The AIMU General Underwriters Agreement

Version 1.0
May 2019

This document includes:

- An Introduction to the AIMU GUA
- The Energy Schedule incorporated herein

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1. Document Revision / Change of History

Version	Date	Description of Change
1.0	May 2019	First Release
e.g.		
1.1	(Insert Date)	Description of Change

2. Introduction

2.1 Context

This document sets out the AIMU General Underwriters Agreement (AIMU GUA) along with the Energy Class of Business Schedule.

This document represents the AIMU Offshore Energy Committee's work and facilitates the introduction of the AIMU GUA to the U. S. Subscription Market. There will be an ongoing effort to develop and support Subscription Market practices in the United States.

2.2 Objectives

The objectives of this document are to provide an overview of:

- the AIMU GUA purpose
- the Agreement itself
- the benefits
- future developments

2.3 Purpose of the AIMU GUA

The AIMU GUA provides a standardized arrangement in respect of contract change agreements. The purpose of the AIMU GUA is to align U. S. Subscription Market Practices with corresponding Global Market Processes for the Upstream Energy Class of Business and:

- create an agreement between the Subscribing Underwriters on a particular contract for the management of changes
- clarify the extent of the delegated authority to the Slip Leader and Agreement Parties
- enable the Energy Class of Business Schedule to define its specific requirements/needs within a common framework
- allow a single Slip Leader and/or Agreement Parties to agree contract alterations **where empowered to do so by the AIMU GUA.**
- ensure all Underwriters are notified of all alterations,

The AIMU GUA is not intended to affect the several liability of each Subscribing Underwriter. As made clear throughout the AIMU GUA, each Subscribing Underwriter's obligations remain several and not joint and limited to the extent of its signed subscription.

2.4 The AIMU GUA in outline

The AIMU GUA is an agreement between the Subscribing Underwriters on a particular contract relating to the level of delegated authority in respect of post placement alterations.

The AIMU GUA structure provides a standardized agreement that is referenced from the contract. If there is a difference between the GUA and the contract terms, the terms of the contract shall prevail. This enables, where appropriate, the terms and conditions of a contract to be tailored to individual contract needs. The AIMU GUA is intended to be used with any form of contract or contract endorsement. **The contract should make clear reference to the AIMU GUA within the U. S. SUBSCRIPTION MARKET CONTRACT ADMINISTRATION AND ADVISORY SECTION of the Contract, under "Basis of Agreement to Contract Changes".** For example, reference must be made to "AIMU GUA (Version 1.0) (May 2019)".

The Energy Class of Business Schedule is split into three parts, defining the Underwriters whose agreement is required for each type of alteration:

3.1 – Slip Leader only

3.2 – Slip Leader plus Agreement Parties

3.3 – All Underwriters

The contract should clearly identify the Slip Leader and any Agreement Parties for contract changes in the designated area (refer to the **U. S. SUBSCRIPTION MARKET CONTRACT ADMINISTRATION AND ADVISORY SECTION** of a Contract / Slip).

The AIMU GUA defines administration tasks to be performed by the Broker, such as distribution of agreed endorsements to all Subscribing Underwriters. This distribution can be on paper or alternatively via e-mail or other electronic means.

The AIMU GUA has been designed to work within the existing endorsement process and uses the traditional endorsement document. When an endorsement is presented to the Slip Leader for agreement the AIMU GUA stamp may be applied by the Slip Leader, or alternatively the broker may wish to have it pre-printed. A stamp has been created to support Energy practices as shown under 4. Evidence of Agreement. The Slip Leader will initial the appropriate box in the stamp to indicate the level of agreement required.

There are limited instances where a Slip Leader and/or an Agreement Party may need to be replaced, for example, in the event of insolvency or withdrawal from the Energy Class of Business. The replacement process described in the AIMU GUA is only required if new alterations need to be made. In addition, reflecting the several liability nature of this agreement, a procedure has been included for the withdrawal of delegated authority.

2.5 Benefits provided by the AIMU GUA

The main benefit of the AIMU GUA for (re)insureds and for the market as a whole is a clear, codified process with a unified approach to contract alterations.

2.6 Future development

The AIMU Offshore Energy Committee will keep the AIMU GUA (and Energy Class of Business Schedule incorporated herein) under review and shall seek to recommend improvements from time to time, as they consider necessary. Where any amendments to the AIMU GUA and the Energy Class of Business Schedule are recommended, consultation will take place with the AIMU Offshore Energy Committee.

