



To the Members

January 2009

Dear Sirs,

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the Members of The Steamship Mutual Underwriting Association Limited will be held at the Registered Office of the Company, Aquatical House, 39 Bell Lane, London E1 7LU at 12:30 hours on Wednesday, 18th February 2009, to consider and if thought fit to pass the following resolutions as ORDINARY RESOLUTIONS:

RESOLUTIONS

CLASS 1 RULES

The following resolution is proposed:

THAT with effect from Noon G.M.T. on 20th February 2009, the amendments to the Rules of Class 1 (Protection and Indemnity) of the Association, annexed hereto, and as explained in the attached commentary, be adopted.

CLASS 2 RULES

The following resolution is proposed:

THAT with effect from Noon G.M.T. on 20th February 2009, the amendments to the Rules of Class 2 (Freight, Demurrage and Defence) of the Association, annexed hereto, and as explained in the attached commentary, be adopted.

By Order of the Board of
The Steamship Mutual Underwriting Association Limited

S.A. Ward
Secretary

28th January 2009

L. 88

THE STEAMSHIP MUTUAL UNDERWRITING ASSOCIATION LIMITED
Authorised and Regulated by the United Kingdom Financial Services Authority
(Registered No. 105461 : FSA registration number 202548)

MANAGERS: STEAMSHIP INSURANCE MANAGEMENT SERVICES LIMITED
AQUITICAL HOUSE 39 BELL LANE LONDON E1 7LU
tel: +44 20 7247 5490 website: www.simsl.com
Registered No: 3855693 England

**AMENDMENTS FOR 2009/10 TO THE RULES OF CLASS 1 PROTECTION
AND INDEMNITY OF THE STEAMSHIP MUTUAL UNDERWRITING
ASSOCIATION LIMITED**

In the table below, the proposed new wording is shown in **bold** and wording to be deleted is shown as ~~xxxx~~. Explanatory notes in italics have been provided for the proposed changes.

Rule		Comment
2	Definitions	
Member	Means every owner of a ship or part of a ship entered by him in the Club and any other person insured under these Rules in relation to such ship;	<i>Not all co-assureds (for example misdirected arrow co-assureds) are subject to the rights and obligations of full membership regarding voting rights etc.. This amendment seeks to make that clear.</i>
3	Scope of Cover	
v	A Member is only insured against loss, damage, liability or expense incurred by it which arise:	
a	Out of events occurring during the period of entry of a Ship in the Club; and and save where cover for through transport risks has been taken out by the Member on such terms as the Managers agree in writing pursuant to Rule 25 xiii d;	
b	In respect of a Member's interest in the entered Ship; and	
c	In connection with the employment of the Ship by or on behalf of the Member, and otherwise only as provided pursuant to Rule 21 xiii d in respect of cargo liabilities when a Member is entered for such cover.	<i>A textual amendment to improve clarity</i>
9	Joint Members and Assureds	
iii	Assureds	
	Unless otherwise agreed in writing by the Managers, any party whatsoever and howsoever insured by the Club shall be bound by all the terms, conditions and exceptions provided by these Rules and by the Certificate of Entry evidencing such insurance.	<i>New provision to ensure that co-assureds who may not have full Member status are nevertheless bound by the Club Rules and terms of entry.</i>
15	Release Calls	
i	Upon the entry of a Member ceasing in respect of an entered Ship, the Managers may demand, at any time in their absolute discretion after the date of the said cessation of entry, an amount to release the Member	<i>Amendment to clarify that the Managers may</i>

