

INTERNATIONAL GROUP AGREEMENT 2020

AN AMENDED AGREEMENT dated 10 March 2020

BETWEEN the several parties whose names and addresses are set out in Schedule 1.

WHEREAS:

- (1) The parties to this Agreement are mutual, non-profit-making insurance associations of shipowners engaged in the insurance of marine risks, commonly described as “protection and indemnity” risks.
- (2) Since in a mutual, non-profit-making insurance association any under-contribution by one insured must be made good by over-contribution by the other insured, it is desirable to ensure that the members of each association contribute equitably to its expenses and losses.
- (3) Owing to the “long tail” nature of protection and indemnity risks a fair assessment of each member’s contribution can best be made over a period of years, and an association in which a member has been entered for some years is in the best position to estimate fairly the risk that he represents.
- (4) It is, therefore, to the benefit of members generally that the membership should remain relatively stable and that the premium rates applied to a member who changes from one association to another should be based on full access to the member’s record; but it is also in the interests of each individual member that he should not be unduly restricted from moving from one association to another.
- (5) The associations recognise that a balance has to be struck between continuity and freedom of movement and that subject to the overriding principle that all rates must be reasonable, it is appropriate in seeking to achieve this balance to differentiate between on the one hand cases in which a member is prepared to undertake a binding commitment to move from one association to another substantially in advance of the annual renewal date, and on the other hand cases in which the member is not prepared to enter into such a commitment and that it is normally appropriate for any restriction on premium rates to apply for only one year.
- (6) The parties hereto are also parties to or have the benefit of a Pooling Agreement (the “Pool”, as hereinafter defined) for the purpose of dividing and sharing amongst themselves certain layers of liabilities arising out of the protection and indemnity risks which they respectively insure.
- (7) The Pool provides substantial benefits at minimum costs for the members of the participating associations, and it is in the interests of all such members to maintain those benefits.
- (8) The operation of the Pool depends upon the maintenance of goodwill between the associations.
- (9) The equitable relationship between members within an association and the goodwill between associations would alike be jeopardised unless there were a measure of restraint on the attraction of new members by the offer of reduced premiums and the

restraints imposed by this Agreement are the minimum necessary to avoid such jeopardy.

- (10) This Agreement ("the IGA 1985") was originally exempted for a period of ten years by decision of the European Commission (the "Commission") on 16 December 1985. It was exempted again for a further period of ten years by decision of the Commission on 12 April 1999 (the "IGA 1999"). Amendments were agreed between the parties during 2007 to remove the specific rules relating to tankers (the "IGA 2008"). The Commission reviewed the parties' arrangements following the expiry of the second individual exemption, closing its investigation in July 2012. A further amended Agreement gave effect to amendments introduced by the parties following the closure of the Commission's investigation (the "IGA 2013"). The current version of the Agreement includes further amendments made in 2019 and 2020 (the "IGA 2020").

NOW IT IS HEREBY AGREED AS FOLLOWS:

1. Interpretation

- 1.1 In this Agreement, unless the context otherwise requires, words importing the singular number include the plural and vice versa and the words or expressions set out below have or include the meanings set out opposite them.

“Administration Costs”	means all expenditure incurred in operating and managing a Club, including (without limitation) internal costs incurred in dealing with claims and potential claims, commissions, brokerage, other acquisition expenses and depreciation, whether such expenditure is incurred by the Club or by an affiliated or associated club, management operation or reinsurer;
“agreed rate”	has the meaning attributed to it by Clause 2.1;
“attachment date”	has the meaning attributed to it by Clause 2.1;
“Average Expense Ratio”	means, in relation to any Club, the ratio calculated in the manner described in Schedule 3 or in such other manner as the parties may from time to time agree;
“basis of quotation”	means in relation to any premium quotation the terms and conditions upon and subject to which a vessel will be insured if the quotation is accepted;
“Club”	means any association which is or becomes a party to this Agreement;
“commitment date”	means, in relation to an attachment date of 20 February, the previous 30 September, and in relation to any other attachment date, the date 20 weeks before that attachment date;

“the Committee”	means the Committee established by Clause 6;
“company”	includes any legal or natural person and any body of persons, whether incorporated or not;
“financial inducement”	includes the provision, offer, holding out or promise (whether legally binding or not) of any present or future benefit or advantage, the effect of which is, or is expected to be, to offset or reduce, directly or indirectly, the cost of insurance against P and I risks or enhance its benefits, including, but not limited to, the provision or offer of insurance against any other risks without charge or at reduced rates;
“firm commitment”	has the meaning attributed to it by Clause 2.1;
“fleet”	means any two or more vessels which are operated as a fleet by virtue of common ownership, control or management;
“the General Excess Loss Contract”	means the contract for the reinsurance of oil pollution risks and other P and I risks entered into pursuant to the Pool and any renewal, extension or replacement of that contract;
“Holding Club”	(a) in relation to a vessel which is for the time being insured with any of the Clubs, means the Club by which it is insured (or, if it is insured by more than one, each of them); (b) in relation to a New Vessel, is to be construed in accordance with Clause 4;
“Holding Club’s Rate”	has the meaning attributed to it by Clauses 3.9 and 3.10;
“insure”	means insure against P and I risks, and ”insured” and “insurance” are to be construed accordingly;
“the International Group”	means the International Group of Protection and Indemnity Associations, comprising the parties to this Agreement;

“month”	means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, or, if none, the first day in the month following that next calendar month, save that where any period would otherwise start or end on a non-working day, it shall start or end on the next working day;
“New Club”	means in relation to any vessel any Club which is not a Holding Club;
“New Vessel”	means a new or newly-acquired vessel or a vessel which is not currently insured by any Club;
“Operator”	means the company by which a vessel is, or is proposed or intended to be, operated; and, where other vessels in the same fleet are, or are proposed or intended to be, operated by different companies, all such companies;
“Overspill Liability”	means any liability covered by the Pool in excess of the amount for the time being reinsured under the General Excess Loss Contract;
“P and I risks”	means protection risks, indemnity risks, or any risks in either or both categories;
“the Pool”	means the Pooling Agreement referred to in recital (6) as may be amended or replaced from time to time;
“premium”	means the estimated total net amount receivable by a Club from an insured for a period of insurance in respect only of the three elements of cost specified in Clause 6.2(a) (and without including any amount in respect of its Administration Costs) after deducting any brokerage or commission payable or allowable by the Club to the insured or his broker or any other third party;
“rate”	means a rate of premium;
“record”	means in relation to an Operator all matters which might materially affect an underwriter’s assessment of the risk of insuring that Operator’s vessels and the appropriate premium and basis of quotation;