2.7 Further Information

Type of Question	Contact
All Questions	Current Chairman / Chairwoman of the AIMU Offshore Committee

3. AIMU General Underwriting Agreement (May 2019)

CONDITION PARAMOUNT: *Nothing in this AIMU General Underwriters Agreement ("AIMU GUA") nor in the Energy Class of Business Schedule incorporated herein shall alter or detract from the several liability of the Subscribing Underwriters. Each Subscribing Underwriter's obligations under the contract of insurance/reinsurance shall remain several and not joint and shall at all times be limited to the extent of his or its individual signed subscription (hereafter its own proportion).*

This AIMU GUA determines the basis upon which the specified Slip Leader and Agreement Parties for insurance and reinsurance risks to which this AIMU GUA is applied may act on behalf of the other Underwriters subscribing to those risks, each for its own proportion severally and not jointly, in dealing with certain alteration(s), amendment(s) and additions ("Alterations") to the contract of insurance or reinsurance evidenced by a Slip, policy, certificate or otherwise.

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1. Application

1.1 This AIMU GUA may be applied to:

1.1.1 new or renewal risks incepting after May 2019

and

1.1.2 risks originally first subscribed to prior to that date to the extent that each Subscribing Underwriter thereon hereafter individually so agrees for its own individual signed proportion,

and in each case shall apply only when the Slip evidencing the contract of insurance or reinsurance (or in the case of Clause 1.1.2, the written endorsement to such a Slip) ("the Slip") has expressly incorporated this AIMU GUA.

1.2 In the event of a Slip being subscribed by an Underwriter who is not amenable to the AIMU GUA applying to its individual signed proportion, and that Underwriter so indicates on the Slip, this AIMU GUA shall not apply to effect any Alteration so far as that Underwriter and its proportion are concerned.

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2. Definitions

2.1 The "Slip Leader" is the Underwriter identified as such in the **U.S. SUBSCRIPTION MARKET CONTRACT ADMINISTRATION AND ADVISORY SECTION** of the Slip.

2.2 The "Agreement Parties" are those Underwriters identified as such in the **U.S. SUBSCRIPTION MARKET CONTRACT ADMINISTRATION AND ADVISORY SECTION** of the Slip.

2.3 The "Other Subscribing Underwriters" are all Underwriters not identified in the **U.S. SUBSCRIPTION MARKET CONTRACT ADMINISTRATION AND ADVISORY SECTION** of the Slip as the Slip Leader or as an Agreement Party, other than those to whom Clause 1.2 above applies.

2.4 "Notification" or "listing" shall mean notification in writing and shall include notification given by electronic means (including e-mail or other electronic means), provided always that, save

in the case of Clause 8.2, notification identifies each risk concerned. "Notified" and "listed" shall be construed accordingly.

2.5 All references to "contract" in this document shall be taken to include any document evidencing a contract of insurance or reinsurance, such as a Slip or Quote Slip.

2.6 All references to "endorsement" in this document shall be taken to include any document evidencing an Alteration to a contract of insurance or reinsurance.

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3. Alterations

3.1 The Slip Leader may agree the following Alterations on behalf of All Underwriters, each for its own individual signed proportion severally and not jointly.

3.1.1 All alterations that the Slip specifies are to be agreed by the Slip Leader only.
3.1.2 Errors that are clearly typographical errors.
3.1.3 Change(s) to the name(s) of the insured(s) that are not deemed material by the Slip Leader.
3.1.4 The receipt and acknowledgement of notice(s) of assignment or endorsements in respect of loss payee(s).
3.1.5 Naming or renaming of vessel(s) or unit(s) or interest(s).
3.1.6 Change in beneficial ownership of the insured vessel(s) or unit(s) or interest(s) where no change in technical management is taking place.
3.1.7 Any alteration which decreases the monetary exposure of underwriters, but not including any reduction in signed lines after conclusion of the contract, except by signing down in accordance with market custom or with Slip provisions.
3.1.8 Restrictions in coverage.
3.1.9 Where provided for in the Slip, the endorsement to the contract of additional named insured(s), mortgagee(s), loss payee(s) and/or waiver(s) of subrogation as to their respective rights and interests in the property insured thereunder, where all other terms and conditions remain unaltered.
3.1.10 Final agreed date of the inception of the risk provided:
- the inception date is not backdated and
- the inception date is not more than 60 days after the conclusion of the contract with the Slip Leader and
- such risk incepts within the same year of account as originally agreed.

3.1.11 Attachment dates for individual vessel(s) and/or unit(s) and/or interest(s).
3.1.12 Agreement of extensions and applicable premium as provided for in the Slip.
3.1.13 Breach of Trading Warranty Additional Premiums (excluding War) in accordance with prevailing Market Scales or Slip terms and conditions.
3.1.14 Reduction of Slip deductions that results in Underwriters receiving at least net equivalent premiums.
3.1.15 Return Premiums where provided for in the Slip.
3.1.16 Any premium adjustment including lay up or cancelling return of premium, where the Slip provides how such adjustment is to be calculated.
3.1.17 Increases in premium where no further changes have been effected.
3.1.18 An Extension, up to a maximum of 5 working days in total, to each of the effective payment date(s) contained in any Premium Payment Condition or Premium Payment Warranty provided for in the Slip.
3.1.19 An extension, up to a maximum of 5 working days in total, to the effective cancellation date, whenever notice of cancellation is given by Underwriters under any Premium Payment Clause provided for in the Slip. All subsequent requests for extensions are to be referred to all Underwriters.

