



January 2019

Dear Member

Notice is hereby given that a General Meeting of the Members of the Association will be held at Aquatical House, 39 Bell Lane, London, E1 7LU, at 11.00 hours on 19 February 2019 for the purpose of considering and, if thought fit, passing the following resolutions:

Ordinary Resolution

THAT with effect from 20 February 2019 the fee payable to the Chairman and Directors will be increased to:

Chairman - £825

Directors - £110

or such sums agreed in any Service Contract subject to the total fees being limited to a maximum of £20,000 per annum.

Ordinary Resolution

THAT with effect from Noon G.M.T. on 20 February 2019 the amendments to the Rules of Class 2 (Freight, Demurrage and Defence) of the Association, as detailed in the annex hereto and marked 'A' for identification, be adopted.

Explanation Regarding Resolution

Rules

The Freight, Demurrage and Defence (FD&D) Rules of the Association have been in their current form for over twenty five years, subject only to relatively minor updates. Given the discretionary nature of FD&D cover the Managers consider that it would be appropriate for the Rules to be amended to provide greater clarity as to its scope, availability and how it operates. Explanatory notes for the proposed changes are set out in the annex hereto marked 'A'.

L.324

STEAMSHIP MUTUAL UNDERWRITING ASSOCIATION LIMITED

Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority

(Registered in England and Wales – Registration number 105461. PRA and FCA registration number 202548)

MANAGERS: STEAMSHIP P&I MANAGEMENT LLP

SPIM is an appointed representative of Steamship Insurance Management Services Limited which is authorised and regulated by the Financial Conduct Authority

(Registered in England and Wales – Registration Number OC376859. FCA registration number 597046)

AQUATICAL HOUSE 39 BELL LANE LONDON E1 7LU

Tel: +44 20 7247 5490 Website: www.steamshipmutual.com

Please follow us on twitter @SteamshipMutual and on LinkedIn

By Order of the Board

Arjun Thawani
Secretary

31 January 2019

N.B. A Member who is entitled to attend and vote at the above Meeting is entitled to appoint a proxy to attend, speak and vote in his or her place. The instrument appointing a proxy may be in the form enclosed and must be deposited with the Secretary at Aquatical House, 39 Bell Lane, London E1 7LU, United Kingdom, not less than 48 hours before the time specified for the holding of the Meeting.

Yours faithfully,

**STEAMSHIP MUTUAL UNDERWRITING
ASSOCIATION LIMITED**

STEAMSHIP MUTUAL UNDERWRITING ASSOCIATION LIMITED

Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority

(Registered in England and Wales – Registration number 105461. PRA and FCA registration number 202548)

MANAGERS: STEAMSHIP P&I MANAGEMENT LLP

SPIM is an appointed representative of Steamship Insurance Management Services Limited which is authorised and regulated by the Financial Conduct Authority

(Registered in England and Wales – Registration Number OC376859. FCA registration number 597046)

AQUATICAL HOUSE 39 BELL LANE LONDON E1 7LU

Tel: +44 20 7247 5490 Website: www.steamshipmutual.com

Please follow us on twitter @SteamshipMutual and on LinkedIn

A

AMENDMENTS FOR 2019/20 TO THE RULES OF CLASS 2 “FREIGHT, DEMURRAGE AND DEFENCE” OF STEAMSHIP MUTUAL UNDERWRITING ASSOCIATION LIMITED

The proposed updated rules continue to rely on substantial incorporation of the Class 1 Rules. Whilst certain provisions mirror the P&I Rules, they have been expressly set out rather than incorporated by reference because either the relevant provisions differ materially from their Class 1 equivalent, or due to their importance it is felt necessary to draw them specifically to Members’ attention. Examples are the Insurance Act exclusions in Rule 2 x and the sanctions provisions in Rule 23.

Rule 2 vi addresses shipbuilding and ship sale and purchase disputes where an issue may arise in respect of a dispute arising pre-entry, or the entry not occurring as a result of a dispute.

