



Association Rules of Protection & Indemnity for Shipowners

Index	Page
Article I -- Basic Rules	2
Section 1. <i>Paramount Rules</i>	2
Section 2. <i>Exclusion Clauses</i>	2
Article II -- General Rules	3
Section 1. <i>Law and Practice</i>	3
Section 2. <i>Survey Instruction</i>	3
Section 3. <i>Survey Warranty</i>	4
Section 4. <i>Steel Survey Clause</i>	5
Section 5. <i>Tank Cleaning Clause</i>	5
Section 6. <i>Payments to the Association</i>	5
Section 7. <i>Claims</i>	5
Article III -- Basic Cover	5
Section 1. <i>Liability of Crew (including persons other than Crew)</i>	6
Section 2. <i>Liability of Wreck Removal</i>	6
Section 3. <i>Liability of Pollution</i>	6
Section 4. <i>Liability of Cargo</i>	6
Section 5. <i>Liability of Collision</i>	7
Section 6. <i>Liability of General Average</i>	7
Section 7. <i>Liability of Sue & Labour and Legal Costs</i>	7
Section 8. <i>Liability of Fines</i>	7
Article IV -- Exclusion of Cover	8
Section 1. <i>Liability of Crew (including persons other than Crew)</i>	8
Section 2. <i>Liability of Cargo</i>	8
Section 3. <i>Liability of Collision</i>	9
Section 4. <i>Liability of Wreck Removal</i>	9
Section 5. <i>Liability of Pollution</i>	10
Section 6. <i>Liability of Sue & Labour and Legal Costs</i>	10
Section 7. <i>Liability of Fines</i>	10

Version 2017/01



Article I -- Basic Rules

Below Rules/Clauses of this Article shall be paramount applied to all Certificates of Entry which issued by Asia Faith Insurance (Bermuda) Limited (hereinafter referred to as "the Association") automatically, if Ship(s)/Member(s) agree to enter the Association, whatever any provision whether written typed or printed in the Certificate of Entry inconsistent therewith. When Ship(s)/Member(s) choose the Association, it absolutely means the Member(s) fully read, know, accept, and understand below Rules/Clauses of this Article.

Section 1. Paramount Rules

1.1 Pay to be Paid Rule

Unless the Association decides otherwise, it is a condition precedent to any recovery by the Member(s) under any other clause of this Certificate of Entry that the Member(s) shall have discharged the Liability or paid the costs or expense claimed out of funds belonging to the Member(s) unconditionally and not by way of loan or otherwise.

1.2 It is a condition precedent to the Member(s)' right of recovery under this policy with regard to any claim by the Member(s) in respect of any loss, expense or liability, that the Member(s) shall first have discharged any loss, expense or liability.

1.3 Limits of Pollution & Wreck Removal

The Association's liability for any and all claims in respect of damage directly or indirectly caused or threatened by pollution & Wreck Removal shall be limited in the aggregate to such amount as may be stated on the Certificate of Entry. The Directors may, in their discretion, impose special terms and conditions on the Certificate of Entry of damage caused or threatened by pollution & Wreck Removal. Unless the Directors shall in their discretion otherwise decide, if the entered ship provides salvage or other assistance to another ship following a casualty, a claim by the Member who entered the entered ship in respect of pollution & Wreck Removal arising out of the salvage and/or assistance rendered to the casualty shall be aggregated with any liability or cost incurred in respect of pollution & Wreck Removal by any other entered ships similarly engaged in connection with the same casualty when such other ships are insured by the Association in respect of pollution & Wreck Removal. In this circumstance the limit of the liability of the Association to the Member who entered the entered ship shall be such proportion of the greater pollution & Wreck Removal limit as the claim of that Member bears to the aggregate of all such claims insured by the Association which arise directly or indirectly out of the casualty.

