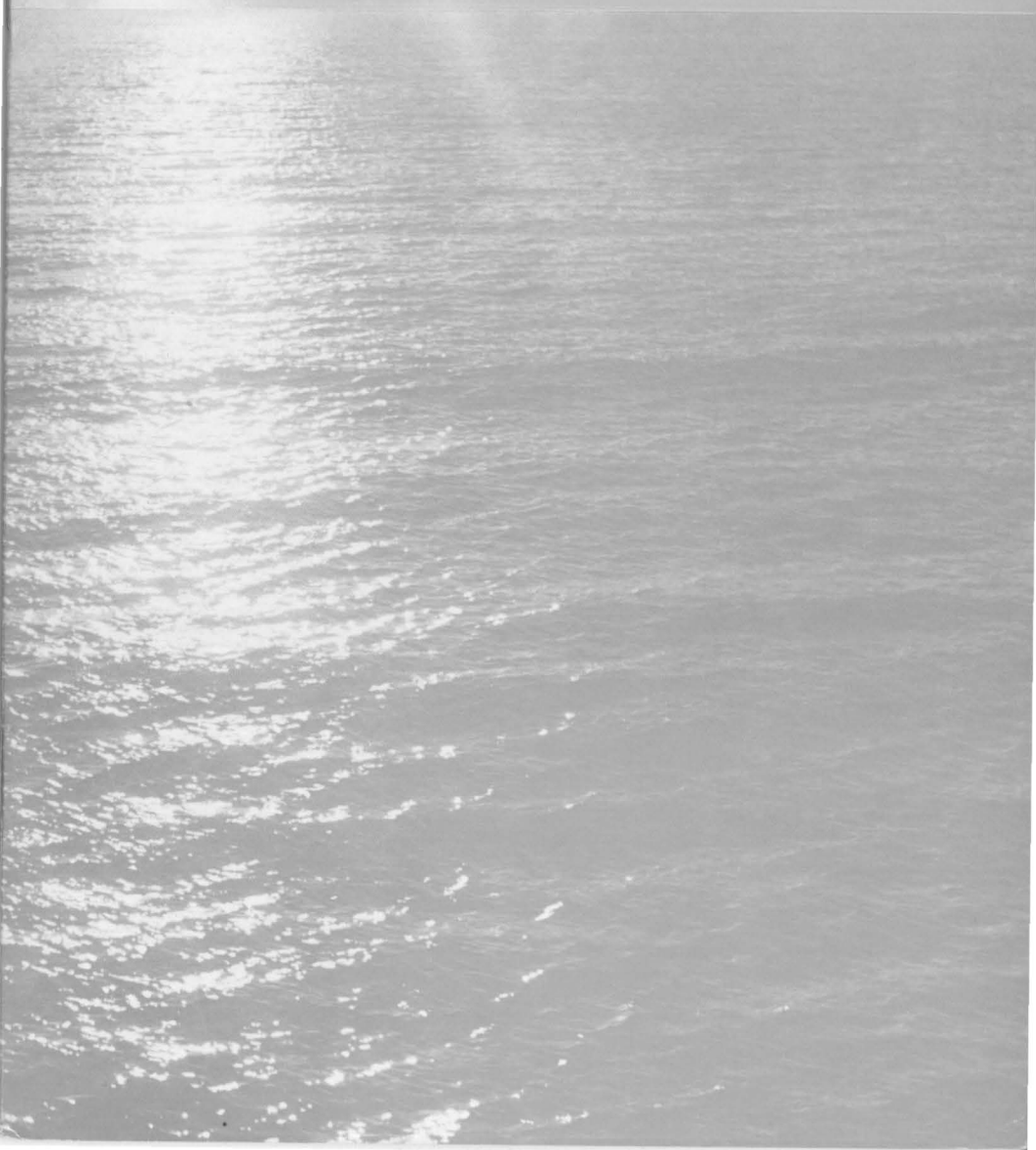


**RULES
1969**

**The International Tanker
Indemnity Association Ltd**



Rules

**INTERNATIONAL TANKER INDEMNITY
ASSOCIATION LIMITED**

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CABLES & TELEGRAMS INTERNATIONAL TANKER INDEMNITY ASSOCIATION BERMUDA

DIRECTORS

INTERNATIONAL TANKER INDEMNITY ASSOCIATION LIMITED

DIRECTORS	ALTERNATE DIRECTORS	COMPANY REPRESENTED
<i>President:</i>		
Mr. A. F. Tripp, Jr.	Mr. A. S. M. Hetherington	International Tanker Owners Pollution Federation Ltd.
Mr. W. C. Brodhead	—	Gulf Oil Corporation
Mr. A. Fischer	Mr. E. S. Checket	Mobil Oil Corporation
Mr. L. E. Grattan	Mr. S. Madden	Standard Oil of California
Mr. E. Lindroth	Mr. R. E. Howe	Esso Standard Oil Co. (N.J.)
Mr. G. McCartney	Mr. J. H. Kirby	Shell International Marine
Mr. P. A. Medcraft	Mr. J. W. Featherstone	B.P. Tanker Company Ltd.
Mr. J. I. Mingay	—	Texaco Inc.
Sir Bayard Dill	Mr. C. T. Collis	Messrs. Conyers, Dill and Pearman.

