

## APPENDIX ‘A’

1. RULE AMENDMENTS NO. 1 [Shown in bold]	EXPLANATORY NOTES
<p><u>Rule 2 - Cover</u></p> <p><i>Insert a new Rule 2(C) into the existing Rules providing as follows:-</i></p> <p><b>“Notwithstanding Rule 27, an Owner shall be covered by the Association in respect of costs, liabilities, losses and expenses not exceeding US\$10,000 (or such other sum as the Directors may from time to time decide) which are:-</b></p> <ol style="list-style-type: none"> <li><b>(1) the costs incurred by an Owner for the purpose of obtaining legal or other advice in connection with any of the matters set out in Rules 2(A) and (B);</b></li> <li><b>(2) the costs of, or incidental to, any proceedings to which an Owner is a party or at which he is represented, for the purpose of asserting or defending any of the matters set out in Rules 2(A) and (B), including any such costs which the Owner may become liable to pay to any other party to those proceedings;</b></li> </ol> <p><b>PROVIDED that:-</b></p> <p><b>Without limitation to the operation of the provisions of the Rules, which may, in the event of their breach, restrict or exclude an Owner's right of recovery from the Association, there shall be no recovery by the Owner from the Association under Rule 2(C) in respect of any costs, liabilities, losses and expenses which arise out of or are consequent upon either the fraud of or fraudulent conduct by the Owner or the wilful failure of the Owner to discharge a debt unless and to the extent that the Managers in their discretion so decide”.</b></p>	<p><i>The purpose of this addition is to introduce a defined amount of qualifying cover not exceeding US\$10,000 into the Association’s Rules that is not subject to a review by the Association’s Directors or the Managers. There are two limited exceptions to this, in respect of fraud or fraudulent conduct by a Member or the wilful failure of a Member to discharge a debt.</i></p>

**APPENDIX ‘A’ (cont)**

<p><b>1. RULE AMENDMENTS NO. 1 (cont)</b>  <b>[Shown in bold]</b></p>	<p><b>EXPLANATORY NOTES</b></p>
<p><u>Rule 2(C)</u>  Amend the <u>current</u> Rule 2(C) to become <b>Rule 2(D)</b>.</p>	<p>By inserting a new Rule 2(C) , the <u>current</u> Rule 2(C) will become Rule 2(D).</p>
<p><u>Rule 27(A)</u>  Amend Rule 27(A) as follows:</p> <p>“The Directors shall subject to these Rules be entitled in their discretion to decide that the Association shall support an Owner for the costs, liabilities, losses or expenses referred to in Rule 2(C)(D)(1) or (2) or (3) in connection with any claims or disputes or proceedings referred to in Rule 2(A) or (B) to such stage or to such extent, in such manner and on such terms and conditions as the Directors may think fit”.</p>	<p>This proposed amendment arises as a result of amending the <u>current</u> Rule 2(C) to become Rule 2(D).</p>
<p><u>Rule 27(E)</u>  Amend the proviso to Rule 27(E) as follows:</p> <p>“The Directors shall have power in their discretion to determine that the Association should pay or reimburse an Owner in whole or in part in respect of any costs for which the Association would not otherwise be liable under this Rule or in respect of the costs of any proceedings to which an Owner has been a party or in which he has been represented without the support of the Directors under Rule 2(C)(D)(1), or in respect of any such costs as are referred to in Rule 2(C)(D)(2) which an Owner may have incurred without the approval of the Managers”.</p>	<p>This proposed amendment arises as a result of amending the <u>current</u> Rule 2(C) to become Rule 2(D).</p>
<p><u>Rule 27(H)</u>  Amend Rule 27(H) as follows:</p> <p>“The Directors may from time to time resolve that in respect of any specified future claims or classes of claim arising in the next policy year for which the support of the Association is sought, they will (if they decide to support an Owner in such claims) only do so upon the terms that the Owner will not be reimbursed by the Association in respect of all or a specified amount or portion of any type or types of the costs referred to in Rule 2(C)(D)(1) or (2)”.</p>	<p>This proposed amendment arises as a result of amending the <u>current</u> Rule 2(C) to become Rule 2(D).</p>

