

Further, the cover includes liabilities arising from acts of terrorism as defined in the US Terrorism Risk Insurance Act 2002 as amended which now has been extended to 2027.

Details about additional premium for such liabilities will be sent out in a separate circular.

Notice of cancellation, automatic termination of cover and war and nuclear exclusion

2 The cover afforded is subject to Institute Notice of Cancellation, Automatic Termination of Cover and War and Nuclear Exclusion Clause, as set out below. The cover may be cancelled by the ~~Managers Association~~ giving seven days' notice (such cancellation becoming effective on the expiry of seven days from midnight on the day on which notice of cancellation is issued by the Association Managers).

...

Biochem and computer virus

4 The Association shall not be liable for any losses, liabilities, costs or expenses directly or indirectly caused by or contributed to by or arising from:

- i any chemical, biological, bio-chemical or electromagnetic weapon;
- ii the use or operation, as a means for inflicting harm, of any computer virus;
- iii Clause 4 (ii) above will not operate to exclude losses (which would otherwise be covered under the terms of this policy) arising from the use of any computer, computer system or computer software programme or any other electronic system in the launch and/or guidance system and/or firing mechanism of any weapon or missile.

However, the International Group has decided that the Bio-Chem Risks shall be covered through a special pooling facility, covering the Member's liability in respect of:

- i damages, compensation or expenses in consequence of personal injury to or illness or death of any seamen; and
- ii for legal costs and expenses incurred solely for the purpose of avoiding or minimising any other P&I liability arising from a Bio-Chem Risk.

The limit of cover for the special insurance against the Bio-Chem risks is USD 30 million per Ship in the aggregate. The detailed terms and conditions of the Bio-Chem cover are available in the special Bio-chem and computer virus clause, as set out below.

Limitation of cover

5 Except and only to the extent provided in 6. below, the cover for ~~Members owners~~ is limited to USD 500 million any one event each Ship in excess of the proper value of the entered Ship or any amounts recoverable under any other P&I war risks cover which the Member has arranged, whichever is greater. The minimum excess is the proper value of the Ship determined in accordance with Rule 71.1(a) of the Rules for Ships or USD 500 million, whichever is the lesser.

6. The limit of USD 500 million referred to in 5. above is replaced with a limit of USD 80 million for a Ship transiting and/or calling within all Russian waters, including Russian coastal waters up to 12 nautical miles offshore, and the waters defined below:

- 1) Sea of Azov and Black Sea waters plus inland waters enclosed by the following boundaries
 - a) On the west, around Romanian waters, from the Ukraine-Romania border at 45° 10.858'N, 29° 45.929'E to high seas point 45° 11.235'N, 29° 51.140'E
 - b) thence to high seas point 45° 11.474'N, 29° 59.563'E and on to high seas point 45° 5.354'N, 30° 2.408'E
 - c) thence to high seas point 44° 46.625'N, 30° 58.722'E and on to high seas point 44° 44.244'N, 31° 10.497'E
 - d) thence to high seas point 44° 2.877'N, 31° 24.602'E and on to high seas point 43° 27.091'N, 31° 19.954'E
 - e) and then east to the Russia-Georgia border at 43° 23.126'N, 40° 0.599'E

- 2) All inland waters of Ukraine
- 3) Inland waters of Russia within the following areas:
 - a. Crimean Peninsula
 - b. River Don, from Sea of Azov to vertical line at 41° E
 - c. River Donets, from River Don to Ukraine border
- 4) All inland waters of Belarus south of horizontal line at 52° 30' N

76 Where there is more than one Owner's Entry or Charterer's Entry in respect of an Entered Ship with the Association or any other P&I Association which participates in the reinsurance arrangements of the International Group of P&I Clubs, the aggregate of all claims following an event brought against the Association and/or such other Association shall be limited to USD 500 million, 000,000 or USD 80 million (for Ships subject to the limit in 6 above) respectively. In these circumstances, the limit of liability shall be such proportion of USD 500 million, 000,000 or USD 80 million respectively as the claims recoverable under an Owner's Entry or Charterer's Entry in the Association bear to the aggregate of all the said claims recoverable under all Owner's Entries and Charterer's Entries in respect of that Ship with this or any other Association.

...3 Other additional insurances

The Association may on terms and conditions expressly agreed between the Member and the Association provide or assist in arranging other additional insurances for a number of liabilities or risks not covered under the Rules. The Terms and Conditions for Additional Covers 2022 contain a catalogue of various additional insurance products designed to supplement the standard P&I cover with a view to meet special needs. Further information about other additional insurances is available on www.gard.no or from the Association's underwriting department."

Appendix II and III

As part of the renewal of the IG reinsurance program there has been an increase in the poolable cover limit available in respect of charterers and for consortium claims, from USD 350 million to USD 500 million.

To align with the applicable limits, the following changes have been made to the wording of Appendix II and III (amendments reflected by strike-through/underlining):

Appendix II - Charterers' limits including special limit for consortium claims

"...2 Charterers co-assured under an Owner's Entry

Cover afforded in respect of charterers co-assured under an Owner's Entry as described in Rule 78.4 is limited each incident or occurrence each entry to whichever is the lesser of the Limitation Amount (if any) and USD 350 500 million. Any reference in this Appendix II, section 2, to the "Limitation Amount" means the amount to which the registered owner of the Ship could have limited its liability in the respect of the relevant matter had the registered owner of the Ship sought and not been denied the right to limit.