	from liability for further mutual and/or additional premium in respect of the said ship, other than Overspill Calls. The Directors may at their sole and absolute discretion lay down or revise from time to time terms as to levying of release calls and the said amount shall be assessed in accordance with those terms. The amount assessed shall be immediately payable by the Member on demand to the Managers without deduction or set off. However, the Managers may, in their absolute discretion at any time accept a guarantee, including a guarantee or other security required by the Managers in replacement for one already provided:	<i>require the provision of alternative security for release calls in place of that already provided by a Member (e.g. should a bank's financial status deteriorate).</i>
	(i) In an amount;	
	(ii) In a form; and	
	(iii) From a bank,	
	approved by the Managers, to be provided within such period as specified by them to secure payment of such instalments of mutual and/or additional premium as may be levied in respect of the said ship until each of the years in which the ship was entered in the Club has been closed. The provision of such guarantee, or any replacement guarantee or other security required by the Managers on their approved terms , shall not release the Member from any liability in respect of Overspill Calls.	
ii		
iii	The Managers may demand such additional amounts as may be chargeable in accordance with any revision of the terms laid down by the Directors as they may from time to time determine in accordance with their powers under this Rule:	
a	If the amount previously assessed, or any part thereof, has not already been paid on demand;	
b	If any guarantee has not been provided in accordance with the terms approved by the Managers;	
c	Where a guarantee has been provided under paragraph i above as hereinbefore set out, save that the outstanding amount of that security shall be deducted from any additional amount assessed and the Managers shall be entitled to demand immediate payment of the balance due or, in their absolute discretion, increased and/or replacement security in respect of the same. The provisions of paragraph i above shall apply in like manner to the granting of any increased or replacement security to the Managers.	
iv	Etc.	
17	Recovery	
	If any Member shall become liable in damages or otherwise or shall incur any liabilities, costs or expenses as hereinafter set out in Rules 25 and 28 , in respect of a ship which was entered in the Club at the time of the casualty or event giving rise to such liabilities, costs or expenses, such Member shall be entitled to recover, out of the funds of the Club, the	

	amount of such liabilities, costs or expenses to the extent and upon the terms, conditions and exceptions provided by these Rules and by the Certificate of Entry;	
	<i>provided always that:</i>	
i	unless the Directors otherwise determine, it shall be a condition precedent of a Member's right to recover from the funds of the Club in respect of any liabilities, costs or expenses that he shall first have paid the same out of funds belonging to him absolutely and unconditionally and not by way of loan or otherwise;	
ii	Notwithstanding the provisions of Rule 17 i, where a Member has failed to discharge a legal liability to pay damages or compensation for personal injury, illness or death of any Seaman, the Club shall discharge or pay such claim on the Member's behalf directly to such Seaman or dependant thereof.	<i>An amendment to reflect an agreement amongst Group Clubs and consequent change to the Pooling Agreement, to disapply the "pay first" rule in certain circumstances in respect of personal injury claims of crew members.</i>
	PROVIDED ALWAYS that	
(a)	The Seaman or dependant has no enforceable right of recovery against any other party and would otherwise be uncompensated;	
(b)	Subject to (c) below, the amount payable by the Club shall under no circumstances exceed the amount which the Member would otherwise have been able to recover from the Club under the Rules and Member's terms of entry;	
(c)	Where the Club is under no liability to the Member to pay claims, by reason of the retrospective cancellation of cover pursuant to Rule 37 for non-payment of amounts due to the Club, the Club will nevertheless discharge or pay claims in accordance with sub-paragraph ii (above) of this Rule, to the extent only that such liability has arisen from an event occurring prior to the date when notice of such cancellation has been given, and otherwise subject to and in accordance with the Rules and applicable terms of entry.	
(d)	Any payment made by the Club pursuant to this Rule 17 ii is made as agent only of the Member, and the Member shall be liable to reimburse the Club for the full amount of such payment.	
<i>ii-iv</i>	<i>renumber iii-v</i>	
19	Hull Risks and Specialist Operations	
	Unless the Managers otherwise agree in writing as a term of entry, the Club shall not insure any Member to any extent whatsoever, against the following risks:	<i>Amendments to bring the Club rules squarely into alignment with Pooling Agreement exclusions</i>
ii Specialist Operations	liabilities, costs or expenses incurred by a Member who contracts to perform specialist operations, including but not limited to dredging, blasting, pile driving, well stimulation, cable or pipe laying, construction, installation, removal or maintenance work, or removal, core sampling, depositing of spoil, waste incineration or	