INTERNATIONAL TANKER INDEMNITY ASSOCIATION LIMITED

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RULES OF INTERNATIONAL TANKER INDEMNITY ASSOCIATION LIMITED

NOTE: These Rules were adopted in accordance with the powers conferred by the Enabling Act and Bye-laws of the International Tanker Indemnity Association Limited, which provide for the amendment alteration or abrogation of or additions to the Rules by Special Resolution of the Association.

INTRODUCTORY

1 In these Rules the words standing in the first column of the table next hereinafter contained shall bear the meanings set opposite to them respectively in the second column thereof, if not inconsistent with the subject or context:—

<i>WORDS</i>	<i>MEANINGS</i>
These Rules	These Rules as originally framed or as from time to time amended, altered, abrogated or added to and for the time being in force.
The Association	International Tanker Indemnity Association Limited.
Enabling Act	The International Tanker Indemnity Association Limited Act enacted in Bermuda on 12th July, 1968, and any statutory amendment thereto.
Bye-Laws	The Bye-Laws for the time being of the Association.
Directives	Directives of the Association for the time being in force.
The Directors	The Board of Directors for the time being of the Association.
The Federation	The International Tanker Owners Pollution Federation Limited.
The Agreement	Tanker Owners Voluntary Agreement Concerning Liability for Oil Pollution and dated the 7th day of January, 1969.
Own	The word "own" and all derivations thereof when referring to the ownership of a tanker shall be deemed to include the bareboat charterer of a tanker.
Member	Means a member for the time being of the Association.
Successors	In relation to all persons hereinbefore specified in connection with "Member" and in relation to any other person whatsoever by whom or on whose behalf a tanker shall have been entered for insurance or reinsurance in the Association, shall include their heirs, executors, administrators, personal representatives, assigns (when permitted under these Rules), receiver, curator or other person authorized to act on behalf of one who becomes incapable by reason of mental disorder of managing his property or affairs, trustee in a bankruptcy, liquidator and other successors whatsoever.
Tanker	Means any tank vessel (whether or not self-propelled) designed and constructed for the carriage by sea in bulk of crude petroleum and hydrocarbon fuels and oils derived therefrom (excluding, however, liquefied petroleum gas and liquefied natural gas), whether or not such vessel is operated in sea-going service.
Entered Tanker	A tanker owned by a party to the Agreement which is entered in the Association for insurance.
Tonnage	The gross registered tonnage of a tanker as certified in the Certificate of Registry of such tanker or in any other official document relating to the registration of such tanker.
Insurance or Insured	Insurance or insured against any of the liabilities, costs or expenses specified in these Rules.
Calls	Sum(s) payable to the Association in respect of an entered tanker which shall include Supplementary Calls.
Policy Year	A year from noon Greenwich Mean Time on 20th February to noon Greenwich Mean Time on the next 20th February following.
Closed Policy Year	A policy year of the Association which the Directors shall, in accordance with these Rules, have declared to be closed.

Coast Lines	Means land (including structural improvements, thereon) adjoining the sea, inland waterways, lakes, bays, harbours and estuaries.
Oil	Means crude oil, fuel oil, heavy diesel oil, and lubricating oil, whether or not carried as cargo.
Discharge of oil	Any discharge of oil from an entered tanker including any spilling, leaking, pumping, emitting, emptying or dumping of oil.
Incident	Any occurrence or series of occurrences having the same origin which causes, or creates a grave and imminent danger of causing damage by pollution to coast lines from a discharge of oil.
Damage by Pollution	Means physical contamination damage to coast lines resulting directly from a discharge of oil, and does not include damage from fire or explosion, consequential damage, or ecological impairment.
Remove	Means to take all reasonable measures to prevent potential damage by pollution and to mitigate damage by pollution from a discharge of oil, and "Removal" means the taking of such measures.
Government	National government recognized as such under international law or custom.
In Writing	Written, printed, or lithographed, or visibly expressed in all or any of those or any other modes of representing or reproducing words.

Words importing the singular number only shall include the plural number and *vice versa*.

Words importing the masculine gender only shall include the feminine gender.

Words importing persons shall include partnerships, corporate bodies or governments.

TERMS OF MUTUAL INSURANCE

2 (A) These Rules, which are subject to the Enabling Act and By-Laws of the Association, contain the terms upon which the Association conducts its insurance business which shall not be inconsistent with the Agreement. Accordingly, every insurance given by the Association shall be given in accordance with these Rules.

(B) The entry of all tankers owned by a Member shall be on a mutual basis, and accordingly all Members shall be bound to pay calls in respect of such entered tankers in accordance with the provisions of these Rules.

TERMS OF ENTRY AND MEMBERSHIP

3 (A) Any person who becomes a party to the Agreement and who wishes to enter a tanker for insurance in the Association shall make application for entry in such form as may from time to time be prescribed by the Directors and, if he is not already a Member of the Association, his application shall include an application by him for membership of the Association.

