



2024 Rule Changes	Explanatory Notes
<p>Rule 2 Professional indemnity insurance</p>	
<p>2.1 Save as expressly stated below insurance under this Rule 2.1 is for <u>your</u> liability to third parties and associated costs <u>(including but not limited to any cost award to a third party)</u> resulting from:</p>	<p><i>Clarification. ITIC has seen some cases (especially in the US) where the policy limitation has come into question regarding whether costs were included or excluded from the overall limitation. The position has always been that these costs form part of the overall policy limitation. These changes are to clarify this position.</i></p>
<p>Rule 2.3 Insured Associated costs</p>	<p>As above</p>
<p>2.3.1 Costs insured In respect of a liability insured under this Rule 2 Rules 2.1 and 2.2 above, if damages the sums claimed from <u>you</u> exceed, or are likely to exceed, the applicable deductible, <u>you</u> are insured for the following associated costs:</p>	<p>As above</p>
<p>2.3.3 Costs part of claim Overall limit and deductible The costs insured under this Rule Rules 2.1 to 2.3 are included in the amount of the claim payable for the purposes of the applicable deductible and/or limit of liability. For the avoidance of doubt, any payments made by the Club pursuant to these Rules 2.1 to 2.3 above are subject to the Policy's limit or limits of liability (less applicable deductible(s)) shown in your Certificate of Entry.</p>	<p>As above</p>
<p>Rule 4 Liability insurance – physical loss of or damage to cargo</p>	
<p>4.1 Insurance under this Rule 4 is for <u>your</u> liability for and associated costs resulting from physical loss of or damage to cargo, including but not limited to consequential losses arising therefrom and any costs award to a third party.</p>	<p>As above</p>
<p>Rule 5 Errors and omissions insurance for transport operators</p>	
<p>5.1 Insurance under this Rule 5 is for <u>your</u> liability for and associated costs resulting from <u>(including but not limited to any costs award to a third party) for:</u></p>	<p>As above</p>
<p>Rule 6 Third party liabilities</p>	
<p>6.1 Insurance under this Rule 6 is for your liability (including but not limited to consequential losses and associated any costs award to a third party) resulting from:</p>	<p>As above</p>
<p>Rule 7 Liabilities for fines, penalties and duty</p>	
<p>Insurance under this Rule 7 is for <u>your</u> liability and associated costs <u>(including but not limited to any costs award to a third party)</u> arising from <u>your</u> breach of any of the following regulations made by an <u>authority</u> relating to:</p>	<p>As above</p>
<p>Rule 8 Associated Costs Insured</p>	<p>As above</p>



<p>8.1 Costs</p> <p>In respect of <u>any</u> liability insured under Rule 4, 5, 6 and 7 above if the sums damages claimed from <u>you</u> exceed or are likely to exceed the applicable deductible, <u>you</u> are insured for the following associated costs:</p>	<p>As above</p>
<p>The limit of liability for costs in relation to Rules 8.1 (g) and (h) will be restricted to US\$ 25,000 each <u>occurrence</u> and in the aggregate each <u>account year</u>.</p> <p>The costs insured under this Rule are included in the amount of the claim payable for the purposes of the applicable deductible and/or limit of liability.</p>	<p>As above</p>
<p>8.6 Overall limit and deductible</p> <p><u>For the avoidance of doubt, any payments made by the Club pursuant to any of Rules 4, 5, 6, 7 or 8 are subject to the Policy’s limit or limits of liability (less applicable deductible(s)) shown in your Certificate of Entry.</u></p>	<p>As above</p>
<p>Rule 9 Exclusions and qualifications applicable to Part 3</p>	
<p>9.10 Air carriage of restricted articles</p> <p><u>You</u> are not insured for any liability arising out of the carriage by air of “Dangerous Goods” as defined in the IATA regulations <u>or instructions</u>.</p>	<p><i>Clarification arising from a review of the Rules for members performing aviation services. Whereas the Rules have historically been written with members in the maritime sector in mind, logical amendments have been added to account for members in the aviation industry.</i></p>
<p>Rule 13 General conditions and exclusions</p>	
<p>13.14 Radioactive and nuclear risks</p> <p><u>You</u> are not insured for any loss, damage, liability or expense directly or indirectly caused by, or contributed to by, or arising from:</p> <p>...</p> <p>(d) The radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter. The exclusion in this sub-clause does not extend to radioactive isotopes, other than nuclear fuel, when such isotopes are being prepared, <u>carried</u>, stored or used for commercial, agricultural, medical, scientific or other similar peaceful purposes <u>in compliance with the International Civil Aviation Organization’s (ICAO) Technical Instructions for the Safe Transport of Dangerous Goods by Air where applicable</u>;</p>	<p>As above</p>