“Reduced Pooling Facility”	has the meaning stated in Clause 9.1;
"release call"	means the call calculated by reference to the release call percentage for each open policy year, being the call required to relieve an Operator of his liability to pay further calls (other than overspill calls) in respect of open policy years during which his vessel was entered with the Holding Club;
"release call percentage"	means the percentage margin in excess of the expected total premium set in accordance with Clause 8.1 for each open policy year by the Club from time to time by reference to which release calls are calculated;
“the Secretary”	means the Secretary for the time being of the International Group or any assistant or deputy secretary thereof or other person appointed by the said Group to perform any of the duties of secretary;
“Tanker”	means any vessel designed and constructed or adapted for carrying hydrocarbon mineral oil in bulk as cargo, whether or not it is actually so carrying such oil;
“vessel”	means any ship, craft, boat or other description of vessel or hover vehicle or structure (whether completed or under construction) used or intended to be used for any purpose whatsoever in navigation or otherwise on, under, over or in water, or any part thereof or any proportion of the tonnage or any share therein;
“working day”	means a weekday which is not a Saturday or a Bank or Public Holiday in England;
“written” and) “in writing”)	include communication by email, telex or facsimile transmission.

1.2 References to Clauses and Schedules are to the Clauses of and the Schedules to this Agreement, and references within a Clause to subclauses or within a subclause to paragraphs without further identification are references to subclauses of that Clause or paragraphs of that subclause, as the case may be.

2. Quotations for Vessels Already Insured: Firm Commitments by the Commitment Date

2.1 A New Club wishing to insure a vessel which is currently insured with any of the Clubs may do so, subject to compliance with this Clause, at any premium that is not unreasonably low if a firm commitment is entered into with respect thereto not later

than 12 noon GMT on the commitment date. By “firm commitment” is meant a written agreement whereby the Operator is legally bound to enter the vessel and the New Club is legally bound to insure it for the policy year beginning on the next 20 February or on such other date on which insurance customarily attaches (“the attachment date”) at a stated rate of premium (“the agreed rate”) but subject to adjustment to reflect:

- (a) any general increase or reduction in premiums that may be applied by the New Club to policies commencing on the attachment date; and
- (b) any change in the limit of claims retained in accordance with the Pool; and
- (c) any variation in the cost of the General Excess Loss Contract.

2.2 The New Club shall, before quoting a premium, first request the Holding Club, or each of them if more than one:

- (a) to supply the record of the Operator; and
- (b) to state the Holding Club’s current premium for the vessel.

2.3 The New Club shall state in its request:

- (a) that it is considering entering into a firm commitment on or before the commitment date;
- (b) the basis on which it wishes to quote; and
- (c) whether it proposes to quote for all the vessels insured with the Holding Club by the same Operator, and, if not, for which of them.

2.4 As quickly as practicable a Holding Club shall seek the consent of the Operator to its complying with the New Club’s request (unless such consent has already been obtained in writing by the New Club) and, subject to such consent being or having been obtained, as quickly as practicable and in any event within 5 working days in the Holding Club’s country of operations of receipt by the Holding Club of the New Club’s request, the Holding Club shall supply to the New Club the Operator’s record and a statement of the current premium for the vessel in question, specifying whether that premium was fixed on the same basis as the basis of quotation stated in the New Club’s request and, if not, on what basis it was fixed. If requested to do so by the Operator, the Holding Club shall also supply to the Operator a copy of his record as supplied by the Holding Club to the New Club. If the New Club has stated that it wishes to quote for only one or some of the vessels in a fleet entered in the Holding Club and the Holding Club applies a fleet rate it may in lieu of the actual premium state the premium that it would have required for the current year to insure that or those vessels alone, and in that case shall state that it is doing so.

2.5 If the Operator withholds consent, the New Club may not accept the vessel for insurance.

2.6 The New Club may change its basis of quotation or the vessels insured with the Holding Club for which it proposes to quote, but it must inform the Holding Club not less than five working days before it quotes on that basis or for those vessels.

- 2.7 The New Club shall notify the Holding Club in writing of the agreed rate not later than the third working day after a firm commitment is entered into.
- 2.8 The New Club shall determine the amount of any adjustment to the agreed rate and shall notify the Holding Club in writing of the adjusted rate (or, as the case may be, that no adjustment is necessary) not later than 14 working days before the attachment date.
- 2.9 The Holding Club may apply to the Committee:
- (a) within 30 days after receipt of notification of the agreed rate to determine whether the agreed rate is unreasonably low;
 - (b) within two working days after receipt of notification of the adjusted rate to determine whether the adjustment fairly reflects the items specified in subclause 1;
 - (c) within two working days after receipt of notification that the agreed rate is not to be adjusted, to determine whether an adjustment ought to have been made in order fairly to reflect those items.

3. **Quotations for Vessels Already Insured: No Firm Commitment by the Commitment Date**

- 3.1 Where no firm commitment is entered into by the time specified in Clause 2.1, the provisions of this Clause shall apply to the insurance by a New Club of a vessel that is currently insured with any of the Clubs.
- 3.2 The New Club shall, before quoting a premium, first request the Holding Club, or each of them if more than one, to supply the record of the Operator and the premium that the Holding Club would quote for the proposed period of insurance on the proposed basis of quotation (which must be specified in the request). The request must also state whether the New Club proposes to quote for all the vessels in the same fleet that are insured with the Holding Club and, if not, for which of them.
- 3.3 The New Club may request a Holding Club to state a premium on more than one basis of quotation, either in its initial request or by means of a subsequent request, but a quotation shall not be given to an Operator on a basis of quotation which has not been specified in a request previously made of each Holding Club with respect to the vessel or vessels in question.
- 3.4 Subject as mentioned below a Holding Club shall as quickly as practicable seek the consent of the Operator to its complying with the New Club's request (unless such consent has already been obtained in writing by the New Club) and, subject to such consent being or having been obtained, as quickly as practicable and in any event within 5 working days in the Holding Club's country of operations, of receipt by the Holding Club of the New Club's request, the Holding Club shall:
- (a) supply the Operator's record to the New Club and

- (b) state its premium in conformity with the New Club's request or advise the New Club that it would not quote a premium for the vessel in question on the basis proposed by the New Club or that it would not quote a premium for that vessel at all.