(B) The Particulars given by any said person to the Directors in any such application for insurance together with any other particulars or information given in the course of applying for insurance, shall, if the relevant application be accepted, be deemed to form the basis of the contract of insurance between him and the Association and it shall be a condition precedent to such insurance that all such particulars and information were true so far as he knew or could with reasonable diligence have ascertained.

(C) As soon as reasonably practical after the receipt of the application for the certificate of entry from a Member the Association shall issue to the Member a certificate of entry in such form as may from time to time be prescribed by the Directors, which certificate of entry shall:—

- (i) State the name(s) of the entered tanker or tankers accepted for insurance by the Association.
- (ii) State the risks against which the entered tanker(s) has been entered for insurance in the Association
- (iii) State the date and time from which the insurance is to commence; and
- (iv) State the date and time at which the insurance is to cease.

(D) If any certificate of entry shall specify more than one person as a Member or if a tanker shall be entered in the names of or on behalf of more persons than one they shall be jointly and severally liable to pay all calls due to the Association in respect of such entry, and the receipt by any one of such persons for any sums payable by the Association in respect of such entry shall be a sufficient discharge of the Association for the same.

ASSIGNMENT OF COVER

4 (A) No insurance given by the Association may be assigned without the written consent of the Association or its nominee.

(B) In the event of assignment, the Association shall be entitled in settling any claim presented by the Assignee to deduct or retain such amount as the Association or its nominee may then estimate to be sufficient to discharge any liabilities of the assignor to the Association, whether existing at the time of the assignment or having accrued or being likely to accrue thereafter.

DIRECTIVES

5 (A) The Directors shall have power from time to time to pass Directives. Upon the passing of any such Directive it shall be deemed to be incorporated in these Rules.

(B) Notice giving particulars of every Directive passed (including the date on which it takes effect) and every prohibition or recommendation made pursuant to this Rule shall forthwith be sent to every Member and a copy thereof shall be included in or with every copy of the Rules issued by the association after such Directive, prohibition or recommendation comes into force.

REINSURANCE

6 (A) In the case of any tanker which has been or is to be insured by insurers other than the Association against all or any of the liabilities, responsibilities, costs or expenses hereinafter specified the Association may in its absolute discretion accept an application for the re-insurance thereof by the Association. If the Association shall accept an application for any such reinsurance by the Association the tanker concerned shall be entered in the Association by way of reinsurance and shall for all purposes of these Rules be deemed to be an entered tanker. The insurer of any such tanker by whom or on whose behalf the same shall have been entered in the Association by way of reinsurance and his successor shall have the rights and be under the same obligations for the purposes of these Rules and his contract with the Association shall for all purposes take effect as though he were a Member and, in the capacity of an owner who is a party to the Agreement, had entered such tanker in the Association for insurance.

(B) The Association shall have the right in its absolute discretion to reinsure any entered tanker and any of the liabilities, responsibilities, costs or expenses insured by the Association (including any reinsured under Rule 6 (A)) with such reinsurers and on such terms as the Association considers appropriate.

CALLS

7 The Members who have entered tankers for insurance in the Association shall provide, by way of calls to be levied from such Members, all funds which are required (a) to meet formation and general expenses of the Association (b) to meet the claims, expenses and outgoings (whether including, but without prejudice to the generality and (c) for such transfers to reserves or provisions as may be deemed expedient to make out of the call including, but without prejudice to the generality of the foregoing, such transfers to reserves and provisions in respect of any deficiency which has occurred or which may be thought likely to occur.

8 (A) At the beginning of each policy year the Directors shall decide the rate per gross registered ton of the entered tankers which is to be

levied from the Members upon entered tankers and is to be paid by way of an advance call in respect of such policy year.

(B) At such subsequent time or times during, or after the end of, each policy year (but not after such policy year has been closed) as the Directors think fit the Directors may decide to levy from the Members in respect of such policy year a supplementary call which may be either at such rate per gross registered ton of the tankers so entered or at such percentage of the advance call for such policy year as the Directors may think fit.

(C) Every advance or supplementary call shall be payable in such instalments and on such dates as the Directors may specify.

(D) As soon as reasonably practical after the rate of any advance or supplementary call shall have been so fixed the Association shall notify each Member:—

- (i) of such rate;
- (ii) of the date on which the call concerned is payable (called the due date), or if such call is payable by instalments, of the amounts of such instalments and the due date upon which each becomes payable, and the place or places where payments of the said call are to be made;
- (iii) of the amount payable by such Member in respect of all tankers entered by him;
- (iv) if any proportion of such call is intended to be applied (a) by way of transfer to reserves or by way of provision or (b) in respect of any deficiency in any closed policy year, of such fact and of the proportion intended to be so applied.

(E) The Association may require any Member to pay all or part of any call payable by him in such currency or currencies as it may specify.

(F) A Member shall be in default in the payment of any call due from him when having failed to pay such call by the due date he has been given notice by the Association to this effect.

(G) In the event of any Member making default in payment of any call due from him the same shall be paid by the other Members rateably in proportion to the calls last due from them respectively in respect of the policy year concerned and such payment may be enforced by the Association without prejudice to any right the Association or the said other Members may have against the Member in default.