3.1.20 Copies or extracts of the Slip to support production of policies, agreement and settlement of claims.
3.1.21 The signing of certificates or other evidence of insurance in the form agreed in the Slip.
3.1.22 The take-up of options as provided for in the Slip.
3.1.23 Notification of sale(s) and consequent deletion(s) from the contract.

All alterations are to be notified or listed to all other Underwriters.

3.2 The Slip Leader and Agreement Parties may, if unanimous, agree to the following Alterations on behalf of all Underwriters, each for its own proportion severally and not jointly.

3.2.1 All alterations that the Slip specifies may be agreed by the Slip Leader and Agreement Parties.
3.2.2 All alterations which do not fall within either 3.1 above or 3.3 below hereof.
3.2.3 Any additions to fleet and/or schedule and any increase in insured value or amount (not exceeding the highest insured value or insured amount provided for in the Slip) not deemed material by the Slip Leader and Agreement Parties.
3.2.4 Any change of Classification as provided for in the Slip.
3.2.5 The agreement of policy wording(s) as provided for in the Slip.

All alterations by the Slip Leader and Agreement Parties, are to be notified or listed to all Underwriters.

3.3 The Following Alterations must be agreed only by all Underwriters, each for their own proportion severally and not jointly.

3.3.1 All alterations that the Slip specifies may be agreed only by all Underwriters.
3.3.2 All alterations which are judged by either the Slip Leader or by any Agreement Party to be ones which ought to be agreed by all Underwriters.
3.3.3 All alterations which fall within the following list, unless the Slip specifies such an alteration may be otherwise agreed:
- 3.3.3.1 Any alteration, except as provided for in 3.2.3 above, which increases the monetary exposure of the Underwriters (or of any of them) whether that exposure arises in relation to the contract as a whole, or in relation to a section thereof.
- 3.3.3.2 Any waiver of or amendment to any express or implied warranty or any condition precedent to the attachment of the risk except as provided for in 3.1 above.
- 3.3.3.3 Extensions to the policy period, except as otherwise provided for in the Slip.
- 3.3.3.4 Any alteration, except as provided for in 3.1 above, which has the effect of extending the terms agreed in the Premium Payment Clause in the Slip or in any endorsement thereto.
- 3.3.3.5 Changes that amend or extend the jurisdictions relevant to the contract and/or which require Underwriters to submit to regulatory regimes not agreed at the time when the contract was concluded.

3.3.3.6 Cancellation of the contract by Underwriters other than in accordance with contract terms.

3.3.3.7 Delegation of authority to sign certificates or other evidence of cover.

3.3.3.8 Any backdating of the contract period.

3.3.3.9 Save for any change of Classification as agreed pursuant to 3.2.4 above, any continuation in cover but for which there would otherwise be an automatic termination of cover in accordance with the contract terms and conditions.

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4. Evidence of Agreement

4.1 The Slip Leader shall incorporate the AIMU GUA Stamp in the endorsement, should it not be incorporated in or appear on the form of endorsement.

AIMU GUA Stamp

AIMU GENERAL UNDERWRITERS AGREEMENT (AIMU GUA) Each Underwriter's proportion is several not joint

Slip Leader Only Box 1	Slip Leader and Agreement Parties Box 2	All Underwriters Box 3

Notification to Other Subscribing Underwriters Within _____ working days

4.2 The Slip Leader (and Agreement Parties if appropriate) shall then initial in the appropriate Box the level of authorization required.

4.2.1 If any of the Slip Leader or Agreement Parties initials Box 3, the Alteration shall be referred to all Underwriters, each for its own individual signed proportion severally and not jointly.

4.2.2 If the Slip Leader initials Box 2, the Alteration shall be referred to all Agreement Parties.

4.2.3 If the Slip Leader initials Box 1 and initials and dates the endorsement in the customary place, no further agreement shall be required.

4.2.4 Agreement to Clause 4.1.1 or Clause 4.2.2. Alterations shall be effected by each Underwriter being required to initial and date the endorsement in the customary place.

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5. Effective date of agreement

5.1 Unless otherwise specified on the endorsement, the agreement evidenced by the Alteration shall take effect on the date agreed by the Slip Leader.

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6. Administration

6.1 Where an Alteration has been agreed by the Slip Leader (or by the Slip Leader and the Agreement Parties as applicable) the agreed Alteration shall be notified or listed by the Broker to other Underwriters. Other Subscribing Underwriters shall be notified within 5 working days following the effective date of the Alteration.

