

Updates for 2024/25

Introducing NorthStandard's new combined P&I rules



NorthStandard

For the 2024 policy year (and onwards), there will be a new policy wording for the P&I class of NorthStandard's business. The P&I wording combines the separate wordings used by the "North" and "Standard" sides of the business. The new wording will come into operation from noon on 20 February 2024.

- The key aims are synchronisation and alignment
- The new wordings do not make any members' position worse than it was under their "old" set of rules
- We've taken the wider cover from both sets of rules

From the 2024 Policy year onwards the P&I rules for NorthStandard's business have been combined: we will be using one set of policy wordings from 20 February 2024.

The new policy wordings can be found on our website <https://north-standard.com/our-rules/insurance-wordings-and-clauses/>.

The principles and processes involved in arriving at the new combined wordings were as follows:

- The new wordings are based on Standard's rules. The rules of each legacy business worked, but the Standard wordings are generally more modern in tone and had already been formally reviewed/re-drafted by lawyers Reed Smith more recently than North's.
- We worked closely with lawyers Reed Smith on the new wordings. Reed Smith was already familiar with Standard's wordings, and because they were the lead lawyers for the merger itself, they have been able to ensure efficiently that the rules dealing with the operation of the different business classes are worded appropriately. Reed Smith also advise the International Group on the terms of the Pooling Agreement, so their input ensures that cover given under the new wordings remains poolable where relevant.
- The process of combining the rules was split into two broad sections; "Scope of Cover" (setting out the risks covered and any areas where there may be exclusions to cover) and the "Mechanical Provisions" (concerning membership, payment of premium, operation of classes and handling of claims, etc.).
- Scope of Cover. When combining the rules, wherever one set of rules provided a wider cover than the other, we have adopted the wider cover wherever reasonably possible. This provides (a) tangible merger benefits to members of both legacy businesses and (b) enables us to assure members of both legacy businesses that the new wordings do not make any Members' position materially worse than it was under the "old" legacy sets of rules.
- Mechanical provisions. These have been drafted to mirror the move into operation of the business broadly through the North corporate structure/mechanisms, for example by adopting references to the members' board for discretionary decisions rather than Standard's previous reference to the statutory board of directors. Where one set of rules contained a provision which gave better protection to the broader membership (eg, in terms of remedies available to the club in the event of default by a member) that wording has been adopted. There is obviously a move away from much of the terminology and definitions used under the North rules, but there are no substantive changes in how the classes will operate or in how claims will be handled.

The information set out in the following pages should help members from both legacy clubs find their way around the new rules, but if you have any queries relating to the new rules, please speak to your usual contacts in the underwriting team.

Guides to navigating the new rules



What can you expect when you look at the new rules?

- For legacy Standard members - less change, but no loss of cover (it will be wider): a familiar format with changes to rule 3 (scope of cover) and changes elsewhere as we move to operation of the business broadly through the legacy North corporate structure and mechanisms.
- For legacy North members - more change, a new format and “feel” but no loss of cover (it will be wider).

How can I find my way around the new rules?

- Legacy North members: pages 6 to 11 show you where you will find the various heads of cover you had in the old North rules in the new rules.
- Legacy Standard and legacy North members; the new wordings are on the NorthStandard website, but pages 12 to 17 here show and explain how the previous Standard scope of cover wordings have been amended.