RETURN OF CALLS

9 (A) If an entered tanker shall be and remain in any safe port for a period of thirty or more consecutive days after finally mooring there (such period being computed from the day of arrival to the day of departure, one only being excluded) the Member shall be allowed a return of calls calculated on a pro rata basis and at such rate as the Directors may from time to time determine.

(B) If an entered tanker shall carry clean oils for any period or periods during the course of a policy year which in the aggregate amount to ninety

days or more the Member may be allowed a return of Calls calculated on a pro rata basis if the Directors shall so determine at such rate as the Directors may determine.

(C) If an entered tanker shall be an ore/oil carrier and shall carry ore cargoes for any period of periods during the course of the policy year which in the aggregate amount to ninety days or more, the Member may be allowed a return of Calls calculated on a pro rata basis if the Directors shall so determine at such rate as the Directors may determine.

Members who qualify for a return of calls should make application to the Association within six weeks of the termination of the relevant policy year failing which the Directors in their sole discretion shall determine what return, if any, shall be allowed.

LIABILITY FOR CALLS ON CESSER OF INSURANCE

10 Upon a Member ceasing to be a party to the Agreement and therefore no longer insured by the Association, such former Member shall, notwithstanding the cesser of such insurance, remain liable to pay calls in respect of his entered tankers as follows:

(A) If the insurance shall have terminated at the end of a policy year, for the whole of such policy year unless and to the extent that such liability may have been otherwise agreed or assessed under Rule 16;

(B) If the insurance shall have terminated in the course of a policy year, for the whole of such policy year unless Rule 15 shall be applicable or unless and to the extent that such liability may have been otherwise agreed or assessed under Rule 16.

CLOSING OF POLICY YEARS

11 (A) The Directors shall with effect from such date after the end of each policy year as they think fit declare that such policy year shall be closed.

(B) If upon the closing of any policy year or at any time thereafter the aggregate of the calls and other receipts in respect of such policy year and of all transfers from reserves and provisions made for the credit of or in respect of such policy year shall be found to exceed the aggregate of:

(i) the general expenses of the Association charged against its insurance business in respect of such policy year; and

(ii) the claims, expenses and outgoing (whether incurred, accrued or anticipated) of the Association in respect of such policy year; and

(iii) all transfers to reserves and provisions made out of the calls paid to the Association pursuant to these Rules in respect of such policy year,

the excess shall be disposed of, as the Directors may decide, either by being transferred to the reserves of the Association or by being returned to the Members who paid such calls or partly in the one way and partly in the other.

PERIOD OF INSURANCE

12 (A) Subject as otherwise provided in these Rules every insurance given by the Association shall continue until the end of the policy year which is current at the date on which such insurance commenced or is to be treated hereunder as having commenced.

(B) If at the end of a current policy year any insurance given by the Association shall not previously have terminated, such insurance shall continue in force for the next following policy year.

PROVIDED THAT a Member may, in his absolute discretion and without giving any reason, not later than noon on the 20th December in each year, give notice in writing to the Association that the insurance of any tanker entered by him in the Association is to cease at the end of the then current policy year. The Association shall thereupon advise the Federation that the said notice has been given.

CESSER OF INSURANCE

13 (A) Unless the Directors in their discretion shall determine otherwise, a Member shall cease to be a Member and all tankers owned by him shall cease to be insured by the Association upon the happening of any of the following events:—

(i) If, having failed to pay when due and demanded by the Association any sum due from him to the Association, the Directors authorise that he be served with a notice by or on behalf of the Association requiring him to pay such sum on or before any date specified in such notice and he fails to pay such sum in full on or before the date so specified.

(ii) In the case of an individual upon his death or if a receiving order shall be made against him or if he shall become bankrupt or make any composition or arrangement with his creditors generally or if he shall become incapable by reason of mental disorder of managing and administering his property and affairs.

(iii) In the case of a corporation upon the passing of any resolution for voluntary winding up or upon an order being made for compulsory winding up or upon dissolution or upon a receiver or manager of all or part of the corporation's business or undertaking being appointed or upon possession being taken by or on behalf of the holders of any debentures secured by a floating charge.

(iv) In the case of a Member ceasing to be a party to the Agreement.

(B) Unless the Directors in their discretion shall determine otherwise, a Member shall cease to be insured by the Association in respect of any tanker entered by him upon the happening of any of the following events in relation to such entered tanker:—

(i) If the Member shall part with or assign the whole or any part of his interest in the entered tanker whether by bill of sale or other formal

document or otherwise or shall cease to be a bareboat charterer of the entered tanker or otherwise cease to have title in the said entered tanker unless the Directors shall have assented to such parting with or assignment or cessation of interest and to an assignment of the relevant insurance by the Association pursuant to Rule 4 (A) hereof;

(ii) If the tanker shall be mortgaged or otherwise hypothecated without an undertaking or guarantee having been given to the Association in a form and by such a person or persons as may be approved by the Directors in writing, to pay all calls due or to become due in respect of the tanker unless the Directors in any particular case in their absolute discretion subsequently agree in writing to dispense with such undertaking or guarantee;

(iii) If the entered tanker shall become an actual or constructive total loss or shall be accepted by Hull Underwriters as an actual constructive total loss or if there shall be any compromise with Hull Underwriters on the basis of the vessel being considered or deemed to be an actual or constructive total loss;

(iv) If the entered tanker shall be missing for ten days from the date she was last heard from or posted at Lloyd's as missing, whichever shall be the earlier.