In the case of Charterers cover Rule 2 vii provides that where an entry may not in fact occur due to the existence of a charter being in dispute or the vessel not being delivered there would be a discretion to provide cover notwithstanding, on agreement of appropriate terms.

The nature of the cover is set out in Rule 6.

Rule 7 sets out what costs and expenses are covered.

Rule 8 specifies when claims are deemed to arise for the purpose of identifying whether they fall within the policy period.

The scope of cover is set out in Rule 9, with the categories of claims covered being expanded, clarified and reorganised. An omnibus rule is included enabling cover to be provided in respect of categories not specifically provided for in the Directors’ discretion.

Rule 10 lists excluded claims and risks. These fall into three categories, where the exclusion relates to:

- a. The nature of the claim;
- b. Its prospects of success;
- c. The conduct of the Member.

Rule 11 addresses the exercise of the Directors’ discretion as to support.

Rule 11 iii provides the Directors with ability to delegate the exercise of their discretion or other powers to the Managers. Whilst the scope of such delegation is a matter for the Directors, the intention is that authority be delegated to the Managers in respect of issues of a routine nature, not involving matters of principle, conduct or substantial amounts.

Rule 12 incorporates a “paid to be paid” provision, designed to provide protection to the Club where, for example, a prospective costs liability to an opposing party would be incurred consequent on a member becoming insolvent during the course of litigation.

Rule 13 incorporates a limitation of liability of US\$10 million in aggregate per single occurrence, with a lower limit of US\$2 million for shipbuilding and sale and purchase disputes. These general limits are subject to any other limits that may be agreed.

Rule 13 ii (b) deals with third party litigation funding which is becoming a more common feature of litigation. It is felt prudent to exclude cover for enhanced costs awards in favour of such funders.

Rules 15 and 16 generally reflect the equivalent claims handling provisions in the P&I Rules but these are enhanced to provide that if the Club is funding litigation, it is able to exercise control over its conduct.

Rule 17 is designed to protect the Club’s position in respect of costs recoveries, particularly where supported claims are settled on an all-inclusive basis.

Rule 18 is designed to allow the Managers to exercise control of lawyers and other professionals appointed on a Member’s behalf.

Rule 19 enables the Directors to withdraw support and/or seek recovery of costs already incurred, in the event of non-compliance with the claims handling requirements or other egregious conduct by a Member.

The remaining provisions reflect the equivalent P and I Rules.

FORM OF PROXY

Before completing this form, please read the explanatory notes below

The undersigned, a Member of **STEAMSHIP MUTUAL UNDERWRITING ASSOCIATION LIMITED** (the "Company") hereby appoints Gary William Frederick Rynsard* or Stephen James Martin* or(please insert name) (*delete as appropriate) or failing him/her the Chairman of the meeting as my proxy to attend, speak and vote for me on my behalf at a General Meeting of Steamship Mutual Underwriting Association Limited to be held at Aquatical House, 39 Bell Lane, London, E1 7LU, at 11.00 hours on 19 February 2019 and at any adjournment thereof.

Signed

Date

Name (please print)

Company Name

Address

.....

Notes to the proxy form

1. As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. You may appoint a proxy using the procedures set out in these notes.
2. To appoint a proxy using this form, the form must be: (i) completed and signed; (ii) sent or delivered to the Registered Office of the Company at Aquatical House, 39 Bell Lane, London E1 7LU, United Kingdom; and (iii) received by the Company no later than 48 hours before the commencement of the meeting.
3. As an alternative to completing a hard-copy proxy form, you can appoint a proxy electronically by sending it by e-mail to kathleen.kelly@simsl.com. For an electronic proxy appointment to be valid, your appointment must be received by the Company no later than 48 hours before the commencement of the meeting.
4. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
5. A proxy does not need to be a member of the Company but must attend the meeting to represent you.
6. You may direct your proxy how to vote on the resolutions proposed. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
7. Any power of attorney or any other authority under which this proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.
8. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.