1.4 Sanctions limitation and Exclusion Rule

The Association shall not be deemed to provide cover and shall not be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose the Association to any sanction, prohibition or restriction under United Nations resolutions or trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

1.5 Institute radioactive contamination, chemical, biological, bio-chemical and electromagnetic weapons exclusion clause [CL. 370].

1.6 Institute Cyber Attack Exclusion Clause [CL. 380].

Section 2. Exclusion Clauses

2.1 Hazardous or Unlawful Trading Exclusion Rule

There is no cover under this Certificate of Entry for Liability arising out of unlawful fishing or engaging in an unlawful trade, blockade running by the Entered Vessel, runs the blockade, the carriage of contraband, or any voyage or trade which in the opinion of the Association exposes the Entered Vessel or the Member(s) to unnecessary or unreasonable risk, or if the



Association having regard to all the circumstances shall be of the opinion that the carriage, trade, voyage or any other activity in connection with the Entered Vessel was imprudent, unsafe, unduly hazardous or improper.

2.2 Terrorism, War, Piracy Exclusion Rule

There shall be no recovery from the Association against any liabilities, losses, damages, costs and expenses set out below under (a) to (f):

- (a) War, civil war, revolution, rebellion, insurrection, disturbance or civil strife arising therefrom, or any hostile act by or against a belligerent state;
- (b) Capture, seizure, detainment, or confiscation (barratry and piracy excepted) and all consequences thereof or any attempt thereat;
- (c) Any weapons of war, unless by reason of transport on the Entered Vessel;
- (d) Nuclear risks;
- (e) Cargoes that are not carried in accordance with the specific international guidelines applicable including, but not limited to, the IMDG, IBC or IMSBC Code; or which are carried on vessels that do not comply with the requirements as set for the carriage of such Cargoes;
- (f) Mines, torpedoes, bombs, missiles, shells, explosives or other similar weapons of war (save for those liabilities costs or expenses which arises solely by reason of the transport of any such weapons by the Entered Vessel).

2.3 Willful Misconduct Exclusion Rule

The Association shall not indemnify the Insured against any liabilities, costs, or expenses caused by any willful misconduct of the Member(s)/Manager(s)/Crew(s). Such misconduct being an act intentionally done, or a deliberate omission by the Member(s)/Manager(s)/Crew(s), with knowledge that the performance or omission will probably result in injury, or an act done or omitted in such way as to allow inference of a reckless disregard of the probable consequences.

2.4 Punitive Action

There shall be no recovery from the Association against any liabilities, losses, damages, costs and expenses are imposed on the Member(s) as punitive or exemplary damages, howsoever described.

Article II -- General Rules

Section 1. Law and Practice

Notwithstanding anything else to the contrary this Certificate of Entry is subject to the provisions of the English Marine Insurance Act 1906 but not of the 2015 act. Any dispute arising under or in connection with this Certificate of Entry is to be referred to Arbitration in a place solely chosen by the Association, after submission of all documents by the Member(s) entered, one Arbitrator to be nominated by the Member(s) and the other by the Association. In case the Arbitrators shall not agree, then the dispute shall finally be referred to arbitration in London. In the event of a conflict between this clause and any other provision of this Certificate of Entry, this clause shall prevail and the right of either party to commence proceedings before any Court or Tribunal in any other jurisdiction shall be limited to the process of enforcement of any award hereunder. The Certificate of Entry is to prevail and it is a warranty under any P&I cover granted by the Association. It is a warranty hereunder that this clause prevails. Any action against the Association becomes time barred after 12 months from the date of the casualty or dispute whichever comes first.

Section 2. Survey Instruction

2.1 All references herein to a "Condition Surveyor" shall be to a surveyor who shall be nominated by the Manager. The



Member alone shall be responsible for the Condition Surveyor's fees and for the attendance of the Condition Surveyor on board the Entered Vessel in order to comply with any survey warranty time limits.

2.2 The Member shall strictly comply with any survey warranty set out in the Certificate of Entry relating to the Entered Vessel.