14 When a Member ceases to be insured by virtue of sub-paragraphs (i), (ii), (iii) or (iv) of Rule 13(A) or when an entered tanker ceases to be insured by virtue of Rule 13(B) (all of which times are hereinafter in this Rule 14 collectively referred to as "the date of cessation") then:—

(A) Such Member and his successors shall be and remain liable for all contributions in respect of the whole of the policy year in which the date of cessation occurs unless Rule 15 shall be applicable or unless and to the extent that such liability may have been otherwise agreed or assessed under Rule 16; and

(B) The Association shall remain liable in respect of all tankers entered by such member for all claims under these Rules arising by reason of any event which had occurred prior to the date of cessation, but shall be under no liability whatever by reason of any incident occurring after the time and date of cessation.

PROVIDED THAT when a Member ceases to be insured by virtue of sub-paragraph (i) of Rule 13(A) the Association shall thereupon cease to be liable for all and any claims under Rule 22(B) in respect of all and any tankers entered by such Member whether such claims have accrued or arisen or may arise by reason of any event which had occurred before, or whether such claims may arise by reason of any event occurring after, the date of cessation and as from the date of cessation the Association shall be under no such liability to such Member on any account whatsoever.

15 If any of the events specified in sub-paragraphs (i) to (iv) inclusive of Rule 13 (B) shall occur in relation to an entered tanker, then

in every such case (provided the Member or former Member gives notice in writing of such event to the Directors within one month after the date thereof) the Member or former Member shall be liable to pay calls in respect of all or any entered tankers (as the case may be) for the relevant policy year on a *pro rata* basis, namely the proportion of such calls applicable to the period beginning at the commencement of that policy year (or, in the case of a tanker entered during that policy year, the date of entry) and ending at noon on the date of the happening of such event.

RELEASES

16 Upon an entered tanker ceasing to be insured by the Association for any reason, whether or not the circumstances giving rise to such cesser of insurance shall be any of those specified in Rule 12 or in Rule 13 (A) or (B), the Directors may:—

(A) Release the Member or former Member from further calls in respect of all or any such entered tanker(s) as the case may be.

(B) Whether or not negotiations may have taken place with a view to the application of sub-paragraph (A) hereof, assess as at the date of the cesser of insurance the amount which seems to the Directors in their sole discretion to represent the likely liability of the Member or former Member for further calls in respect of all or any one of such entered tanker(s) as the case may be.

If any assessment of a Member's or former Member's liability for further calls is made under sub-paragraph (B) hereof the amount of such assessment shall be payable by the Member or former Member without deduction on demand.

FORBEARANCE

17 No act, omission, course of dealing, forbearance, delay or indulgence by the Association in enforcing any of these Rules or the terms of the Agreement with the Members nor any granting of time by the Association shall prejudice or affect the rights and remedies of the Association under these Rules or under the Agreement, and no such matter shall be treated as any evidence of waiver of the Association's rights thereunder, nor shall any waiver of a breach by any Member of such Rules or of the Agreement operate as a waiver of any subsequent breach thereof. The Association shall at all times and without notice be entitled to insist on the strict application of these Rules and on the strict enforcement of the Agreement with the Members.

GENERAL TERMS RELATING TO COVER RECOVERY

18 (A) If any Member shall incur any liabilities, costs or expenses as hereinafter set out in Rules 22 to 24 inclusive in respect of which the Member shall have been insured by the Association, such Member shall be entitled to recover out of the

funds of the Association the amount of such liabilities, costs or expenses to the extent and upon the terms, conditions and exceptions provided by these Rules.

(B) Unless the Directors otherwise determine, it shall be a condition precedent to a Member's right to recover from the funds of the Association in respect of any liabilities, costs or expenses that he shall first have paid the same.

(C) A Member for whose account a tanker is entered in the Association and who is not the registered Owner, demise charterer, manager or operator of the tanker shall be deemed, so far as concerns any liabilities, costs and expenses insured under Rule 22 (B) or costs and expenses reasonably incurred in mitigating or avoiding any liability cost or expense insured by the Association under Rule 23 or Rule 24 to be entitled to all the limitations of liability which would apply if he were the registered owner of the ship and were entitled to limit liability, and any amount recoverable from the Association shall be limited accordingly.

EXCLUSIONS

19 (A) The Association shall not insure any Member to any extent whatever against any liabilities, costs or expenses arising out of or in consequence of the emission of ionizing radiation from, or toxic, explosive or other hazardous properties of, nuclear fuels or radioactive products or waste carried as cargo.