The new rules - amendments to North's Scope of Cover rules



Legacy North Rules to NorthStandard Rules

North		NorthStandard	
RISK	LEGACY NORTH RULE NUMBER	RISK	NORTHSTANDARD RULE NUMBER
Liabilities in Respect of Seamen	19(1)(a)	Crew injury, illness or death	3.1.1
	19(1)(b)	Loss of effects	3.1.4
	19(1)(c)	Shipwreck unemployment indemnity	3.1.5
	19(1)(d)	Repatriation	3.1.2
	19(1)(e)	Substitute expenses	3.1.3
		Port expenses	3.1.6
Liabilities in Respect of Supernumeraries	19(2)	Third parties	3.3
Liabilities in Respect of Passengers	19(3)(a)	Passengers	3.2.1
	19(3)(b)		3.2.3
	19(3)(c)		3.2.2
			3.2.4
	19(3)		Exclusions to Rule 3.2
Liabilities in Respect of Third Parties	19(4)	Third parties	3.3
Stowaways	19(5)	Stowaways and refugees: port charges	3.4
Diversion Expenses	19(6)		
Life Salvage	19(7)	Life salvage	3.5
Persons in Distress	19(8)	Stowaways and refugees: port charges	3.4
Quarantine	19(9)	Quarantine expenses	3.12
Liabilities arising from Collisions	19(10)	Collision with other ships	
	19(10)(a)		3.6.1
			3.6.2
	19(10)(b)		3.6.3
	19(10)(c)		3.6.4
	Provided always that in Rule 19(10): 19(10)(A)		3.6.5
	Provided always that in Rule 19(10):19(10)(B)		
	Provided always that in Rule 19(10): 19(10)(C)		3.6.6
	Provided always that in Rule 19(10): 19(10)(D)		

North		NorthStandard	
Non-Contact Damage to Ships	19(11)	Damage to other ships (other than by collision)	3.7
	19(11)(a)		
	19(11)(b)		
	19(11)(b)(i)		
	19(11)(b)(ii)		
	19(11)(b)(iii)		
	19(11)(b)(iv)		
	19(11)(b)(v)		
	Provided always that in Rule 19(11)		
Damage to Property	19(12)	Damage to property (other than by pollution)	3.9
	19(12)(a)		
	19(12)(b)		
	19(12)(c)		
	Provided always that in Rule 19(12): 19(12)(A)		
	Provided always that in Rule 19(12): 19(12)(B)		
	Provided always that in Rule 19(12): 19(12)(C)		
Pollution	19(13)	Pollution	3.8.1
	19(13)(a) Damages		3.8.2
	19(13)(b) Clean-up		
	19(13) (b)		Exclusions to rule 3.8 (1)
	19(13)(c) Agreements and Contracts		3.8.4
	19(13)(d) Government Order		
	19(13)(e) Salvors' Expenses or Special Compensation		3.8.5
	19(13)(f) Fines		3.16.3
	Provided always that in Rule 19(13) (A)		Exclusions to rule 3.8 (2)
	Provided always that in Rule 19(13) (B)		
	Provided always that in Rule 19(13)(C)		3.8.7
	Provided always that in Rule 19(13) (D)		3.8.3
			3.8.6
			3.8.8

North		NorthStandard	
Wreck Removal	19(14)	Wreck liabilities	3.11.1
	19(14)(a)		3.11.2
	19(14)(b)		3.11.3
			3.11.4
	Provided always that in Rule 19(14) (A)		Exclusions to rule 3.11 - (4)
	Provided always that in Rule 19(14) (B)		
	Provided always that in Rule 19(14) (C)		Exclusions to rule 3.11 - (1)
			Exclusions to rule 3.11 - (2)
			Exclusions to rule 3.11 - (3)
			Exclusions to rule 3.11 - (5)
Towage	19(15)(a)	Towage of the ship	3.10.1 (1-4)
	19(15)(b)	Towage by the ship	3.10.2
	Provided always that in Rule 19(15)(b) unless the towage is for the purpose of saving or attempting to save life or property at sea:		3.10.2 - (2)
	Provided always that in Rule 19(15) (A)		3.10.2 - (6)
	Provided always that in Rule 19(15)(B)		3.10.2 - (3)
	Provided always that in Rule 19(15)(c)		
			3.10.2 - (4)
			3.10.2 - (5)
Contracts, Indemnities and Guarantees	19(16)		
Liabilities in Respect of Cargo	19(17)	Cargo liabilities	
	19(17)(a)		3.13.1
	19(17)(b)		3.13.2 - (1)
	19(17) (c)		3.13.2 - (2-3)
	19(17)(d)		3.13.3
	Provided always that in Rule 19(17)(d) (A)		
	Provided always that in Rule 19(17)(d) (B)		
	19(17)(e)		
	Provided always that in Rule 19(17) (e)(A-D)		