3 Charterers' Entry - all categories of claims

Subject to the provisions in section 4 below, the cover afforded to all assured under a Charterer's Entry in respect of all liabilities, losses, costs or expenses falling within Part II. chapter 1 of the Rules, is limited each incident or occurrence each entry each Ship to USD 350 500 million.

4 Oil pollution – salvage

...

b Where a Ship is separately insured under more than one Charterer's Entries with the Association or with the Association and any other association(s) which participate(s) in the Pooling Agreement, the aggregate of all claims for oil pollution brought against the Association and/or such other

association(s) following an incident or occurrence shall be limited to ~~USD 350~~ 500 million. The liability of the Association in respect of each such claim shall be limited to that proportion of ~~USD 350~~ 500 million that that claim bears to the aggregate of the claims against the Association or the Association and such other association(s), if any....

...5.5 Limit of insurance

The cover afforded for a Consortium Claim is limited pursuant to Rule 52 to ~~USD 350~~ 500 million each incident or occurrence in respect of all ships under any and all P&I entries of a Member in the Association and any other association which is a party to the Pooling Agreement.”

Appendix III - Oil pollution

“...2 Limit of insurance for Owner's Entries

a The cover afforded for oil pollution for Owner's Entries is limited pursuant to Rule 53.1 in accordance with this paragraph 2.

b Cover afforded to a charterer co-assured under an Owner's Entry as described in Rule 78.4, and for a Consortium Claim as described in Appendix II, section 5, to these Rules, is limited to whichever is the lesser of the Limitation Amount (if any) and ~~USD 350~~ 500 million each incident or occurrence each Owner's Entry...”

RULES FOR MOUS – P&I ENTRIES

Appendix II - Additional insurance - War risks P&I insurance for mobile offshore units

As a result of changes to the reinsurance terms wherein a Russia/Ukraine war risks exclusion and an amended Notice of Cancellation clause will be included, the following changes have been made to include the same and to reflect the applicable reinsurance in the War Risk P&I insurance set out in Appendix II (amendments reflected by strike-through/underlining):

“...Scope of cover

The War Risks P&I Cover shall apply to liabilities, losses, costs and expenses as set out in Part II, chapter 1, of the Rules caused by war risks as defined in Rule 54. Such cover will only include liability or loss in excess of the amounts recoverable under the Vessel's Hull and Machinery and/or Crew/Marine War Risks Insurance and any P&I inclusion clauses applicable thereto, but subject always to any special terms of entry agreed between the Association and the individual Member and set out in the relevant Vessel's Certificate of Entry. The maximum limit of cover is equal to the maximum policy limit for P&I risk.

Five Powers War Exclusion

The War Risk P&I Cover excludes loss damage liability or expense arising from

- the outbreak of war (whether there be a declaration of war or not) between any of the following: United Kingdom, United States of America, France, the Russian Federation, the People's Republic of China;

- requisition either for title or use.

JLC Territorial and Conflict Exclusion Clause

1. The War Risk P&I Cover excludes all loss, damage, liability, cost or expense:

(a) caused by or arising from or in connection with any Russia-Ukraine conflict and/or any expansion of such conflict; or

(b) in any area or territory or territorial waters where Russian armed forces, Russian-backed forces, and/or Russian authorities, are engaged in conflict within the territories (including territorial waters) of the Russian Federation, Belarus, Ukraine and any disputed regions of Ukraine, the Crimean Peninsula and the Republic of Moldova.

(c) arising from capture, seizure, arrest, detainment, confiscation, nationalisation, expropriation, deprivation or requisition for title or use, or the restraint of movement of vessels and cargo in the territories (including territorial waters) of the Russian Federation, Belarus, Ukraine and any disputed regions of Ukraine, the Crimean Peninsula and the Republic of Moldova.

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Bio – Chem Risks and Computer virus exclusion

War Risks P&I Cover shall in no case cover loss, damage, liability or expense directly or indirectly caused by or contributed to by or arising from any chemical, biological, biochemical or electromagnetic weapon.

Notice of Cancellation – Automatic Termination of Cover

~~The War Risks P&I cover is subject to the Institute Notice of Cancellation, Automatic Termination of Cover and War and Nuclear Exclusions Clause – Hulls etc. CL359 dated 1 January 1995. This means that the cover can be terminated upon the Associations giving 7 – seven – days’ notice of their intention to do so. In certain circumstances the cover will terminate automatically.~~

1 Notice of Cancellation (“Notice”)

The War Risk P&I Cover may be cancelled in respect of War risks as set out in Rule 54 by the Association giving 72 hours’ notice of cancellation (hereinafter “Notice”) with Notice being effective from midnight Greenwich Mean Time on the day Notice is given by the Association.

The Association may subsequently agree to reinstate cover, if required, at terms to be agreed by the Association. Any reinstatement of cover shall occur at a time to be agreed by the Association.

2 Automatic Termination

2.1 Whether or not the notice of cancellation described in clause 1 has been given, the War Risk P&I Cover shall TERMINATE AUTOMATICALLY:

2.1.1 upon the occurrence of any hostile detonation of any nuclear weapon of war, wheresoever or whensoever such detonation may occur, and/or

2.1.2 upon the outbreak of war (whether there be a declaration of war or not) between any of the following countries: United Kingdom, United States of America, France, the Russian Federation, the People’s Republic of China.”

Updated Rules for Ships and Rules for MOUs will be published on www.gard.no prior to the renewal date 20 February 2023.

If you have any questions, please contact [Linn Kvade Rannekleiv](#) or [Ingvild Høgenes Nilsen](#), Gard, Arendal.

Yours faithfully,
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Rolf Thore Roppestad
Chief Executive Officer