<p>13.15 Pollution</p> <p><u>You</u> are not insured for any risk arising from <u>pollution</u>: ... (d) from actual or alleged discharges (whether accidental or deliberate) contrary to MARPOL or the Chicago Convention and the standards and recommended practices developed by the International Civil Aviation Organization (ICAO) or similar convention, regulation or law (see also Rule 13.22.2).</p>	<p>As above</p>
<p>13.17 Dangerous cargoes</p> <p><u>You</u> will use <u>your</u> best endeavours to ensure compliance with all relevant regulations or instructions relating to the carriage, handling and storage of dangerous cargoes, including but not limited to the International Civil Aviation Organization's (ICAO) Technical Instructions for the Safe Transport of Dangerous Goods by Air where applicable.</p>	<p>As above</p>
<p>13.19 Illegal trading</p> <p><u>You</u> are not insured for any risk arising from: (a) the handling, storage or carriage of cargo in an illegal trade; (b) the trafficking of humans; (c) the carriage of sanctioned cargo or people, except as provided for in Rule 2.1(h)(v)(2).</p>	<p><i>An update to what is considered illegal trading.</i></p>
<p>13.22 Fines and penalties</p> <p>13.22.2 There is no cover for any breaches (whether actual or alleged, deliberate or accidental) of MARPOL or the Chicago Convention and the standards and recommended practices developed by the ICAO, or similar conventions and standards and recommended practices, whether such claims are against you, your employee or any person acting on behalf of you or your principal or any other party for which you may be responsible (see Rule 13.15(d)).</p>	<p><i>Clarification following aviation review.</i></p>
<p>13.27 Distribution of third party recoveries</p> <p>It is a condition of this insurance that amounts recovered from third parties in respect of a claim (including a debt claim on your behalf under Rule 10) will be credited to the Club to the full extent of its liability in respect of such claim (including the costs of making the recovery); any balance will be credited to <u>you</u> to the extent of any amount borne by <u>you</u> in respect of such claim or of the debt you are owed; any excess will be distributed equitably between the Club and <u>you</u>, taking into account amounts paid/incurred and the relevant dates.</p>	<p><i>As above. This clarification helps to assist the parties in respect of recoveries from third parties to now expressly include debt recoveries. This stems from a case where ITIC collected more than 100% of the value of the debt.</i></p>
<p>13.28 Bills of Lading and Air Waybills and Sea Waybills</p> <p>13.28.1.1 Deliberate release without original bill of lading</p>	<p><i>Clarification following aviation review.</i></p>

<p>The deliberate release of cargo without presentation of the relevant original bill of lading is a commercial risk taken by the agent or carrier and is not an error or omission that would be the subject of a professional indemnity insurance policy.</p> <p>You are not insured for claims made directly or indirectly by the holder of a bill of lading where cargo has been delivered without prior presentation of the relevant original bill of lading unless you can show that you reasonably believed the relevant original bill of lading had been presented and that the delivery was solely the result of a negligent act or omission.</p>	
<p><u>13.28.1.2 Deliberate release without verification of identity</u></p> <p><u>The deliberate release of cargo without verifying that the presented identification matches the name of the consignee listed on the relevant air or sea waybill constitutes a commercial risk undertaken by the agent or carrier. Such an act is not considered an error or omission that would be the subject of a professional indemnity insurance policy.</u></p> <p><u>You are not insured for claims made directly or indirectly by the holder of an air or sea waybill where cargo has been delivered without prior verification of the identity of the consignee unless you can show that you reasonably believed the party to whom the cargo was delivered was the named consignee under the air or sea waybill and that the delivery was solely the result of a negligent act or omission.</u></p>	<p><i>Cargo is not usually released in exchange for an original air or sea waybill. Usually, cargo is released upon the consignee identifying themselves as the consignee on the waybill. Therefore deliberate release without making any checks would be considered a commercial risk.</i></p>
<p>13.28.2 Paperless trading</p> <p><u>You</u> are not insured for risks arising from <u>your</u> participation in any system of paperless trading documentation including but not limited to electronic bills of lading except those approved by the International Group of P& I Clubs or approved by <u>the managers</u> and entered in <u>your Certificate of Entry</u>.</p> <p><u>It is your responsibility to ensure that all electronic trade documentation systems and practices adhere to the latest legal standards and industry best practices including those applicable under the Electronic Trade Documents Act 2023.</u></p>	<p><i>Update following the Electronic Trade Documents Act 2023 – which essentially allows the legal recognition of, amongst other documents, electronic bills of lading.</i></p>
<p><u>13.38 Commercial misjudgment</u></p> <p><u>You are not insured for any risk arising directly or indirectly due to the consequences of commercial misjudgment whether in contract or in tort.</u></p>	<p><i>Clarification. This provision has always appeared in the Certificate of Entry of commercial managers and it was considered prudent to place it in the Rules for all members. “Commercial Misjudgment” is now defined in the Part 11 “Interpretations”.</i></p>
<p>Rule 16 Period of insurance and renewal</p>	
<p><u>16.5 Break clause</u></p> <p><u>If the period of insurance stated in your Certificate of Entry is for a period of longer than 12 months, then the managers shall have the right to review the policy terms and premium six weeks prior to the end of every account year. If amended</u></p>	<p><i>All policies longer than 12 months contain a break clause in the individual certificate of entry. It was felt prudent to add this clause to the Rules generally. For accounting purposes, ITIC needs to show that all policies are subject</i></p>



terms and/or premium are agreed, these are to apply from the start of the next account year unless otherwise agreed. If any new terms and/or premium cannot be agreed then you and the Club have the right to terminate the policy with effect from the end of the active current account year upon the giving of notice in writing no later than 2 weeks prior to the expiry of the active current account year. In the absence of either party serving a notice of termination, then the new terms will apply with effect from the start of the new account year.

to a break clause at the end of every 12 month “account year” – even if such a clause is never in fact exercised.

16.56 This Rule 16 is without prejudice to the provisions of Rules 17, 18 and 19.

Rule 34 Interpretations

commercial misjudgment

See Rule 13.38

A poor business decision, unless specifically due to the negligence of the member in the provision of insured services to a client.

controller

Any director, board member, commissioner, president, vice president, senior managerial employee or autonomous employee, partner, including salaried partner, or sole trader **or any individual employed by you and/or by any affiliated, related or subsidiary company, who in fact exercises control over you or over the operations giving rise to a claim.**

To include individuals that exercise control over a member’s operations even where they may not be employed directly by the member facing the claim or may not hold a senior title despite controlling the relevant operations.