North		NorthStandard	
	Provided always that in Rule 19(17) (A)		Exclusions to rule 3.13.3 - (1) Hague & Hague Visby Rules
	Provided always that in Rule 19(17) (B)		3.13.3 - (2) Deviation
	Provided always that in Rule 19(17) (C)		3.13.3 -(10) Deck Cargo
	Provided always that in Rule 19(17) (D)		3.13.3 - (3) Loading - (8) Documentation & Delivery
	Provided always that in Rule 19(17) (E)		3.13.3 - (12) Value declared on BOL
	Provided always that in Rule 19(17) (A)		
	Provided always that in Rule 19(17) (G)		3.13.3 - (11) Valuables
	Provided always that in Rule 19(17) (H)		
	Provided always that in Rule 19(17)(I) (a)		
	Provided always that in Rule 19(17)(I) (b)		
			3.13.3 - (9) Finished Steel Products
General Average	19(18)a	Unrecoverable general average contributions	3.14
	19(18)b	Ship's proportion of general average	3.15
Fines	19(9)	Fines	3.16
	19(19)(a)		3.16.1
	19(19)(b)		3.16.2
	19(19)(c)		3.16.3
	19(19)(d) - 19(19)(d)(ii)		3.16.4
	19(19)(e) & (f)		3.18 - Confiscation of ship by customs authorities
	Provided always that in Rule 19(19)		exclusions to rule 3.16
		Enquiry expenses	3.17
Special Provisions for Charterer's Entry	19 (25)		
	19 (25) (a)		
	19 (25) (b)		
	19 (25) (c)		
	19 (25) (d)		

North		NorthStandard	
Legal costs, sue and labour	19(20)	Sue & Labour	
	19(20)(a)		3.19
	19(20)(b)		
	19(20)(c)		
	Provided always that in Rule 19(20)(c) (A)		
	Provided always that in Rule 19(20)(c) (B)		
			Exclusion to rule 3.19
Risks incidental to Ship Owning	19 (21)	Omnibus	3.2
Special Cover	19 (22)		
Special Cover For Salvors	19 (23) (a)		
	19 (23) (b)		
	19 (23) (c)		
Special Cover for Containers	19 (24)		
	Provided always that in Rule 19(24): (A) SPECIFIC COVER		
	Provided always that in Rule 19(24): (B) CONTRACTS		
	Provided always that in Rule 19(24): (C) RIGHTS OF RECOURSE		
	Provided always that in Rule 19(24): (D) CONTAINERS		
	Provided always that in Rule 19(24): (E) PERIOD OF INSURANCE		
	Provided always that in Rule 19(24): (F) CONDITIONS AND WARRANTIES		
Salvage	27(6)	Salvage	5.9

The new rules - amendments to Standard's Scope of Cover rules



Legacy Standard Rules to NorthStandard Rules

The following pages contain a guide to highlight the amendments to the Standard rules which have been made following comparison with North's.

Where differences have been identified, the cover that offers Members the "widest reasonably of both" has been adopted. Some amendments benefit Members by offering the class the best protection of both legacy Clubs.

P&I Scope of Cover (Rule 3) amendments

Rule number	Equivalent Legacy North rule number	Rule	Comment
3.3 Third parties	19(2) Supernumeraries 19(4) Third Parties	Liabilities in respect of the injury, illness or death <u>and loss of or damage to the personal effects, excluding valuables,</u> of any person other than crew or passengers, <u>and including supernumeraries.</u>	The addition of reference to personal effects is a benefit to legacy Standard members. The absence of provisos previously included in North's third parties rule benefits legacy North members.
3.6.2 Collisions with other ships	19(10)(a) Collisions	Under a charterer's entry, four-fourths of the liabilities arising out of a collision.	There was no equivalent provision in legacy North rules, so this benefits legacy North charterer members.
3.7 Damage to other ships (other than by collision)	19(11) Non Contact Damage to Ships	Liabilities for <u>damage to other ships including but not limited to,</u> loss of or damage to, delay to, interference with rights in relation to, or liability for salvage or wreck removal costs incurred in respect of, such other ship <u>such other ship</u> or any cargo or other property therein caused other than by collision with the ship.	"including" has been added to make it clear that this list is non-exhaustive. This benefits Standard members of wider scope of cover offered by North.
3.8.1 Pollution	19(13)(a) Pollution Damages	Liabilities arising out of the discharge or escape or threatened discharge or escape from the ship of any substance.	"threat" cover added as per North rules. Standard members benefit from a wider cover.
3.10.1 Towage of the ship	19(15)(a) Towage	2) relate to arise under a contract for towage undertaken in the ordinary course of trading for the purpose of entering, leaving or manoeuvring within a port; or (3) arise in the course of the ordinary trading of the ship, being a ship that is habitually towed from port to port or place to place and which has been notified to the managers to be so trading; arise under a contract for the towage of cargo barges; or	Amended to clarify that it is the nature of the ship that matters (i.e. a ship that is habitually towed - e.g. barges etc) which benefits Standard Members