2.3 The Member shall permit the Manager, at any time, to carry out a survey or surveys (including follow up surveys) of the Entered Vessel by a condition surveyor or other expert appointed by the Manager but at the Member's expense on a date and at a place satisfactory to the Association. In the light of the surveyor's recommendations following such survey the Manager shall be entitled.

2.4 In all cases the Manager's decision shall be recorded by endorsement that shall confirm, vary, suspend or terminate the Certificate of Entry as the case may be and on the terms there set out.

2.5 The Association's Condition Survey Guidelines, as from time to time amended, and the Association's P&I Risk Assessment Reports insofar as they relate to the Entered Vessel, shall be patent to the Member as the basis of the Association's assessments.

2.6 Any recommendations or observations of a Condition Surveyor acting under any part of any one of the sub clauses set out herein shall be treated as within the actual knowledge of the Member.

Section 3. Survey Warranty

3.1 The Managers may at any time in their discretion appoint a surveyor or such other person as they may think fit to inspect an entered ship on behalf of the Association. The Member shall afford such facilities as may be required by the Managers for such inspection, and shall promptly comply with such recommendations as the Managers may make following such inspection.

3.2 Unless and to the extent that the Directors in their discretion otherwise decide, a Member who commits any breach of his obligations referred to above shall not be entitled to any recovery from the Association in respect of any claim caused or occurring during the period after such breach is committed and before the Member has complied with his obligations above arising out of such breach.

3.3 Unless and to the extent that the Managers otherwise decide, a satisfactory condition survey shall apply to every entry and/or renewal of every ship, the concerned survey shall be performed by a Surveyor approved by the Association at the Member's expense within the periods that the Association agree; Association reserves the right to reject any claim for assistance or reimbursement where a loss giving rise to a claim was caused or contributed to by any one or more of the defects or recommendations listed by the Surveyor in their reports; Association reserves the right to reject any claim for assistance or reimbursement in the event of a claim arising, where the cause is due to Member non-compliance of Surveyor's recommendation(s); If, upon receipt of the Surveyor's reports, Association is of the opinion that the ship is not in a fit and proper condition, Association reserve the right to terminate Certificate of Entry and/or other related, similar Certificates from the date of inception or any other date; Association reserve the right to reject any claims for assistance or reimbursement where a loss giving rise to a claim was caused or contributed to by any one or more of the defects or recommendations listed in the survey report above mentioned.

3.4 In the event of non-compliance with this Survey warranty, Association will reject any claim including any liabilities/claims arising from the Certificate of Entry and related or similar Certificates. Meanwhile Association has the right to cancel the present Certificate from the renewal or to extend it by written consent at their discretion.

3.5 Any claim(s) which arises out of defects or defaults which would reasonably have been noted as a remark or recommendation in a condition survey carried out by an independent surveyor are excluded from cover until the ship has been surveyed and approved by the Association.



Section 4. Steel Survey Clause

4.1 Should and Entered Ship be required to load a Cargo of steel products, the Member Member(s) will promptly advise the Association who will arrange for an approved surveyor at the Member Member(s)'s expense, to conduct a pre-loading survey at the port(s) of shipment to establish the condition of steel immediately prior to its loading aboard the Ship. All applicable bills of lading issued in respect of the Cargo of steel products are to be claused in accordance with the findings of the surveyor.

4.2 It is a condition precedent to the maintenance of coverage of the Association for any steel products that the foregoing provisions are complied with. Any steps taken to assist the Member(s) shall not be deemed a waiver of the Association's rights hereunder. It is agreed that compliance with this clause is the sole responsibility and duty of the Member(s) and that the Association is not under a duty to send any reminder whatsoever.

Section 5. Tank Cleaning Clause

Warranted vessel to comply with the standard tank cleaning procedure and the use of appropriate cleaning agents in respect of loading of different grade of cargoes and/or products. Otherwise the Association reserves the right to reject in whole or in part, any claims arising therefrom.