Nevertheless a Holding Club shall not be bound to comply with the above requirements more than three months before the intended attachment date, which, unless otherwise specified in the New Club's request, shall be presumed to be the next annual renewal date of the Holding Club.

- 3.5 If the Operator withholds consent the New Club may not accept the vessel for insurance.
- 3.6 The New Club shall be entitled only to a Reduced Pooling Facility in respect of the vessel if it insures it at a rate which is lower than the Holding Club's Rate (as defined below) unless the New Club notifies the Holding Club in writing of the premium for such insurance not later than the third working day after the New Club and the Operator have entered into a firm commitment at that rate and either:
 - (a) neither the Holding Club nor the New Club refers the matter to the Committee before the end of the second working day after receipt of such notification; or
 - (b) the matter having been so referred the Committee finds the Holding Club's Rate unreasonably high.
- 3.7 Within 10 working days after the attachment date with the New Club, the Operator may make a reference to the Committee to determine whether the Holding Club's Rate is unreasonably high PROVIDED THAT the Operator shall agree to make his request in the form of a reference to arbitration incorporating in his agreement the provisions of Schedule 2.
- 3.8 Following a reference under subclause 7:
 - (a) if the Committee finds that the Holding Club's Rate is unreasonably high, the New Club shall not be bound to follow the Holding Club's Rate and no Reduced Pooling Facility shall apply; or
 - (b) if the Committee finds that the Holding Club's Rate is not unreasonably high, the New Club shall apply the Holding Club's Rate to the Operator's vessel or vessels.
- 3.9 The "Holding Club's Rate" is the rate stated by the Holding Club in response to a request from the New Club specifying the same basis of quotation as that actually adopted for insurance by the New Club. If the Holding Club subsequently reduces its quotation (without any change in its basis) it must forthwith inform the New Club and:
 - (a) for the purpose of determining whether the rate of the Holding Club is unreasonably high, the rate first stated by the Holding Club on a particular basis of quotation in response to a request from the New Club shall be the Holding Club's Rate, unless the New Club's request was made more than three months before inception of the proposed insurance, in which event the first or only rate quoted by the Holding Club within that period of three months and

notified to the New Club shall be substituted as the Holding Club's Rate; and

- (b) the lowest of the Holding Club's reduced rates shall nevertheless be treated as the Holding Club's Rate for the purpose of determining whether the New Club's rate is lower than that of the Holding Club.

3.10 Where there is more than one Holding Club, subclause 9 shall apply to each of them separately and the lower or lowest of the resulting rates shall be the Holding Club's Rate.

4. **Quotations for New Vessels**

4.1 **First Entry**

Where a New Vessel is about to become part of a fleet, the provisions of subclauses 2 to 10 of Clause 3 shall apply, with the following modifications, on the first entry of that vessel in a New Club during the course of a policy year:

- (a) if the whole of the fleet is insured in one Club, that Club is the New Vessel's Holding Club;
- (b) if the fleet is split between two or more Clubs for insurance, each of them is (subject to paragraph (c)) a Holding Club of the New Vessel and may quote for that vessel without observing the requirements of Clause 3 but may nevertheless request any other Holding Club to supply the record of the Operator so far as concerns such Holding Club's part of the fleet, and if it does so the provisions of subclause 4 of that Clause relating to the supplying of records shall apply;
- (c) if the part of a split fleet insured by a Club consists solely of vessels which it has first insured after the beginning of its last complete policy year, that Club may not quote for the New Vessel within 12 months of insuring any of those vessels, without observing the requirements of Clause 3 or, if paragraph (d) applies, those requirements as modified by that paragraph;
- (d) if the Operator has, within the time specified in Clause 2.1, entered into a firm commitment with respect to one or more vessels of the fleet, any Club with which a firm commitment has been made as aforesaid may insure the New Vessel at any premium that is not unreasonably low. In such a case the Club in question shall notify the Holding Club (and each of them if more than one) not less than five working days before the date of commencement of the insurance of the premium to be charged, and the Holding Club may within three working days of receipt of the notification apply to the Committee to determine whether that premium is unreasonably low.

4.2 **First renewal**

On the first renewal by a New Club of a vessel that was entered with it as a New Vessel, the following provisions shall have effect unless subclause 1(d) applied to the original entry:

- (a) the New Club shall notify the former Holding Club (and each of them, if more than one) in writing of the first renewal premium for that vessel not later than 14 working days before the renewal date;
- (b) any former Holding Club may within two working days after receipt of that notification apply to the Committee to determine whether that rate is unreasonably low.

5. **Comparison of Rates of Premium**

For the purpose of determining whether one premium or premium quotation is higher or lower than or equal to another, the amount or value of any financial inducement offered or proposed by the Club by which the premium is quoted or charged shall be taken into account.

6. **References to the Committee**

6.1 A Committee is hereby established for the purpose of determining and deciding certain matters as specified herein. The composition, powers and procedure of the Committee are set out in Schedule 2 (and in the alternative in case a Club elects for an adjudication then the composition, powers and procedure are set out in Schedule 2A).

6.2 In determining whether a rate is unreasonably high or unreasonably low (as the case may be) the Committee shall take into account all relevant matters including (without prejudice to the generality of the foregoing words):

- (a) whether the rate includes fair and reasonable provision for each of the following:
 - (i) the cost of claims within the insuring Club's retention, including external costs (for example, of independent agents, correspondents, lawyers, surveyors and other third parties) which are incurred, or expected to be incurred, by that Club in dealing with the claims of the Operator. In assessing such costs, the Committee shall take into account, *inter alia*:
 - (1) the Operator's own record and historical claims pattern, including actuarially assessed provisions for incurred but not reported claims; and
 - (2) the type of vessel, including but not limited to, its trading pattern, crewing arrangements and flag and the cost of claims that might reasonably be attributable to that type of vessel based on statistical or other appropriate information, reflecting the coverage terms;
 - (ii) the cost of contributions to Pool claims; and
 - (iii) the cost of the General Excess Loss Contract;
- (b) where a New Club's rate is under consideration, the information supplied to it by the Holding Club; and

(c) where a Holding Club's Rate is under consideration, the information available to the Holding Club at the date when that rate was communicated by it to the New Club.