3.10.2 Towage by the ship	19(15)(b) & (c) Towage	<p>(3) the ship is towing under a United Kingdom, Netherlands or Scandinavian standard towage contract, the current Lloyd's standard form of salvage agreement – no cure no pay, <u>Towcon</u>, <u>Towhire</u>, <u>Supplytime</u> or other towage contract containing similar exclusions of liabilities to these market forms; or</p> <p>(4) the <u>contract incorporates a term as between the member on the one part, and the owner of the tow and the owners of any cargo or other property on the tow on the other part, that each shall be responsible for any loss or damage to its own ship, cargo or property, without any recourse whatsoever against the other is on knock-for-knock terms</u>; or</p> <p>(5) a contract on knock-for-knock the terms <u>set out in rule 3.10.2 (4)</u> is likely to be unlawful or unenforceable in whole or part and the contract under which the towage takes place:</p>	Amended to reflect International Group Pooling Agreement wording.
3.11.1 Wreck Liabilities	19(14) Wreck Removal	Liabilities for or incidental to the <u>actual or attempted</u> raising, removal, destruction, lighting or marking of the wreck of the ship. The value of the wreck and all stores and materials saved must be deducted from any reimbursement and only the balance is recoverable.	"actual or attempted" added to reflect North's rule, which benefits Standard members as it is wider. References to "the" ship deleted to make it clear that rule covers insured ship and other ships (clarity for Standard members).
3.11.3 Wreck Liabilities	19(14)(b) Wreck Removal	Liabilities resulting from the presence or involuntary shifting of the wreck of the ship, cargo or any other property on board caused by the casualty which led to the loss of the ship, cargo or any other property on board. Unless the members' board otherwise determines, a member is not entitled to be reimbursed by the club in respect of any liability incurred more than two years after the ship, cargo or any other property on board became a wreck	Removal of time limit benefits legacy Standard Members.

3.13.2 Liabilities	Cargo	19(17)(c) Liabilities in respect of Cargo	<p>The extra costs incurred by the member: ...</p> <p>(2) as a direct consequence of the failure by cargo interests to collect or remove cargo from the place of discharge or delivery, provided that he can only recover such costs to the extent they exceed the proceeds of the sale of the cargo and he has no recourse to recover them from any other party; or</p>	This is a wider cover than North provided. Benefits North Members.
3.13.2 Liabilities	Cargo	19(17)(c) Liabilities in respect of Cargo	<p>The extra costs incurred by the member: ...</p> <p>(3) in <u>discharging, disposing of or restowing cargo</u> which are necessarily incurred in order to continue the safe prosecution of the voyage following a casualty, provided that he has no right to recover them from any other party either in general average or otherwise. For the purpose of this paragraph, 'casualty' means collision, stranding, explosion, fire or similar fortuitous event.</p>	Addition of "discharging, disposing of or" added to reflect North's rule, which is a wider cover that benefits Standard members.
3.13.3 Finished products	(9) steel	No equivalent	<p>the carriage of finished steel products, unless the member has arranged for a preloading survey <u>and hatch cover survey</u> to be carried out by a club-approved surveyor at each port of shipment, and the bills of lading have been claused in accordance with the findings of the surveyor as to the condition of cargo at the time of loading <u>and the member has complied with any recommendations made by the surveyor in respect of the condition of the hatch covers.</u></p>	This has been added to align the practices adopted by the two legacy clubs.
3.13 Valuables	(11)	Provided always that in Rule 19(17) (G)	<p>the carriage of valuables, unless such carriage has been approved by the managers</p>	Standard definition of valuables less restrictive than North's therefore benefit to North Members.