(B) The Association shall not with respect to liabilities, costs and expenses covered under Rule 22 (B) insure any Member to any extent whatever against any of the risks, liabilities, costs or expenses against which such owner would be insured if the entered ship were fully insured under Hull Policies on terms not less wide than those of the usual Lloyd's Policy with Institute Time Clauses Hulls (including the Running Down Clause) attached, were fully insured against war risks under a War Risk Policy not less wide than that of the United Kingdom Mutual War Risks Association Limited or some equally wide war risk insurance, and were fully entered in a Freight, Demurrage and Defence Association.

(C) Except so far as concerns liabilities, costs and expenses arising under Rule 22 (A), the Association shall not pay any such liabilities, costs or expenses whatsoever arising out of or in consequence of the operation of any of the perils, risks or occurrences enumerated in the Lloyd's Free of Capture and Seizure Clause.

(D) No claim shall be recoverable from the Association if it arises out of or is consequent upon an entered tanker carrying contraband, blockade running or being employed in an unlawful trade, or if the Directors, having regard to all the circumstances, shall be of the opinion that the carriage, trade or voyage was imprudent, unsafe, unduly hazardous or improper.

OTHER INSURANCE

20 If a Member shall, apart from being insured by the Association, be insured in any manner whatsoever by any other person or Association against any of the liabilities, costs or expenses enumerated in these Rules:

(i) No contribution shall be made by the Association to such liabilities, costs or expenses, on the basis of double insurance or otherwise, to the extent to which he is so insured

PROVIDED ALWAYS that:—

With the approval of the Directors, an Owner may be insured by special agreement with the Association made either directly with himself or with other insurers upon the terms that certain liabilities, costs or expenses shall be borne by the Association notwithstanding such other insurance

(ii) In the case of claims arising under Rule 22(A) this insurance shall nevertheless respond on a primary basis.

RECOURSE

21 If costs or expenses are incurred by two or more Members resulting from an incident for which they are held jointly liable (irrespective of the degree of fault) and in respect whereof such Members are insured by the Association then the Association shall not exercise any rights of recourse by way of subrogation or otherwise on behalf of, or as between one Member and another.

LIABILITY AND RESPONSIBILITIES TO GOVERNMENTS AND OTHER RISKS COVERED

22 (A) The Member's liabilities to Governments under the Agreement shall be insured by the Association:—

(i) If oil is discharged from an entered tanker through the negligence of that tanker (and regardless of the degree of its fault) and if the oil pollutes, or creates a grave and imminent danger of damage by pollution to coast lines within the jurisdiction of a government, then the Member who owns or bareboat charters the entered tanker shall remove that oil so discharged, or pay the costs reasonably incurred by the government concerned in removing the said oil subject to the maximum liability set forth in Rule 26 and to all the terms and conditions of the Agreement.

(ii) The Member shall be liable under sub-paragraph (i) hereof unless he can prove that the discharge of oil from his entered tanker occurred without fault on the part of the said tanker.

(B) The liabilities, costs and expenses for which the Member, as owner of an entered tanker, may be legally liable for loss or damage caused by oil discharged from such entered tanker other than:—

(1) risks covered under paragraph (A) of this Rule, and

(2) any damage caused directly or indirectly by fire or explosion

shall be insured by the Association subject to the

maximum liability determined pursuant to Rule 26 and to all the terms and conditions of the Rules.

(C) Members shall also be entitled to recovery from the Association, to such extent only as the Directors may in their absolute discretion determine in respect of liabilities, costs and expenses incidental to the business of owning, operating or managing ships and arising out of and in connection with matters falling within the scope of Rule 22 (B).

SUE AND LABOUR

23 The Association shall pay to the Member regardless of fault any costs and expenses up to a maximum in respect of each incident for each entered tanker as determined pursuant to Rule 26 reasonably incurred by or on behalf of the Member in removing oil which threatens damage by pollution to coast lines within the jurisdiction of a government with a view to preventing potential, or mitigating actual, damage by pollution resulting from a discharge of oil from an entered tanker and also costs and expenses reasonably incurred in mitigating or avoiding any liabilities, costs or expenses insured by the Association provided that the Association will not be responsible for such costs and expenses in the event of:—

(i) The Member's failure to report the occurrence of the incident within 72 hours of the happening as set forth in Rule 27.

(ii) Fraud.

(iii) The Member's express or deliberate admission of liability to the Government.

(iv) The Member being in default with respect to any call. Provided further, that the Association will not reimburse a Member for costs and expenses incurred by him after he has been notified by the Association or its nominee that no further costs or expenses will be payable.

OTHER EXPENSES INCLUDED UNDER SUE AND LABOUR

24 (A) Expenses reasonably incurred by a Member in employing lawyers, surveyors or other persons with a view to investigating, advising upon or otherwise dealing with any matter in respect whereof a Member is insured under these Rules.

(B) Travelling, maintenance and other expenses (but excluding salaries or wages) reasonably incurred by a Member in moving personnel, superintendents or other persons with a view to investigating, advising upon or otherwise dealing with any matter in respect whereof a Member is insured under these Rules.

DISPUTES

25 If any difference or dispute shall arise between a Member and any government in respect to matters covered by the Agreement, the costs, charges and expenses of and incidental to legal or other proceedings incurred by a Member thereby shall be recoverable to such extent as the Directors may determine.