6.3 In addition to references with respect to rates either a New Club or a Holding Club may refer to the Committee any question or dispute between Clubs as to:

(a) whether one premium is lower than another or a financial inducement has been offered or proposed; or

(b) whether either of them has duly complied with its obligations under Clauses 2 to 4 or 7.

A reference under paragraph (a) must be made no later than the end of the period of insurance in respect of which the premium is charged or the expiration of six months from the commencement of that period, whichever is later. A reference under paragraph (b) must be made no later than the end of the period for which insurance is granted without (or allegedly without) complying as aforesaid or the expiration of six months from the commencement of that period, whichever is later.

6.4 In addition to references with respect to the foregoing matters, when an Operator transfers any vessel from a Holding Club the Operator may request the Committee to determine:

(a) within 10 working days after the attachment date with the New Club, whether the Holding Club's Rate is unreasonably high under Clause 3.7; and

(b) where a release call is required, in relation to that release call, the matters set out in Clause 8.2(b).

6.5 Any determination or decision of the Committee on any matter referred to it by or under the provisions of this Agreement shall be final and binding.

7. **Divergent Policy Years**

Clauses 2 to 4 are written on the basis that insurance will attach at the beginning of a policy year and that the policy years of the New Club and each Holding Club are the same. Where this is not the case the provisions of those Clauses shall apply with any necessary modifications and in case of dispute the decision of the Committee as to what modifications are necessary shall be final and binding unless the contrary is agreed by all the parties to this Agreement.

8. **Release Calls**

8.1 The purpose of a release call is to provide an Operator who transfers a vessel from a Holding Club with the option of crystallising his liabilities to the Holding Club at the point of transfer, rather than being subject during the period prior to closure of the relevant open policy years to an on-going liability to cover his share of the total

liabilities incurred by the Holding Club in respect of the period the vessel was insured by the Holding Club. Each Club shall publish at least annually a statement of its release call percentages for each open policy year or as frequently as release call percentages are reviewed and/or changed each year. The statement shall include an explanation of the factors that the Board of Directors or Committee of the Club has taken into account in setting the release call percentages which shall reflect its assessment of the risk that the published levels of expected premiums may be exceeded and, in making such assessment the Club shall take account of objective actuarial information regarding:

- (a) premium risk (the risk that the premiums to be charged by a Club in respect of the current policy year are insufficient to cover the claims that arise in respect of that policy year);
- (b) reserve risk (the risk that the claims reserves (technical provisions) established by a Club in respect of past policy years prove to be insufficient to cover the ultimate cost of the claims, for example resulting from a significant unexpected increase in the normal pattern of frequency of claims and/or in the severity of claims in relation to those past years);
- (c) catastrophe risk (the risk of one or more claims running into hundreds of millions of dollars or more);
- (d) market risk (the risk of losses on investments, liquidity risk, and currency risk);
- (e) counterparty default risk (the risk that a Club is unable to recover amounts due from a member, a deposit-taker such as a bank, or a reinsurer, including in relation to reinsured retained risks, failure to recover from other Clubs through the pool mechanism, or failure to recover from one or more participants in the Group reinsurance programme); and
- (f) operational risk (the risk of losses arising from inadequate or failed internal processes, people or systems or from external events. It includes losses arising, for example, by computer failure, loss of premises through fire or terrorism, etc. or other operational failure, such as negligence by management);

in each case in relation to the liabilities of the Club for the relevant open policy year.

One statement annually shall include the Club's release call percentages for the five preceding policy years. For the avoidance of doubt, nothing in this subclause shall prevent a Club from setting a release call percentage of zero.

8.2 When an Operator transfers any vessel from a Holding Club and a release call is required by the Holding Club, the Holding Club shall:

- (a) if the Operator so requests accept in lieu of a release call a guarantee given or confirmed by a bank acceptable to the Holding Club for the Operator's liability to pay future calls provided that the Operator shall not be required to provide a guarantee for an amount that exceeds the amount of the release call required;
- (b) allow the Operator, within 20 working days of the amount of the release call being notified to the Operator or his representative, to request the Committee

to determine in relation to that release call:

- (i) whether the release call required is calculated by reference to the release call percentage fixed by the Board of Directors or Committee of the Holding Club in accordance with subclause 1 and applicable to all members of the Holding Club in similar circumstances and, if not, to require it to be so calculated promptly by the Holding Club; and
- (ii) where part of the Operator's fleet remains entered with the Holding Club, whether or not it was reasonable for the Holding Club to require a release call in relation to the transferring vessel or vessels concerned,

PROVIDED THAT the Operator shall agree to make his request in the form of a reference to arbitration incorporating in his agreement the provisions of Schedule 2.

- 8.3 If the Holding Club so requires, it shall be a condition of the Operator's right to request a determination under subclause 2(b) that the Operator deposits in escrow the amount of the release call required by the Holding Club or provides a bank guarantee as aforesaid for that amount. If the Committee requires the Holding Club under subclause 2(b)(i) to recalculate the release call, as soon as practicable after the Holding Club has made the required calculation of the release call, it shall arrange for the deposit or guarantee to be refunded or released to the extent of the difference, together (in the case of a deposit) with interest earned on the principal sum released. If the Committee determines under subclause 2(b)(ii) that a release call was not reasonably required, as soon as practicable after the Holding Club is notified of the determination of the Committee, the Holding Club shall arrange for the deposit or guarantee to be refunded or released, together (in the case of a deposit) with interest earned on the principal.

9. **Reduced Pooling Facility**

9.1 A "Reduced Pooling Facility" means that the Club in question:

- (a) shall not be entitled to any contribution or indemnity from the Pool to or against any relevant loss save to the extent to which such loss falls to be apportioned under the Pool as an Overspill Liability; and
- (b) shall be entitled to indemnity under the General Excess Loss Contract only to the extent of the amount by which any relevant loss insured thereby exceeds US\$150 million or such other amount as the Clubs may from time to time determine to be the maximum for which reinsurance of P and I risks can reasonably be expected to be obtainable by a Club in the insurance market.