6.2. Where any event as provided for in Clause 7.1 occurs, notification of that event and of the name of the replacement Underwriter shall be given to all Underwriters within 5 working days of the broker concluding that the event could, but for Clause 7.2, affect the making of an Alteration he proposes to seek.

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7. Slip Leader/Agreement Party replacement

7.1 In the event that a Slip Leader or an Agreement Party (whether identified as such in the Slip or acting as a result of prior operation of this clause):

7.1.1 becomes the subject of voluntary or involuntary rehabilitation or liquidation, action in bankruptcy or similar or in any way otherwise acknowledges its insolvency or is unable to pay its debts or losses; or

7.1.2 has its right to transact the Energy Class of Business covered by the Slip withdrawn, suspended, removed or made conditional or impaired in any way by any regulatory authority; or

7.1.3 ceases to underwrite the Energy Class of Business covered by the Slip or goes into run-off,

the authority of that Slip Leader or Agreement Party ("the affected Underwriter") shall automatically terminate from the date of that event.

7.2 The Underwriter identified in 7.2.1 – 7.2.3 below shall thereupon be forthwith authorized to act as the replacement Underwriter and exercise the powers and duties of the affected Underwriter:

7.2.1 if the affected Underwriter is the Slip Leader, the Agreement Party first appearing on the Slip shall act as Slip Leader and the next Underwriter on the Slip who has been neither the Slip Leader nor an Agreement Party shall act as the replacement Agreement Party;

7.2.2 if the affected Underwriter is an Agreement Party, the next Underwriter on the Slip who has been neither the Slip Leader nor an Agreement Party shall act as the replacement Agreement Party;

7.2.3 if the affected Underwriter is the Slip Leader and sole Agreement Party, then the next Underwriter on the Slip shall act as the Slip Leader and sole Agreement Party.

In the event that further Alterations are required, the broker shall give the notification specified in Clause 6.2 above. Without prejudice to Clause 8, the authority of those replacement parties shall be terminated to the extent that, and from the date that, the broker may receive notification from any other Underwriter that the replacement is not acceptable. After receipt of such notification, such an Underwriter shall, unless otherwise agreed, be consulted about the future Alterations which the replacement Underwriter would otherwise be asked to consider, without prejudice to either the rights or obligations of that Underwriter or of the insured/reinsured named on the Slip so far as Alterations agreed prior to that date are concerned.

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8. Withdrawal or Termination of Delegated Authority

8.1 Any other Underwriter or Agreement Party may, each for its own individual signed proportion severally and not jointly, withdraw the authority of one, more, or all of the Slip Leader and the Agreement Parties by notification to that effect to the broker identifying the risk/s concerned. That notification shall take effect on the date of its receipt by the broker but shall not prejudice either the rights or obligations of that Underwriter or of the insured/reinsured named on the Slip so far as Alterations agreed prior to that date are concerned.

8.2 In the event that any individual other Underwriter or Agreement Party:

8.2.1 becomes the subject of voluntary or involuntary rehabilitation or liquidation, action in bankruptcy or similar or in any way otherwise acknowledges its insolvency or is unable to pay its debts or losses; or

8.2.2 has its right to transact the Energy Class of Business covered by the Slip withdrawn, suspended, removed or made conditional or impaired in any way by any regulatory authority;

that Underwriter shall forthwith notify the broker of that event. The authority of the Slip Leader and of any Agreement Party shall, to the extent of that Underwriter's proportion, automatically terminate from the date of that event, whether or not the broker or the insured/reinsured is aware of that event. Notwithstanding that automatic termination, that authority may be subsequently reinstated, but only upon agreement between the insured/reinsured, that Underwriter, the Slip Leader and any Agreement Party.

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9. Terms of the Slip

9.1 Save as provided for in the Condition Paramount and in Clause 11:

9.1.1 where the Slip or any Endorsement thereto conflict with the terms of this AIMU GUA, the terms of the Slip / Endorsement shall prevail, provided that for the purpose of this clause, the terms of the Slip / Endorsement are those shown to and subscribed by each Subscribing Underwriter for its own proportion, severally and not jointly.

9.1.2 where the risk has been written as provided for in Clause 1.2, and its terms or those of any endorsement to it conflict with the terms of this AIMU GUA, the terms of the declaration, certificate or other form of contract of insurance or reinsurance or endorsement thereto shall prevail, provided that for the purpose of this clause, the terms thereof are those authorized by each Subscribing Underwriter for its own proportion, severally and not jointly, in the original Slip or other contract for insurance or reinsurance.

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10. Choice of Law

10.1 Notwithstanding any other choice of law, express or implied, in the contract of insurance or reinsurance, this AIMU GUA shall in all respects always be governed by and construed in accordance with the laws of New York.