	disposal operations, professional oil spill response or professional oil spill response training and tank cleaning (otherwise than on the entered ship) (but excluding fire-fighting);	
iii Drilling Operations	liabilities, costs or expenses incurred in respect of an entered ship (being a drilling ship or barge or any other ship or barge carrying out drilling, exploration, construction or production operations including any accommodation unit moored or positioned on site as an integral part of such operations) and arising out of or during drilling or core sampling or production operations;	
a b	The vessel shall be deemed to be carrying out production operations if (inter alia) it is a storage tanker or other vessel engaged in the storage of oil, and either: the oil is transferred directly from a producing well to the storage vessel; or the storage vessel has oil and gas separation equipment on board and gas is being separated from oil whilst on board the storage vessel other than by natural venting.	
iv,v	...	
vi Waste Disposal Operations	Liabilities, costs or expenses incurred by a Member arising out of waste incineration or disposal operations carried out by the entered ship (other than any such operations carried out as an incidental part of other commercial activities, not being specialist operations);	
20	Nuclear Risks	
i	There shall be no recovery from the Club in respect of a Member's liabilities, costs or expenses (irrespective of whether a contributory cause of the same being incurred was any neglect on the part of the Member or on the part of the Member's servants or agents) when the loss or damage, injury, illness, or death or other accident in respect of which such liability arises or cost or expense is incurred, was directly or indirectly caused by or arises from:	<i>See commentary in Rule 21 below</i>
a	ionising radiations from, or contamination by radioactivity from, any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel;	
b	the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof;	
c	any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter;	
d	the radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter.	
	<i>provided always that:</i>	
	this Rule does not exclude liabilities, costs and expenses arising out of the carriage of "excepted matter" (as defined in the Nuclear Installations Act 1965 of the United Kingdom or any regulations made thereunder) being carried as cargo on an entered vessel.	
ii	Notwithstanding the exclusion from cover set out in this Rule 20, the terms of provisos (i) and (ii) to Rule 21 shall apply.	<i>See commentary to Rule 21</i>

	<i>Note: The Nuclear Installations Regulations reflect the provisions of the OECD Paris Convention on Carriage of Nuclear Material. "Excepted matter" is nuclear matter consisting only of one or more of the following:</i>	
	<i>a isotopes prepared for use for industrial, commercial, agricultural, medical or scientific purposes;</i>	
	<i>b natural uranium;</i>	
	<i>c depleted uranium;</i>	
	<i>d small quantities of nuclear matter as prescribed.</i>	
21	War Risks	
	Unless otherwise agreed in writing with the Managers on such terms as they may require, there shall be no recovery from the Club in respect of a Member's liabilities, costs or expenses (irrespective of whether a contributory cause of the same being incurred was any neglect on the part of the Member or on the part of the Member's servants or agents) when the incident in respect of which such liability arises, or such costs or expenses are incurred, was caused by:	
i	war, civil war, revolution, rebellion, insurrection or civil strife arising therefrom, or any hostile act by or against a belligerent power or any act of terrorism;.....	
	<i>Provided always that:</i>	
(i)	Notwithstanding the exclusion of cover in Rules 20 and 21 , shall not apply to liabilities, costs and expenses of an Owner insofar only as they are discharged by the Club on behalf of the Owner pursuant to a demand made under the Club shall discharge and pay on behalf of the Owner liabilities, costs and expenses pursuant to a demand made under	
(a)	...	
(b)	...	
(c)	an undertaking given by the Club to the International Oil Compensation Fund 1992 in connection with the Small Tanker Oil Pollution Indemnification Agreement, including any addendum to, or variation or replacement of such agreement (STOPIA) ; or	
(d)	a certificate issued by the Club in accordance with Article 7 of the International Convention on Civil Liability for Bunker Oil Pollution Damage, 2001;	<i>An amendment to clarify that the Club may provide certificates of financial responsibility in accordance with the 2001 Bunkers Convention, subject to the proviso that the Member may be required to indemnify the Club in respect of exclusions from</i>

		<i>cover of war and nuclear risks.</i>
	to the extent that such liabilities, costs and expenses are not recovered by the Owner under any other policy of insurance or any extension to the cover provided by the Club and	
(ii)	where any such guarantee, undertaking or certificate is provided by the Club on behalf of the Owner as guarantor or otherwise, the Owner agrees that any payment by the Club thereunder in discharge of the said liabilities, costs and expenses shall, to the extent of any amount recovered under any other policy of insurance or extension to the cover provided by the Club, be deemed to be by way of loan and that there shall be assigned to the Club all the rights of the Owner under any other insurance and against any third party.	
(ii)	where any such guarantee, undertaking or certificate is provided by the Club on behalf of the Owner as guarantor or otherwise, the Owner agrees that:	
(a)	any payment by the Club under any guarantee, undertaking or certificate referred to in proviso (i) (a),(b), (c) and (d) above in discharge of the said liabilities, costs and expenses shall, to the extent of any amount recovered under any policy of insurance or extension to the cover provided by the Association, be by way of loan; and	
(b)	there shall be assigned to the Club, to the extent and on the terms that the Managers determine in their discretion to be practicable, all the rights of the Owner under any such other insurance and against any third party; and	
(c)	unless the Managers shall otherwise determine, the Owner shall indemnify the Club to the extent that any payment under any guarantee, undertaking or certificate referred to in (a), (b), (c) and (d) above relates to a nuclear risk pursuant to Rule 20 and/or is or would have been recoverable under a standard P&I war risk policy, had the Owner complied with the terms and conditions thereof, under which the vessel shall be deemed to be insured without deductible for its full value.	
Rule 22	<u>Equipment and Freight and other risks</u>	
i	The Club shall not under any circumstances, save only those provided for in the specific Rules enumerated hereunder, pay for loss of or damage to an entered ship, or her tackle, apparel, lashings, furniture, stores, fittings or equipment, or fuel, or for any proportion thereof, to the extent that the same are owned or leased by the Member or any associated person , or for the cost or	<i>Amendments to bring the Club rules into alignment with the exclusions at Appendix V paragraph 2 of the Pooling Agreement, relating to property owned or leased by the Member</i>
	charges of or relating in any manner whatsoever to the repair of an entered ship, or for loss of freight or hire or any proportion thereof, or for salvage, or for loss arising out of the cancellation of a charter or other engagement of an entered ship, or for bad debts, or for any loss or liability whatsoever arising out of the insolvency or fraud of the Member or its agents, or for demurrage on or detention of an entered ship.	
(a)	The specific Rules referred to are as follows:	