LIMITS OF INSURANCE

26 The Directors shall have the power to determine from time to time the limits of insurance in respect of each incident applicable to each entered Tanker.

NOTE:—The limits determined by the Directors and currently in force are:—

(A) Risk covered in Rule 22(A)

US \$100 per gross registered ton, subject to a maximum of US \$10,000,000.

PROVIDED HOWEVER that:—

(i) In the event that a Member incurs liability to several governments with respect to a single incident and that the amounts reasonably spent by these governments for removing the oil exceeds the limit above referred to, then the Member's maximum liability to a particular government shall be that proportion of said limit that such government's removal expenses bear to the aggregate of the several governments' removal expenses.

(ii) If as a result of the same incident a Member incurs expenses recoverable under Rule 23 or Rule 24 and a government or governments incur removal expenses and such expenses together amount to a sum in excess of the limit of insurance, then in that event the expenses incurred by the Member and the expenses incurred by the government or governments shall be considered by the Association rateably in the proportion that the respective expenses bear one to the other so that in no event shall the Member's recovery exceed the limit of insurance as defined in this paragraph (A).

(B) Risk covered in Rule 22(B)

\$14,400,000.

(C) Risk covered in Rule 22 (C)

\$14,400,000.

(D) Risk covered in Rules 23 or 24

Where the incident in question would, but for the steps taken by the Member, have resulted or did result in a claim under

(i) Rule 22(A)—\$100 per gross registered ton, subject to a maximum of US \$10,000,000 and the Provisos to (A) in this Note so far as applicable.

(ii) Rule 22(B)—\$14,400,000.

(E) Risk covered in Rule 22 (A) and Rules 23 or 24 The limit shall be as for risks covered in Rule 22(A) so far as concerns the aggregate of the claim under Rule 22(A) and that part of the claim under Rules 23 or 24 which falls within (D) (i) above.

(F) Risk covered in Rule 22(B) and Rules 23 or 24 The limit shall be as for risks covered in Rule 22(B) so far as concerns the aggregate of the claim under Rule 22(B) and that part of the claim under Rules 23 or 24 which falls within (D) (ii) above.

N.B. The above limitation figures form no part of the contract of insurance: in particular no combination of claims under Rule 22(C), 23 or 24 similar in nature (i) to claims under 22(A) or (ii) to claims under Rule 22(B) either alone or when aggregated with a claim under Rule 22(A) or 22(B) shall involve a claim against the Association for a

sum exceeding the limitation figure determined in respect of the claim under Rule 22(A) or 22(B) respectively.

CLAIMS

27 (A) Notification of every incident likely to lead to a claim upon the Association in connection with any loss or damage in respect of which a Member is insured by the Association must be given to the Association or its nominee within 72 hours of its occurrence. Such notification will contain information detailing the action which the Member is taking and proposes to take to prevent or mitigate the potential or actual pollution damage resulting from a discharge of oil from an entered tanker.

(B) Notification of any claim threatened, or of which notice is given to a Member shall immediately be given to the Association or its nominee, and thereafter such notification as may from time to time be necessary to keep the Association fully informed in connection with any such claim. At all times there shall be produced to the Association any document or information which may be relevant to any loss or damage in respect of which a Member is insured by the Association.

(C) A Member shall at all times disclose to the Association and (without prejudice to the foregoing) produce to the Directors as soon as reasonably possible whenever so required any document or information in his actual or constructive possession which may be relevant to any loss, damage, expense or liability in respect whereof a Member is insured under these Rules and when any claim is made by a Member under these Rules, such vouchers, survey reports, adjustments and other documents and information as the Directors may require shall be produced to them.

(D) Upon the occurrence of any event which may give rise to a claim under these Rules a Member shall not unreasonably refrain from taking such steps as at that time shall appear proper for the purpose of averting or minimizing any loss, damage, expense or liability in respect whereof he may be insured under these Rules.

(E) No claim shall be settled or liability be admitted by or on behalf of a Member without the prior consent in writing of the Association or its nominee.

(F) If any claim shall have been settled or if any liability shall have been admitted without the agreement of the Association, or if notice of any claim shall not have been given to the Association within twelve months after the Member has received notice that the claim is or may be made against him, or if the Member shall have failed to comply with any obligation under this Rule, the Directors shall have power in their absolute discretion to reject the claim or to reduce the sum payable by the Association in respect thereof.

28 Without prejudice to anything contained in these Rules, the Association may at any time appoint and employ on behalf of any Member but at the expense of the Association and upon such

terms as the Association or its nominee thinks fit lawyers, surveyors or other persons with a view to investigating, advising upon or otherwise dealing with any matter which may result in loss, damage, expense or liability in respect whereof a Member is insured under these Rules, and the Directors may thereafter at any time discontinue such employment in connection with the matter.

29 The Directors shall meet as often as they may consider necessary for the settlement of claims which shall be paid by the Association as the Directors may determine in accordance with these Rules and the Directors shall have power from time to time to authorise any person or persons without prior reference to the Directors, to effect payment of claims of such types and up to such sums as the Directors may determine. No Director shall act as such in the settlement of any claim in which he is interested.