Section 6. Payments to the Association

6.1 Section 53 of the Marine Insurance Act 1906 shall not unless otherwise agreed apply.

6.2 Payable in full in advance of due dates, time being of the essence, otherwise the Certificate of Cover automatically cancelled with the Association accepting no liability arising from any incident. In the event of Total or Constructive Total Loss, all future installments become immediately due.

6.3 If special agreement indicated in the Certificate of Entry, no any conditions Estimated Total Call returns.

6.4 No claim of any kind whatsoever by the Member(s) against the Association shall constitute any right of set-off against the calls or other sums due to the Association or shall entitle the Member to withhold or delay payment of any call or other sum due under this Rule on the due date.

Section 7. Claims

7.1 The first notification shall be sent to the Association or their agents within 48 hours after the accident, otherwise additional 20% of the loss amounts shall be deducted for each accident. The Association shall not be liable for any loss or liabilities if Member(s) fail to report the accident within the time limit, and shall not be liable for any further expanded loss or liabilities, and the loss or liabilities cannot be checked.

7.2 If the Member(s) fails to give notice to the Association within 180 days after the Member(s) learns or should learn any accident or loss to the covered vessel, this Certificate of Cover shall not cover any loss or expenses caused by such accident;

Article III -- Basic Cover

The Association shall indemnify the Member against the Legal Liabilities, costs and expenses under this Article, which are incurred in respect of and only in connection with the operation of the Entered Vessel, arising from events occurring during the period of Entry, as set out in sections 1 to 8 below. And related exclusion of cover shall apply to **Article IV - Exclusion of Cover** automatically.



Section 1. Liability of Crew (including persons other than Crew)

1.1 Liabilities of cost of medical treatment in relation to any illness or personal injury; wages during said medical treatment; compensation or damages for any illness, personal injury or death; and the cost of funeral and ancillary expenses necessarily incurred following death, arising in respect of a Crew member of the Entered Vessel, whether under a contract of employment, a contract of service, a collective agreement or under a legal or statutory obligation, or equivalent domestic legislation by a State Party to the Convention.

1.2 Liabilities to pay repatriation expenses and wages incurred under statutory obligation, or equivalent domestic legislation by a State Party to the Convention, or contract of service or employment in respect of a member of the Crew.

Section 2. Liability of Wreck Removal

2.1 Costs or expenses relating to the raising, removal, destruction, lighting or marking of the wreck of the Entered Vessel, when such raising, removal, destruction, lighting or marking is compulsory by law or the costs thereof are legally recoverable from the Member(s).

2.2 Costs or expenses relating to the raising, removal or destruction of any Cargo, equipment or other property being carried or having been carried on an Entered Vessel, not being oil or any other substance within the scope of "**Article III - Basic Cover - Section 3 Liability of Pollution**", when such raising, removal, destruction, lighting or marking is compulsory by law or the costs thereof are legally recoverable from the Member(s).

2.3 Liabilities incurred by the Member(s) as the result of any such raising, removal or destruction of the wreck of an Entered Vessel or any property as referred to in paragraphs 2.1 and 2.2 of this section, or any attempt thereof.

Section 3. Liability of Pollution

The liabilities, losses, damages, costs and expenses set out below under (a) to (d) when and to the extent that they are caused by or incurred in consequence of the accidental or threatened accidental discharge or escape from the Entered Vessel, of oil or any other substance incurred during her Operation:

(a) Liability for loss, damage or contamination.

(b) The costs of any measures reasonably taken for the purpose of avoiding or minimizing pollution or any resulting loss or damage together with any liability for loss of or damage to property caused by measures so taken.

(c) The costs of any measures reasonably taken to prevent an imminent danger of the accidental discharge or escape from the Entered Vessel of oil or any hazardous substance which may cause pollution.

(d) The costs or liabilities incurred as a result of compliance with any order or direction given by any government or authority for the purpose of preventing or reducing pollution or the risk of pollution, provided always that such costs or liabilities are not recoverable under any other insurance.