	Rule 25 iv - relating to life salvage;	
	Rule 25 xiii d proviso (ix) - relating to loss of freight or hire, or claims for demurrage, detention and delay where such loss or claim forms part of a claim for liabilities in respect of cargo;	
	Rule 25 xv - relating to ship's proportion of general average;	
	Rule 25 xvii - relating to confiscation;	
	Rule 25 xxb - relating to sue and labour;	
	Rule 25 xxc - relating to expenses incurred by direction of the Club.	
ii	Road Traffic Acts	
	There shall be no recovery from the Club in respect of liabilities arising under any statute regulating the use or insurance of road vehicles.	<i>The Club is not authorised to insure liabilities imposed by the United Kingdom Road Traffic Acts or equivalent legislation in other countries, nor does it do so. This amendment seeks to make that position clear.</i>
iii	Landfills	
	Unless and to the extent that the Directors shall in their absolute discretion otherwise determine, there shall be no recovery from the Club in respect of any liability, loss, damage, cost or expense, including, without limitation, liability for the cost of remedial works or clean-up operations, arising as a result of the disposal or discharge at, presence in, or the escape or discharge or threat of escape or discharge from, any land based dump, site, storage or disposal facility of any substance previously carried on the entered ship whether as cargo, fuel, stores or waste and whether at any time mixed in whole or in part with any other substance whatsoever.	<i>An amendment to replicate the exclusion from cover set out in the Pooling Agreement at Appendix V paragraph 30 and to cross refer to this exclusion in the relevant Rules of the Club relating to covered liabilities</i>
	Liability to Persons	
25 ii j	Exclusion of pollution liabilities	
	Without prejudice to any other provision, exclusion, limitation or condition set out in these Rules, cover under Rules 25 i-iii or any other Rule is subject to Rule 22 iii.	
Collision Rule 25 v h (i)	Unless the Directors shall in their absolute discretion otherwise determine, there shall be no cover under this or any other Rule in respect of any liability for loss, damage, costs and expenses arising as a consequence of the disposal, discharge or existence of any hazardous waste or other material at any dump, storage or disposal facility, and Rule 22 iii	
Pollution	Unless the Directors shall in their absolute discretion otherwise	