ADJUDICATION, ARBITRATION OR LITIGATION

30 (A) If any difference or dispute shall arise between a Member and the Association out of or in connection with these Rules or any contract between them or as to the rights or obligations of the Association or the Member thereunder or in connection therewith, such difference or dispute shall in the first instance be referred to and adjudicated upon by the Directors. Such reference and adjudication shall be on written submissions only.

(B) If the Member concerned in such difference does not accept the decision of the Directors it shall be referred to the arbitration in London of two Arbitrators (one to be appointed by the Association and the other by such Member) and an Umpire to be appointed by the Arbitrators, and the submission to arbitration and all the proceedings therein shall be subject to the provisions of the Arbitration Act of the United Kingdom of Great Britain of 1950 and any statutory modification or re-enactment thereof. It shall be within the power of the Arbitrators, or of the Umpire, as the case may be, to order specific performance of any contract under which any difference or dispute may arise.

(C) No Member shall be entitled to maintain any action, suit or other legal proceeding against the Association upon any such difference or dispute unless and until the same has been so referred to the Directors and they shall have given their decision thereon or shall have made default for three months in so doing, and, if such decision be not accepted by such Member or if such default be made, unless and until such difference or dispute shall have been referred to arbitration as hereinbefore provided and the Award thereunder shall have been published and then only for such sum (if any) as the Award may direct to be paid by the Association, and the sole obligation of the Association to such Member under these Rules and any contract between them or otherwise howsoever in respect of any such dispute

or difference shall be to pay such sum as may be directed by such an Award.

NOTICES

31 (A) Any notice or other document, required under these Rules to be served on the Association or its nominee, may be served by sending it through the post in a prepaid letter or by sending it by telegram, cable, radio telegraph or telex addressed to the Association or its nominee.

(B) A notice or other document required under these Rules to be served on a Member may be served by sending it through the post in a prepaid letter or by sending it by telegram, cable, radio telegraph or telex addressed (if such Member is or was a Member of the Association) to such Member at his address as appearing in the Register of Members of the Association. In the case of joint Members all such notices or other documents shall be served on the senior of the joint Members and such service shall be sufficient service on those joint Members. For this purpose seniority as between joint Members shall be determined by the order in which the names stand as joint Members in the Register of Members of the Association.

(C) Any such notice or other document if served by post shall be deemed to have been served on the day following the day on which the letter containing the same was put into the post, and in proving such

service it shall be sufficient to prove that the letter containing the notice or document was properly addressed and put into the post as a prepaid letter. Any such notice or other document if served by telegram, cable, radio telegraph or telex shall be deemed to have been served on the day on which it was handed into the telegraph, cable or radio telegraph office or, in the case of telex, that the notice or other document was duly despatched.

(D) The successors of anyone who is or was at any time a Member shall be bound by a notice or other document served as aforesaid if sent to the last such address of such Member notwithstanding that the Association may have notice of the Member's death, disability, lunacy, bankruptcy or liquidation.

ANNUAL POLICY YEAR REPORT

32 As a matter of maintaining the Registry of the Association and for the purpose of annual calls, each Member shall submit annually to the Association or its nominee at the end of each policy year a schedule of all tankers owned by him (including any changes in the gross registered tonnage) in substantially the same form as that contained in the original application for entry.

LAW

33 These Rules shall be construed and governed in accordance with the Laws of England.

INTERNATIONAL TANKER INDEMNITY ASSOCIATION LIMITED
APPLICATION FOR MEMBERSHIP AND FOR CERTIFICATE OF ENTRY

TO: THE DIRECTORS, INTERNATIONAL TANKER INDEMNITY ASSOCIATION LIMITED, MERCURY HOUSE, FRONT STREET, BERMUDA. (P.O. Box No. 665)

We hereby apply to become a Member of the above-named Association and authorise you to enter our name in the Register of Members of such Association.

Signature

We hereby also request you to enter the tanker(s) specified below in such Association and to issue Certificate(s) of Entry in respect thereof to the extent specified in accordance with the Rules of such Association with which we agree to conform.

Where one or more of the tanker(s) carries clean oil or is an ore/oil carrier we have indicated accordingly in the column headed 'Clean Tanker or Ore/Oil Carrier declaration', with approximate estimate of the number of days per year in which the tanker will be carrying either clean oils or ore cargoes.

Address

Dated this _____ day o _____ .19

This form must be signed by the Owner or the Insurer or by the Bareboat Charterer in the case of a Bareboat Charterer's entry or by a duly authorised agent. In the case of Owners in partnership or other joint Owners or Charterers all must sign.

Name and Address of Applicant for Registration and Certificate	Name of Tanker(s)	Clean Tanker or Oil/Ore Carrier Declaration Category	Approximate Number of Days	Flag	Gross Tonnage	Class
S P	E	C	I	M	E	N

Note: An address for Registration and Certificate is essential—if desired the address of an Agent or Broker is sufficient.

In the event of a tanker being mortgaged, Members attention
is drawn to Rule 13 (B) (ii).