A determination under paragraph (b) shall not reduce the indemnity remaining available in respect of a vessel which at the time of the determination is the subject of a Reduced Pooling Facility as defined above, but otherwise shall take effect on 20 February after it is made.

9.2 Subject to subclause 5, for a period of two years a New Club shall be entitled only to a Reduced Pooling Facility in respect of a vessel which it is found by the Committee, on

a reference by the Holding Club, to have accepted for insurance without having first obtained the Operator's record from the Holding Club, by reason of the Operator's not having consented to its disclosure or for any other reason except a breach of the Holding Club's obligations under this Agreement.

9.3 Subject to subclauses 4 and 5, for a period of two years a New Club shall be entitled only to a Reduced Pooling Facility in respect of a vessel which:

- (a) it accepts for insurance without having complied with its obligations under Clauses 2 to 4 or 7 [*Clause 6.3(b)*]; or
- (b) it enters into a firm commitment by the time specified in Clause 2.1 to insure at a rate which is found by the Committee to be unreasonably low [*Clause 2.9(a)*]; or
- (c) it accepts for insurance after entering into a firm commitment before the time so specified and is found by the Committee not to have adjusted the agreed rate so as to reflect fairly the items specified in Clause 2.1 [*Clause 2.9(b) or (c)*]; (PROVIDED THAT this subclause shall not apply if the Committee finds that an increased or unadjusted rate should have been reduced or that a reduced rate should have been reduced to a greater extent); or
- (d) not having entered into a firm commitment before the time specified in Clause 2.1 it accepts for insurance at a premium lower than the Holding Club's Rate [*Clause 3.6*]; or
- (e) it enters as a New Vessel at a premium lower than is permitted by Clause 4.1 [*Clause 4.1*]; or
- (f) it first renews (having previously insured it as a New Vessel) at a rate which is found by the Committee to be unreasonably low [*Clause 4.2*].

[*Note: The italicised cross-references in square brackets in this subclause are to be the principal provisions pursuant to which references may be made to the Committee with respect to the matters dealt with in each paragraph.*]

9.4 Paragraphs (d) and (e) of subclause 3 shall not apply if:

- (a) the Holding Club is found by the Committee to have failed to comply within the prescribed time with the requirements of Clause 3.4 and, if applicable, Clause 4; or
- (b) the Holding Club advised the New Club that it would not quote a premium for the vessel in question on the basis adopted by the New Club or that it would not quote a premium for that vessel at all; or
- (c) the Holding Club's Rate is found by the Committee to be unreasonably high.

9.5 Neither of subclauses 1 and 2 shall apply in any case in which the Committee decides that the Holding Club has not provided with reasonable promptness any information which the Committee considers necessary for the purpose of its decision.

- 9.6 For a period of two years a Holding Club shall be entitled only to a Reduced Pooling Facility in respect of a vessel which it is found by the Committee, on a reference by the New Club, to have accepted or renewed, without informing the New Club as required by Clause 3.9, at a premium which is lower than that which it has stated for the period in question in response to the New Club's relevant request.
- 9.7 The said period of two years shall run from 12 noon GMT on the sixteenth working day after the New Club or the Holding Club, as the case may be, is notified of the relevant decision of the Committee.
- 9.8 While a Club insures a vessel in respect of which it is entitled only to a Reduced Pooling Facility by virtue of this Clause:
- (a) in addition to that Club, any other Club which was the vessel's Holding Club immediately before the inception of that insurance shall be treated as continuing to be a Holding Club of that vessel (an "additional Holding Club"); and
 - (b) any rate of premium stated by the insuring Club in response to a request by a New Club under Clause 3.2 shall not be the Holding Club's Rate for the purposes of this Agreement (and there shall be substituted therefore the lowest rate stated by any additional Holding Club) unless no additional Holding Club states a rate of premium in response to a request in the same terms.

10. **Reinsurance**

The provisions of this Agreement shall apply mutatis mutandis to the reinsurance of P and I risks insured with an insurer other than the Clubs, subject as follows:

- (a) for the purpose of applying Clauses 2 and 3, a Club is a Holding Club of a vessel which it currently reinsures against P and I risks;
- (b) for the purpose of applying Clause 4, account shall be taken of any Club or Clubs which reinsure a fleet or part thereof against P and I risks and not of the primary insurers;
- (c) the record to be requested and supplied pursuant to Clauses 2, 3 or 4 shall be that of the primary insurer insofar only as it relates to the Operator of the reinsured vessels.

11. **Chartered Vessels**

Nothing in Clauses 2 to 10 applies to the insurance or reinsurance of charterers' liabilities after 20 February 2020.

12. **Average Expense Ratio**

- 12.1 Each Club shall include within its published accounts a statement of its Average Expense Ratio.

12.2 Whenever a New Club quotes a rate of premium pursuant to the provisions of Clause 2, or a Holding Club quotes or states a rate of premium pursuant to the provisions of Clauses 2, 3 or 4, it shall provide a statement of its Average Expense Ratio as the same appears in its most recent published accounts.

12.3 Notwithstanding the provisions of Clause 16:

- (a) the obligation in Clause 12.1 shall arise for each Club for the first time in relation to the accounts that it publishes in respect of its 1998/1999 financial year;
- (b) the obligation of a Club to provide a statement of its Average Expense Ratio pursuant to Clause 12.2 shall not arise until ten days after it has published its accounts in respect of its 1998/1999 financial year.

13. **Entire Agreement**

This Agreement sets out the entire agreement and understanding between the parties with respect to the subject matter hereof.

14. **Applicable Law - Jurisdiction**

This Agreement shall be read and construed in accordance with the laws of England and, save as provided herein, the Courts of England and Wales shall have exclusive jurisdiction over any question, claim or dispute in connection herewith.

15. **Language**

The English language shall be used for all communications pursuant to this Agreement.

16. **Commencement**

16.1 This Agreement shall be treated as having come into force at 12 noon GMT on 12 November 2019, but without prejudice to any rights and obligations already acquired under the IGA 1985, IGA 1999, IGA 2008 and/or the IGA 2013 before such time and date.