Section 4. Liability of Cargo

The liabilities, costs and expenses relating to loss, shortage, damage, delay of Cargo; discharging or disposing of damaged Cargo; failure of consignee to remove Cargo; through or transshipment bills of lading, when and to the extent that they relate to Cargo intended to be or being or having been carried in, on or by the Entered Vessel.

Section 5. Liability of Collision

5.1 Liabilities to pay costs and damages to any other person arising out of the collision of the Entered Vessel and another vessel, but only to the extent that such liabilities are not recoverable under the collision liability clause contained in the Hull Policies and provided that it has been agreed in writing between the Association and the Member(s) prior to inception what proportion of the Entered Vessel's collision liability is covered under this section.

5.2 In any instance in which both vessels involved in a collision are to blame and the liability of either or both vessels becomes limited by law, any recovery of the Member(s) from the Association will be settled on the principle of single liability. In all other instances, a claim for recovery by the Member(s) from the Association under this section shall be settled on the principle of cross liabilities, as if the owner of each vessel had been compelled to pay the other owner such proportion of the latter's damages or as may have been properly allowed in ascertaining the balance payable by or to the former.

5.3 Liability to pay damages or compensation for any loss of or damage to any property (including infringement of rights in connection with that property) whether on land or water and whether fixed or moveable, not being another ship or Cargo and incurred during the Operation of the Entered Vessel.

Section 6. Liability of General Average

6.1 Unrecoverable general average contributions - Cargo

The proportion of general average expenditure (including salvage) and special charges which the Member(s) is entitled to claim from Cargo interests or from some other party to the maritime adventure, but which are not legally recoverable solely by reason of a breach of the contract of carriage.

6.2 Ship's proportion of general average - Hull

Ship's proportion of general average expenditure (including salvage) and sue and labour expenses which are not recoverable under the Hull Policies and Excess Liabilities by reason of the value of the Entered Vessel being assessed for contribution to general average or salvage at a sound value in excess of the insured value under such policies.

If the amount insured under the Hull Policies is less than the proper value, then the proper value shall be determined by the Association in their sole discretion and the Member(s) shall only be entitled to recover the excess of the amount which would have been recoverable under the Hull Policies if the Vessel had been insured at the proper value.

Section 7. Liability of Sue & Labour and Legal Costs

7.1 Costs, including legal costs, and expenses reasonably incurred by the Member(s), on the occurrence of an Event or matter liable to give rise to a claim, in avoiding or seeking to avoid or minimize any liability or expenditure or loss against which it is insured by the Association, provided that no such costs or expenses shall be recoverable unless either they have been incurred with the Association's prior agreement or the Association determines that such costs or expenses were reasonably incurred.

7.2 Unless otherwise agreed the costs and expenses incurred under paragraphs 7.1 of this section shall bear the same Deductible as the liability or expenditure so avoided or reduced would have borne.

Section 8. Liability of Fines

Liability for fines imposed by any court, tribunal, or authority of competent jurisdiction upon the Member(s) or upon any person for whom the Member(s) is legally liable to reimburse, for any of the following (a) to (e):

(a) Short or over delivery of Cargo or for failing to comply with regulations concerning declarations relating to goods or



Cargo or to the Entered Vessel's documents.

- (b) Accidental pollution by oil or other substance.
- (c) Smuggling or any infringement of any customs law or regulation relating to the Cargo or the Entered Vessel.
- (d) Breach of immigration laws or regulations.
- (e) Any act, neglect or default, other than those specified above, of any servant or agent of the Member(s) in the course of their duties in respect of the Entered Vessel.

Article IV -- Exclusion of Cover

Section 1. Liability of Crew (including persons other than Crew)

1.1 There shall be no recovery in respect of any costs and expenses arising out of or in consequence of a breach by the Member(s) of any contract of employment, contract of service or collective agreement relating to non-payment of wages or similar labour-related disputes, except where statutory obligations dictate otherwise.