<p>25 vi proviso (ii)</p>	<p>determine, there shall be no cover under this or any other Rule in respect of any liability for loss, damage, costs and expenses arising as a consequence of the disposal, discharge or existence of any hazardous waste or other material at any dump, storage or disposal facility.</p> <p>Without prejudice to any other provision, exclusion, limitation or condition set out in these Rules, cover under this or any other Rule is subject to Rule 22 iii.</p>	
<p>Damage to Fixed and Floating Objects 25 vii c (ii)</p>	<p>Paragraph h (i) of Rule 25 v. Rule 22 iii</p>	
<p>Damage to Vessels Without Collision 25 viii a (ii)</p>	<p>Paragraph h (i) of Rule 25 v. Rule 22 iii</p>	
<p>Towage 25 ix d (ii)</p>	<p>Paragraph h (i) of Rule 25 v. Rule 22 iii</p>	
<p>Contracts and Indemnities 25 x b (ii)</p>	<p>Paragraph h (i) of Rule 25 v. Rule 22 iii</p>	
<p>Wreck 25 xi f (ii)</p>	<p>Paragraph h (i) of Rule 25 v. Rule 22 iii</p>	
<p>Cargo 25 xiii proviso (xi) (b)</p>	<p>any liability for loss, damage, costs and expenses arising as a consequence of the disposal, discharge or existence of any hazardous waste or other material (previously carried or intended for carriage on the ship) at any dump, storage or disposal facility, unless the Directors shall in their absolute discretion otherwise determine.</p> <p>Any liability, loss, damage, cost or expense, including, without limitation, liability for the cost of remedial works or clean-up operations, arising as a result of the disposal or discharge at, presence in, or the escape or discharge or threat of escape or discharge from, any land based dump, site, storage or disposal facility of any substance previously carried or intended for carriage on the entered ship whether as cargo, fuel, stores or waste and whether at any time mixed in whole or in part with any other substance whatsoever, unless the Directors shall in their absolute discretion otherwise determine.</p>	
<p>25 xvi</p>	<p>Fines</p>	
<p>e</p>	<p>Other Fines</p>	
<p></p>	<p>There shall be no recovery in respect of fines other than those specified in paragraphs a – d of this Rule 25 xvi unless the Member has satisfied the Directors that it took such steps as appear to the Directors to be reasonable to avoid the event giving rise to the fine;</p>	
<p></p>	<p><i>provided always that:</i></p>	
<p></p>	<p>any amount claimed under paragraph e of this Rule 25 xvi in respect of any such fine shall be recoverable to such extent only as the Directors in their absolute discretion may determine without having to give any reason for their decision; and</p>	
<p></p>	<p>without prejudice to any other provision, exclusion, limitation or condition</p>	

	set out in these Rules, cover under this or any other Rule is subject to Rule 22 iii.	
23	Double Insurance	
	If a Member is, apart from the protection or indemnity of the Club, insured, protected or indemnified in any manner whatsoever against any of the liabilities, costs or expenses enumerated in Rule[s] 25 [or 28] , no contribution shall be made by the Club to such liability, costs or expenses, on the basis of double insurance or otherwise, to the extent to which he is so insured or protected or indemnified. Nevertheless, with the approval of the Directors, a Member may be protected or indemnified by special agreement with the Club made either directly with himself or with other Insurers upon the terms that certain liabilities, costs or expenses shall be borne by the Club notwithstanding such other insurance, protection or indemnity.	<i>Correction to delete the reference to Rule 28 which does not refer to costs and expenses.</i>
24	Imprudent Trading	
ii	Electronic Trading Systems	<i>New heading</i>
ii a	There shall be no recovery from the Club in respect of any liability, cost or expense whatsoever or howsoever arising, whether directly or indirectly, out of or in consequence of	
(i)	the Member's participation in or use of any system or contractual arrangement the predominant purpose of which is to replace paper-based documentation in shipping and/or international trade with electronic messages, including, without limitation, the Bolero system (and any such system or arrangement being referred to in this Rule as a "paperless system"), or	
(ii)	a document which is created or transmitted under a paperless system which document contains or evidences a contract of carriage, or	
(iii)	the carriage of goods pursuant to such a contract of carriage,	
	save to the extent that the Club in its sole discretion may determine that such liability, cost or expense would have arisen and would have been covered by the Club if the Member had not participated in or used a paperless system and any contract of carriage had been contained in or evidenced by a paper document.	
b	For the purposes of this Rule a "document" shall mean anything in which information of any description is recorded, including but not limited to, computer or other electronically generated information.	
Rule 25		
i	Liability to Persons	
iii	Categories of Persons	
d	Third parties within the categories set out below.	
Covered Risks	The following risks as set out in Rule 25 ii are covered in respect of these persons:	
	a damages or compensation for loss of life or personal injury or illness	
	b medical of funeral expenses	
	Any person For a person:	<i>Textual amendment to improve clarity</i>
(i)	In respect of liability resulting from negligent navigation or	