17. **Captions and Cross-references**

The captions herein and the cross-references in Clause 9.3 are for convenience only and shall be disregarded in construing this Agreement.

AS WITNESS the hands of the duly authorised representatives of the parties the day and year first before written.

SCHEDULE 1

Names and addresses of the parties

American Steamship Owners Mutual Protection and Indemnity Association, Inc.
C/O Shipowners Claims Bureau, Inc.
One Battery Park Plaza, 31st Floor
New York,
New York 10004
USA

Assuranceforeningen Gard, gjensidig
Kittelsbuktveien 31
NO-4836 Arendal
Norway

Assuranceforeningen Skuld, (Gjensidig)
Radhusgaten 27
0158 Oslo
Norway

The Britannia Steam Ship Insurance Association Limited
Regis House
45 King William Street
London
EC4R 9AN
England

The Britannia Steam Ship Insurance Association Europe
42-44 Avenue de la Gare
1610 Luxembourg

Gard P. & I. (Bermuda) Limited
C/O Lingard Limited (as Managers for Gard P. & I. (Bermuda) Ltd)
17A Brunswick Street
Hamilton HM 10
Bermuda

The Japan Ship Owners' Mutual Protection and Indemnity Association
2-15-14 Nihonbashi-Ningyocho
Chuo-ku
Tokyo 103-0013
Japan

The London Steam-Ship Owners' Mutual Insurance Association Limited
50 Leaman Street
London
E1 8HQ
England

The North of England Protecting and Indemnity Association Limited
The Quayside
Newcastle-upon-Tyne
NE1 3DU
England

North of England P&I DAC
Regus House
Harcourt Centre
Block 4
Harcourt Road
Dublin 2
D02 HW77
Ireland

The Shipowners' Mutual Protection and Indemnity Association (Luxembourg)
16 Rue Notre-Dame
L-2240 Luxembourg

Skuld Mutual Protection and Indemnity Association (Bermuda) Limited
46 Reid Street
Innovation House
HM12, Hamilton
Bermuda

* The Standard Club Asia Ltd.
140 Cecil Street
15-00 PIL Building
Singapore 069540

The Standard Club Limited
Swan Building
2nd Floor, 26 Victoria Street
Hamilton HM 12
Bermuda

The Standard Club UK Ltd
The Minster Building
21 Mincing Lane
London
EC3R 7AG
England

The Standard Club Ireland Designated Activity Company
Fitzwilliam Hall
Fitzwilliam Place
Dublin 2
Ireland

The Steamship Mutual Underwriting Association (Bermuda) Limited
C/O Steamship Mutual Management (Bermuda) Limited
Clarendon House
Church Street West
Hamilton HM BX
Bermuda

The Steamship Mutual Underwriting Association Limited
Aquatical House
39 Bell Lane
London
E1 7LU
England

Steamship Mutual Underwriting Association (Europe) Limited
Esperidon 5
4th Floor
Stroyolos
2001 Nicosia
Cyprus

Sveriges Angfartygs Assurans Forening
Gullbergs Strandgata 6
P.O. Box 171
S-401 22
Gothenburg
Sweden

The United Kingdom Mutual Steam Ship Assurance Association (Bermuda) Limited
Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10
Bermuda

The United Kingdom Mutual Steam Ship Assurance Association Limited
90 Fenchurch Street
London
EC3M 4ST
England

UK P&I Club N.V.
Wilhelminakade 953A
3072 AP
Rotterdam
Netherlands

The West of England Shipowners Mutual Insurance Association (Luxembourg)
31 Grand-Rue
L-1661 Luxembourg
G.D. Luxembourg

SCHEDULE 2

Committee

1. The Secretary shall maintain two lists (to be known as Lists A and B) of individuals from which the Committee may be drawn. List A shall comprise one or more directors, employees or partners of each Club or its Managers, nominated by that Club. List B shall comprise other individuals (not being directors, employees or partners of any Club or its Managers), each nominated by not less than three Clubs as independent persons qualified by their experience to act as members of the Committee. A person shall not be disqualified from appointment to List B by having previously been a director, employee or partner as aforesaid.
2. A reference to the Committee shall be initiated by written notice of reference to the Secretary setting out the matter to be determined by the Committee, naming the other party or parties to the reference and appointing one person from List A to serve on the Committee. A party giving a notice of reference shall serve a copy of it in writing on any other party to the reference on the same day on which the notice is sent to the Secretary.
3. A second member of the Committee shall be appointed from List A by written notice served by the other party within three working days after the service upon it of a copy of the notice of reference (and where there is more than one other party the first appointment made by any of them shall prevail), failing which a second member may be appointed by the Secretary from List A or B on the application of the party which gave the Notice of Reference.
4. A person on List A may not be appointed to the Committee by the Club which nominated him to that List or by a Club which reinsures or is reinsured by that Club and where an Operator is a party to a reference he may not appoint a person who was nominated to List A by his New Club or by a Club which reinsures or is reinsured by that New Club. Any such purported appointment shall be void.
5. Two members appointed under paragraphs 2 and 3 above shall jointly appoint a third from List B, but if they cannot agree within three working days the appointment shall be made by the Secretary.
6. A person on List B may not be appointed to serve on the Committee on a reference if he has at any time been a director, employee or partner of a Club which:
 - (a) is party to the reference; or
 - (b) is the New Club of an Operator who is party to the reference; or
 - (c) reinsures or is reinsured by a Club within (a) or (b);or of the Managers of any such Club.
7. The persons appointed pursuant to paragraph 2, 3 and 5 above shall constitute the Committee for the purposes of the reference in question.