**APPENDIX 'A' (cont)**

<p><b>2. RULE AMENDMENTS NO. 2</b>  <b>[Shown in bold]</b></p>	<p><b>EXPLANATORY NOTES</b></p>
<p><u>Rule 4 - Warranties, Conditions, Exceptions/Limitations</u></p> <p>Insert a new Rule 4(B) into the existing Rules providing as follows:</p> <p><b>“Save only where a lesser sum is agreed with the Managers in accordance with Rule 3(B), the liability of the Association to an Owner or Joint Owner for costs, liabilities, losses and expenses shall in no circumstances exceed in aggregate US\$15 million any one event or occurrence or series thereof giving rise to a claim”.</b></p>	<p><i>This addition introduces a maximum single claim limit of US\$15 million.</i></p>
<p><u>Rule 4(B)</u></p> <p>Amend the <u>current</u> Rule 4(B) to become <b>Rule 4(C)</b>.</p>	<p><i>This proposed amendment arises as a result of the inclusion of a new Rule 4(B).</i></p>
<p><u>Rule 4(C) to Rule 4(I) inclusive</u></p> <p>Amend the <u>current</u> Rule 4(C), 4(D), 4(E), 4(F), 4(G), 4(H), 4(I), to become <b>Rule 4(D), 4(E), 4(F), 4(G), 4(H), 4(I), 4(J)</b> respectively.</p>	<p><i>This proposed amendment arises as a result of the inclusion of a new Rule 4(B).</i></p>
<p><u>Rule 4(H)(iii)</u></p> <p>Amend the <u>current</u> Rule 4(H)(iii) (which will become Rule 4(I)(iii)) as follows:</p> <p>“No claim made against an Owner of which notice has been given to the Managers under sub-paragraphs (i) and (ii) of Rule 4(H)(I) shall be settled, nor shall any liability be admitted or costs incurred by or on behalf of any Owner without the prior approval of the Managers”.</p>	<p><i>This proposed amendment arises as a result of the inclusion of a new Rule 4(B).</i></p>

**APPENDIX ‘A’ (cont)**

<p><b>2. RULE AMENDMENTS NO. 2 (cont)</b>  <b>[Shown in bold]</b></p>	<p><b>EXPLANATORY NOTES</b></p>
<p><u>Rule 4(H)(iv)</u></p> <p>Amend the <u>current</u> Rule 4(H)(iv) (which will become Rule 4(I)(iv)) as follows:</p> <p>“Without prejudice to sub-paragraph (iii) to this Rule 4(H)(I), no Owner shall settle or compromise any claim, dispute, matter or proceedings which may have been taken or defended with the support of the Association without the prior approval of the Managers, or without complying with any requirements of the Managers as regards making provision for any costs or expenses incurred by the Association...”.</p>	<p><i>This proposed amendment arises as a result of the inclusion of a new Rule 4(B).</i></p>
<p><u>Rule 4(H)(v)</u></p> <p>Amend the <u>current</u> Rule 4(H)(v) (which will become Rule 4(I)(v)) as follows:</p> <p>“In the event that an Owner commits any breach of his obligations referred to in sub-paragraphs (i) to (iv) of Rule (H)(I) or if an Owner shall wilfully or negligently withhold or knowingly conceal any relevant information, document or evidence ...”.</p>	<p><i>This proposed amendment arises as a result of the inclusion of a new Rule 4(B).</i></p>
<p><u>Rule 4(I)</u></p> <p>Amend the <u>current</u> Rule 4(I) (which will become Rule 4(J)) as follows:</p> <p>“Without prejudice to Rule 4(H)(I)(i), in the event that an Owner fails to submit a claim to the Managers for reimbursement of any costs, liabilities, losses or expenses within one year after discharging ...”.</p>	<p><i>This proposed amendment arises as a result of the inclusion of a new Rule 4(B).</i></p>

Rule 27(B)

Amend Rule 27(B) as follows:

“Without prejudice to Rule 4(H)(I)(v), the Directors shall be entitled at any time in their discretion to decide that the Association shall discontinue its support or decline to provide further support in connection with any claims or disputes or proceedings notwithstanding any previous decision by the Directors to support the same”.

*This proposed amendment arises as a result of the inclusion of a new Rule 4(B).*