1.2 There shall be no recovery in respect of any liabilities, costs and expenses incurred under the terms of a contract of employment, contract of service or collective agreement, unless these terms have previously been approved by the Association in writing and would not have arisen but for these terms.

1.3 There shall be no recovery in respect of any sums, whether proportional or not, recoverable under any Workmen's Compensation Act, Social Security Scheme, local statutory and/or obligatory insurances or any other ordinance passed on by the government of any country, nation or state.

1.4 There shall be no recovery where the expenses result from termination of a contract of service or employment, any breach by the Member(s) of any contract, agreement or statute or the sale of the Entered Vessel.

Section 2. Liability of Cargo

2.1 There shall be no recovery from the Association under this section in respect of liabilities, costs or expenses arising from: A bill of lading, way bill or other document containing or evidencing the contract of carriage, issued with the knowledge of the Member(s), or his agent with an incorrect description of the Cargo or its quantity or its condition; The issue of a bill of lading or other document containing or evidencing the contract of carriage which contains any fraudulent misrepresentation, including but not limited to the issue of an antedated or postdated bill of lading; Delivery of Cargo carried under a negotiable bill of lading (including an electronic bill of lading) or similar document of title without production (or the equivalent thereof in the case of an electronic bill of lading) of that bill of lading or document by the person to whom delivery is made; Delivery of Cargo carried under a waybill or similar non-negotiable document to a party other than the party nominated by the shipper as the person to whom delivery should be made; Discharge of Cargo at a port or place other than in accordance with the contract of carriage; Late arrival or non-arrival of the Entered Vessel at a port or place of loading, or failure to load any particular Cargo, unless the late arrival or failure to load is caused by reasons beyond the Member(s)'s control and arising under a bill of lading already issued; Loss of market.

2.2 Standard terms of carriage

There shall be no recovery from the Association in respect of liabilities, costs and expenses, which would not have been incurred by the Member(s) if the Cargo had been carried on terms no less favourable to the Member(s) than those laid down on the Hague-Visby Rules. In particular, there shall be no recovery from the Association in respect of liabilities arising under the Hamburg Rules, unless the Hamburg Rules are compulsorily applicable to the contract of carriage by operation of law.

2.3 Rare or precious Cargo

There shall be no recovery from the Association in respect of bullion, precious, semi-precious or rare metals or stones, plate, jewellery or other objects of a rare or precious nature, bank notes or other forms of currency, bonds or other negotiable instruments or specie, unless the Association has approved the carriage in writing.

2.4 Ad valorem bills of lading

Where the value of any Cargo is declared upon the bill of lading at a figure in excess of USD 2,500.- (or the equivalent in the currency in which the declared value is expressed) per unit, piece or package, the liability of the Association under this section shall not exceed USD 2,500.- per unit, piece or package, unless the Association has agreed in writing to provide cover at a higher value.

2.5 Property of the Member(s).

If any Cargo lost or damaged on board of the Entered Vessel is the property of the Member(s), he shall be entitled to recover from the Association the same amounts as would have been recoverable if the Cargo had belonged to a third party and that third party had concluded a contract of carriage with the Member(s) under the Association's standard terms of carriage stated above in paragraphs 2.2 of this section.

2.6 Deviation.

There shall be no recovery from the Association if the liability, costs or expenses arise as a result of or arise following a deviation from the contractually agreed voyage and if as a result of such a deviation the Member(s) is not entitled to rely on any defences or rights of limitation which would otherwise have been available to him to reduce or eliminate his liability. The Association may agree special cover at terms to be agreed, if the deviation is reported before it occurs.

2.7 Deck Cargo.

There shall be no recovery from the Association for liability, costs or expenses in respect of Cargo carried on deck, except for containers where the Entered Vessel is designed and/or permanently fitted and equipped for the carriage of containers on deck and the Entered Vessel has written approval from the Classification Society for the carriage of containers on deck.