8. Subject to the provisions of this Schedule, the appointment and proceedings of the Committee shall be governed by the UK Arbitration Act 1996.
9. The parties agree to exclude the right of appeal or application to the High Court under section 69 Arbitration Act 1996 in relation to the determination of any question of law arising in the course of any reference to the Committee.
10. Neither the Committee nor any member thereof nor the Secretary shall be liable to any party for any act, omission or error in connection with any reference conducted pursuant to the rules and procedures set out in this Schedule, save that any member of the Committee shall be liable for the consequences of any conscious and deliberate wrong-doing on his own part.
11. After any decision, determination or finding has been made (and any accidental mistake or omission corrected) the Committee (or any member thereof) shall be under no obligation to make any statement to any person about any matter concerning the reference, nor shall any party seek to make him a witness in any legal proceedings arising therefrom.
12. The Committee shall have the following powers:
 - (a) to order any party to furnish to it, through the Secretary, details in writing and further details in writing of its case, in fact or in law as it may require;
 - (b) to proceed with the reference notwithstanding the failure or refusal of any party to comply with the requirements of this Schedule or with any orders or directions of the Committee to attend any meeting or hearing, but only after giving that party written notice that the Committee intends to do so;
 - (c) to receive and take into account such written or oral evidence as the Committee shall determine to be relevant, whether or not strictly admissible in law;
 - (d) to hold meetings and hearings and make determinations, decisions and findings in any part of the world;
 - (e) to correct any accidental mistake or omission in the Committee's determinations, decisions or findings;
 - (f) to allow any party, upon such terms as the Committee shall determine, to amend details of their case or reply;
 - (g) to extend or abbreviate any time limits imposed by the Committee;
 - (h) to rely on the Committee's own expert knowledge or experience in any field or to appoint one or more advisers or experts on any matter (including law) to assist them in the conduct of the reference and in either of those events to limit or exclude the right of any party to bring expert evidence before the Committee;
 - (i) to direct the parties to submit to the Secretary, for subsequent exchange, written statements whether or not verified by oath or affirmation, of the evidence of any witness;

- (j) to determine what witnesses (if any) are to attend before the Committee, and the order and manner in which and by whom they are to be orally examined;
- (k) to conduct such enquiries as may appear to the Committee to be necessary or expedient;
- (l) to order the parties to produce to the Committee and to each other through the Secretary for inspection, and to supply copies of, any documents or classes of documents in their possession or power which touch or concern the matters in issue or which the Committee determines to be relevant.

In addition, the Committee shall have such further jurisdiction and powers as may be allowed it by the Arbitration Act 1996 or at Common Law.

- 13. No party shall have the right to be represented before the Committee by counsel or solicitor without the consent of the Committee.
- 14. The Committee shall give its decisions in writing stating its reasons, and the Secretary shall keep copies thereof which shall be open to inspection on reasonable notice by persons authorised by the Clubs. The Committee may act by majority, but all decisions, whether unanimous or not, shall be given as decisions of the Committee, and the opinions of individuals shall not be recorded or divulged.
- 15. The Committee may make an award allocating the costs of the reference as between the parties. The Committee shall award costs on the general principle that costs should follow the event, except where it appears to the Committee that in the circumstances this is not appropriate in relation to the whole or part of the costs.
- 16. Following a reference the Committee shall, as soon as is practicable after its appointment, direct each party to deposit in escrow an amount that the Committee considers will cover the likely costs of the reference or to provide a bank guarantee for that amount.
- 17. Documents sent by post to the last known address used by the addressee for communication between Clubs shall be deemed to have been served on the second working day after posting if posted in the United Kingdom to an address in the United Kingdom, and on the fifth working day after posting in any other case.
- 18. Sections 38(4) and 38(5) of the Arbitration Act 1996 shall not apply to any reference to the Committee, nor is it within the contemplation of the parties that any application pursuant to section 44 Arbitration Act 1996 will be made in connection with any such reference.
- 19.1 The jurisdiction and powers of the Committee are:
 - (a) to determine any matters or question which may be referred to it in accordance with the following provisions of this Agreement; viz:
 - (i) Clause 2.9, Clause 3.6 (as it applies to vessels already insured and as extended to New Vessels by Clause 4.1), Clause 3.7, Clause 4.2, Clause 6.3, Clause 6.4, Clause 7, Clause 8.2, Clause 9.2, Clause 9.6; and

- (ii) any of the provisions listed in subparagraph (i) above as extended by Clauses 10 and 11; and
 - (b) to determine any question that may arise in the course of such a reference with respect to any of the matters mentioned in the proviso to Clause 9.3(c), Clause 9.4(a) and Clause 9.5.
- 19.2 Within the framework of the jurisdiction and powers of the Committee given in the Agreement and by the foregoing provisions of this paragraph, the Committee shall have the power to determine its own jurisdiction and procedure.

SCHEDULE 2A

Expedited dispute resolution procedure

1. Save as otherwise set out below, any disputes arising under the Agreement will be dealt with according to the procedures in Schedule 2.
2. A Club may, instead of following the dispute resolution procedure in Schedule 2, at its option elect to refer for determination and decision any dispute arising under Clauses 2-7 of the Agreement to this expedited dispute resolution procedure.
3. Any reference under this Schedule 2A will be initiated by the complainant Club (the “**Complainant**”) sending a written notification to the Secretary (with copy to the other club party to the dispute, hereafter the “**Respondent**”) summarising the nature of the dispute and requesting the appointment by the Secretary of a suitable adjudicator from List A or List B (the “**Adjudicator**”). The Secretary will, as soon as practicable, but in any event within 2 working days from date of receipt of such notification, send to both parties:
 - a. a written acknowledgment of receipt of the notification;
 - b. a message naming the Adjudicator appointed (such appointment being in the Secretary’s sole discretion bearing in mind suitability and availability).
4. The Complainant shall, within 2 working days of receiving written notice of the appointment, send a written complaint (the “**Complaint**”) to the Adjudicator (with copy to the Respondent). The Complaint shall be no more than two sides of A4 and shall be accompanied by copies of any correspondence or documentation relied upon in connection with the dispute.
5. The Respondent shall, within a further 2 working days of receiving the Complaint, serve its response to the Complaint (the “**Response**”) on the Adjudicator (with copy to the Complainant). The Response shall be no more than two sides of A4, and shall be accompanied by copies of any correspondence or documentation relied upon in connection with the dispute.
6. The Complainant shall, within 2 working days of receiving the Response, serve any reply to the Response (the “**Reply**”) on the Adjudicator (with copy to the Respondent). The Reply shall be no more than one side of A4.
7. Unless the Complainant has raised a new point in the Reply the submissions will then be closed. If a new point has been raised and permission from the Adjudicator is obtained within 2 working days of the service of the Reply, then within a further 2 working days of the Adjudicator’s permission being granted the Respondent may serve a Rejoinder (the “**Rejoinder**”) restricted to the new point and on no more than one side of A4.