3.13.3 (12) Value declared on bill of lading	Provided always that in Rule 19(17) (E)	goods carried under a document containing or evidencing the contract of carriage where the value per unit, piece or package has been stated to be in excess of US\$2,500, or the equivalent in any other currency, which may deprive the member of the right to rely on defences or rights of limitation which would otherwise have been available to him, to the extent that such liabilities exceed <u>US\$2,500 per unit, piece or package or the limitation per unit, piece or package specified in the Hague Visby Rules whichever is higher, that sum.</u>	Amended to reflect North's wording, which also reflects the Pooling Agreement more accurately.
3.16.3 Fines	19(19)(c)	in respect of the accidental escape or discharge of any substance <u>or the threat thereof,</u> so long as the member is insured for pollution liabilities by the club subject to his terms of entry and the relevant limit of liability	"threat" cover added to reflect North's rules. Standard members benefit from a wider cover.

Circulars

The North mechanism for making recommendations to Members by way of Circulars has been retained (see rule 23.6). This enables the Managers to give guidance to Members on a range of issues, including guidance on steps which the Managers may wish Members to take to ensure that rule 4.8 (Unlawful sanctionable and hazardous trades) is not triggered.

<u>23.6</u>	32 Circulars	<u>The board or the managers may from time to time make a recommendation to any member or to all members in connection with the operation of any or all ships. Notice of such a recommendation shall be given by circular or by being posted on the club's website and shall take effect immediately unless otherwise stated. The member shall use his best endeavours to comply with such a recommendation and the members' board may, in its absolute discretion, reject or reduce any claim made by the member to the extent to which it would not have arisen had the member complied with the recommendation, the burden of proving the liability could not have been avoided being on the member.</u>	See comments above.
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Some “Directors’” discretions become “Members’ Board” discretions

Some of the previous references to the Standard “board” have been changed to refer to the “Members’ Board”, adopting the position seen in the North rules. The situations where discretion is exercised by the Member’s Board are where the Rules provide that the Member may have done something or failed to do something which means that they have gone outside the scope of as-of-right cover (such as failure to carry on terms equivalent to the Hague Visby rules) and confirmation of the cover position must be given. The Members’ Board looks at these situations, continuing the valuable feature of club insurance whereby a Member’s conduct can be reviewed by a group of their shipowning peers. In contrast to the exercise of discretion in respect of cover, discretions affecting the finances of the Club still rest with the statutory Board, reflecting their role and the club’s regulatory requirements.

An example of a move to discretion being exercised by the Members Board is:

3.12 Quarantine expenses	19(9) Quarantine	<p>Additional expenses incurred as a direct consequence of an outbreak of infectious disease on the ship, including quarantine and disinfection expenses, and the net loss to the member in respect of fuel, insurance, wages, stores, provisions, cargo handling and port charges.</p> <p>Exclusion to rule 3.12 There shall be no recovery if at the time the ship was ordered to a port, the member knew, or should in the <u>members' board's</u> view reasonably have anticipated, that the ship would be quarantined, unless proceeding to the port was for the purpose of landing or securing the necessary treatment for an injured or sick person.</p>	The reference to “the board” has been changed to the “members’ board”; under this rule, the members’ board decides whether taking the vessel to the quarantined port was reasonable.
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An example of discretion continuing to be exercised by the Board is:

18.7 Supplementary calls	13(2) Additional Calls	The board may levy one or more supplementary calls in <u>respect of</u> any open policy year if it determines that the funds or reserves of this class are insufficient for that year, or for any other purpose.	This is a decision about the financial management of the club, rather than a review of a member’s actions and therefore remains with the board. This mirrors the position in North’s rules.
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NorthStandard

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