2.8 Livestock.

There shall be no recovery from the Association for liability, costs or expenses arising out of the carriage of live animals.

2.9 Electronic Trading System (E.T.S.).

There shall be no recovery from the Association for any liability, cost or expense arising from the use of any Electronic Trading System, other than when approved by the Association in writing, to the extent that such liability, cost or expense would not have arisen under a paper trading system.

Section 3. Liability of Collision

3.1 There shall be no recovery from the Association of any deductible applicable under the Hull Policies.

3.2 Recovery from the Association under this section shall be limited to the excess, if any, of the amount which would have been recoverable under the Hull Policies if that vessel had been insured at a value which at the discretion of the Association would have been her market value.

3.3 No claim shall be recoverable under this section where the liability arises under the terms of any contract or indemnity and would not have arisen but for those terms, unless those terms were previously approved by the Association in writing.

3.4 No claim shall be recoverable under this section in respect of loss of or damage to property that is owned, leased or otherwise within the possession, custody or control of the Member(s).

Section 4. Liability of Wreck Removal

4.1 In respect of a recovery from the Association under this section the value of the wreck and anything else salvaged shall be deducted and set off against the recoverable costs and expenses.

4.2 The Member(s) shall not have transferred its interest in the wreck prior to the raising, removal, destruction, lighting or marking of the wreck or prior to the incident giving rise to liability, save by abandonment with the Association's approval in writing.

4.3 The occurrence or event giving rise to the wreck of the Entered Vessel arose during the Period of Certificate of Entry of the Entered Vessel.

Section 5. Liability of Pollution

5.1 No claim shall be recoverable under this section where the Member(s) is solely held liable as owner of the Cargo.

5.2 Any Certificate of Entry or confirmation of cover pursuant to this policy shall not be deemed to be evidence of financial responsibility under the Oil Pollution Act of 1990 or any similar federal or State law and may not be shown or tendered to the United States Coast Guard or any federal or State agency as evidence of financial responsibility or evidence of insurance. The Association does not consent to be a guarantor.

5.3 There shall be no recovery of Liability to pay special compensation to a salvor in respect of the Entered Vessel under the provisions of Article 14 of the International Convention on Salvage 1989, or under a Lloyd's Open Form of salvage agreement, or any standard form of salvage agreement approved by the Association, or under the Special Compensation P&I Club's (SCOPIIC) clause.

Section 6. Liability of Sue & Labour and Legal Costs

There shall be no recovery from the Association in respect of costs and expenses for any following (a) to (e):

- (a) Which are claimable in general average.
- (b) Which result from the Entered Vessel being overloaded or improperly stowed.
- (c) Which are incurred in order to make the Entered Vessel seaworthy to receive the Cargo.
- (d) Which form part of the daily running of the Entered Vessel.
- (e) For work which could have been carried out by the Crew or by reasonable use of the Entered Vessel and her equipment.

Section 7. Liability of Fines

There shall be no recovery from the Association in respect of following (a) to (j):

- (a) Overloading of the Entered Vessel.
- (b) The presence on board the Entered Vessel of a greater number of Passengers than is legally permitted.
- (c) Contravention of any law, regulation or requirement in respect of fishing.
- (d) Entry of the Entered Vessel into prohibited waters.
- (e) Disregarding of routing regulations.
- (f) Criminal activity of which the Member(s) had actual or constructive knowledge, recklessly disregarded or failed to take reasonable steps to prevent.
- (g) Failure to maintain the Entered Vessel's life saving and/or navigational equipment and/or to keep prescribed certificates on board.
- (h) Landing of a member of the Crew, stowaway or refugee without permission of the necessary authorities.
- (i) Inspection fees, including follow-up survey fees or fines of any sort arising out of or relating to a Port State Control detention or other order.
- (j) Infringement of MARPOL regulations where the ship's oily water separator or similar pollution prevention device has been bypassed or rendered inoperable.