8. The Adjudicator shall, following receipt of the Reply and the Rejoinder if served, proceed to a written decision within 5 working days counting from the date the last submission was served, or such other period as the Adjudicator deems appropriate and/or practicable.
9. The Adjudicator's decision shall be final and binding, and the parties irrevocably waive any right of appeal therefrom.
10. The Adjudicator shall have the discretion to award the costs of the adjudication (if any) to the successful party.

SCHEDULE 3

Average Expense Ratio

The Average Expense Ratio of a Club shall be the average of the percentages calculated by applying to the following formula, for each of the five immediately preceding completed financial years, the definitions set out below:

$$\frac{\text{OPERATING COSTS}}{\text{PREMIUM INCOME plus INVESTMENT INCOME}} \times 100$$

OPERATING COSTS means all expenditure incurred in operating a Club (except expenditure incurred in dealing with claims and potential claims) and includes (without limitation) commissions, brokerage, other acquisition expenses and depreciation.

PREMIUM INCOME shall mean all amounts earned and estimated to be earned in respect of the insurance of P and I risks during the policy year that is contemporaneous with the financial year. It shall include all calls and income from premiums, including currently estimated supplementary calls, whether debited or not. An estimated supplementary call is a call which has been notified to members and has not, at the time of calculating this Average Expense Ratio, been charged, varied or cancelled by a decision of the Directors or Committee of the Club. Where the call has been varied, the amount to be included shall be the revised figure.

INVESTMENT INCOME shall mean all investment income, including capital and currency gains and losses, whether realised or not, earned during the financial year, less the related expenditure. Related expenditure shall include all taxes payable or deferred, custodial fees and the costs of investment management, whether internal or external.

AND for the purposes of this Schedule and Clause 12:

- (1) All references to a Club shall include all affiliated or associated clubs, management operations and reinsurers; and
- (2) Figures used in calculating the Average Expense Ratios shall be consistent with and reconcilable to the audited accounts of the Club for the relevant periods and each Club shall instruct its auditors to discuss with the auditors of all other Clubs the basis on which its Average Expense Ratio is calculated with a view to ensuring that all Clubs apply the provisions of this Schedule in a consistent manner.

SIGNED BY)
)
for and on behalf of THE)
AMERICAN STEAMSHIP OWNERS)
MUTUAL PROTECTION AND)
INDEMNITY ASSOCIATION,)
INC. in the presence of:)

SIGNED BY)
)
for and on behalf of the)
ASSURANCEFORENINGEN GARD)
(GJENSIDIG) in the presence of:)

SIGNED BY)
)
for and on behalf of the)
ASSURANCEFORENINGEN SKULD)
(GJENSIDIG) in the presence of:)

SIGNED BY)
)
for and on behalf of THE)
BRITANNIA STEAM SHIP)
INSURANCE ASSOCIATION)
LIMITED in the presence of:)

SIGNED BY)
)
for and on behalf of THE)
BRITANNIA STEAM SHIP)
INSURANCE ASSOCIATION)
EUROPE in the presence of:)

SIGNED BY)
)
for and on behalf of)
GARD P. & I. (BERMUDA) LIMITED)
in the presence of:)

SIGNED BY)
)
for and on behalf of the)
JAPAN SHIP OWNERS' MUTUAL)
PROTECTION AND INDEMNITY)
ASSOCIATION in the presence of:)

SIGNED BY)
)
for and on behalf of the)
LONDON STEAM-SHIP OWNERS')
MUTUAL INSURANCE)
ASSOCIATION LIMITED)
in the presence of:)

SIGNED BY)
)
for and on behalf of the)
NORTH OF ENGLAND)
PROTECTING AND INDEMNITY)
ASSOCIATION LIMITED)
in the presence of:)

SIGNED BY)
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for and on behalf of the)
NORTH OF ENGLAND)
P&I DAC)
in the presence of:)

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)
for and on behalf of the)
SHIOWNERS' MUTUAL)
PROTECTION AND INDEMNITY)
ASSOCIATION (LUXEMBOURG))
in the presence of:)

SIGNED BY)
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for and on behalf of the)
SKULD MUTUAL PROTECTION)
AND INDEMNITY ASSOCIATION)
(BERMUDA) LIMITED)
in the presence of:)

SIGNED BY)
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for and on behalf of the)
STANDARD CLUB ASIA LTD.)
in the presence of:)

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for and on behalf of the)
STANDARD CLUB)
LIMITED in the presence of)

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for and on behalf of the)
STANDARD CLUB UK LTD)
in the presence of:)

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for and on behalf of the)
STANDARD CLUB IRELAND)
DESIGNATED ACTIVITY COMPANY)
in the presence of:)

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for and on behalf of the)
STEAMSHIP MUTUAL)
UNDERWRITING ASSOCIATION)
(BERMUDA) LIMITED)
in the presence of:)

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STEAMSHIP MUTUAL)
UNDERWRITING ASSOCIATION)
LIMITED in the presence of:)

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for and on behalf of the)
STEAMSHIP MUTUAL)
UNDERWRITING ASSOCIATION)
(EUROPE) LIMITED)
in the presence of:)

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for and on behalf of the)
SVERIGES ANGFARTYS)
ASSURANS FORENING)
in the presence of:)

SIGNED BY)
)
for and on behalf of the)
UNITED KINGDOM MUTUAL)
STEAM SHIP ASSURANCE)
ASSOCIATION (BERMUDA))
LIMITED in the presence of:)

SIGNED BY)
for and on behalf of the)
UNITED KINGDOM MUTUAL)
STEAM SHIP ASSURANCE)
ASSOCIATION)
LIMITED in the presence of:)

SIGNED BY)
for and on behalf of the)
UK P&I CLUB N.V.)
in the presence of:)

SIGNED BY)
for and on behalf of the)
WEST OF ENGLAND SHIPOWNERS)
MUTUAL INSURANCE)
ASSOCIATION (LUXEMBOURG))
in the presence of:)

INTERNATIONAL GROUP AGREEMENT 2020