	management of the entered ship or other negligent act or omission on board or in relation to an entered ship;	
	Any person	<i>Textual amendment to improve clarity</i>
(ii)	In respect of liabilities arising in relation to any act, neglect or default in the handling of the cargo of an entered ship or in consequence of the negligence of persons employed solely for that purpose, from the time of receipt for shipment on quay or wharf until final delivery ex quay or wharf at the port of discharge.	
25		
v	Collision Liability	
	Liabilities, costs and expenses arising within the categories and subject to the terms set out below consequent upon collision between an entered ship and any other ship:	
...d	Loss or damage to cargo or other property being carried on an entered ship consequent upon collision	
	<i>provided always that:</i>	
(i)	the Member is insured by the Club for liabilities in respect of cargo, and subject to the terms of entry and the Rules applicable to such cover.	
(ii)	Rule 25 xiii proviso is (vii) shall apply in respect of cargo being carried in the entered ship which is owned by the Member.	<i>Correction of typographical error</i>
25 xiii	Cargo Liabilities	
	proviso	
(viii)	Discretionary claims	
	Unless and to the extent that the Directors shall in their absolute discretion otherwise determine (and in any event only if they are satisfied that the Member took such steps as appear to those Directors to be reasonable to avoid the event or circumstances giving rise to such liabilities, costs and expenses), there shall be no recovery from the Club under paragraphs a – d of this Rule 25 xiii in respect of the Member's liabilities, costs or expenses arising out of:	
(a)	the discharge of the cargo or any part thereof from an entered ship at any port or place other than a port or place permitted by the relevant contract of carriage;	<i>Amendment to bring the Club rules into alignment with the Pooling Agreement exclusions at Appendix V.14 (a). When cover has been extended to a Member for through transit /transshipment liabilities, the terms of the Pooling Agreement would operate to exclude cover in circumstances where cargo has</i>

		<i>been discharged at the wrong port or place, but not directly from the entered ship.</i>
(x)	Deck Cargo	
	Unless and to the extent otherwise agreed in writing by the Managers, there shall be no recovery from the Club in respect of liabilities for loss, shortage, damage or other responsibility [in respect of cargo carried on deck] arising out of the carriage of cargo on deck unless the cargo and the [entered] ship are, in the opinion of the Managers, suitable for carriage on deck and the Bill of Lading or other contract of carriage:	<i>An amendment to clarify that cover is excluded when unauthorised deck carriage has caused the liability.</i>
(a)	states that the cargo is carried on deck and either provides that the carrier is free from all liability for loss of or damage to cargo or provides the carrier with rights, immunities and limitations no less favourable than those contained in the Hague Rules or Hague-Visby Rules; or	
(b)	contains an appropriate liberty to carry cargo on deck and provides for the Hague Rules or the Hague-Visby Rules to apply to such cargo.	
xx	Legal and other Expenses	
a	Legal Costs and Expenses	
	Costs and expenses including legal costs and charges, which a Member may incur in respect of any liability or expenditure against which he is insured by the Club;	
b	Sue and Labour	
	Extraordinary costs and expenses reasonably incurred upon or after any casualty, occurrence or event which is likely to give rise to a claim covered by the Club, solely for the purpose of avoiding or minimising any liability or expenditure arising from such claim;	
c	Expenses Incurred under Direction of Club	
	Costs, expenses and losses which a Member may incur by special direction of the Club in relation to claims which the Directors consider affect or may affect the interests of the Members or the Club;	
	<i>provided always that:</i>	
	There shall be no recovery under this Rule 25 xx in respect of any costs or expenses save to the extent that	
(i)	the same have been incurred with the [prior] consent in writing of the Managers, or	
(ii)	the Directors in their absolute discretion shall otherwise determine.	<i>When the Managers</i>

	[that such costs or expenses were reasonably incurred]	<i>have not approved payment of expenses, this amendment ensures the Directors have absolute discretion to do so, in line with the provisions of the Rules of several other Group Clubs.</i>
37	Non payment of Premium <u>and Other Sums</u>	<i>Amendment to Rule heading to make clear that the provisions of this Rule apply in respect of all amounts due to the Club, not just premium</i>
	If a Member fails to pay when due and demanded by the Managers any amounts due from him to the Club, the Managers shall be entitled in the exercise of their absolute discretion:.....	
40	Deduction, Set off, <u>Interest and Costs</u>	
v	Without prejudice to the rights and remedies of the Club under these Rules, if any premium and calls or any part thereof or any sum of whatsoever nature due from any Member to the Club is not paid by such Member on or before the date specified for payment thereof:	
(a)	such Member shall pay interest on the amount not so paid from and including the date so specified down to the date of payment at such rate as the Directors may from time to time determine, but the Directors may waive payment of such interest in whole or in part; and	
(b)	If the Club brings legal proceedings of whatsoever nature to recover and/or to secure recovery of any such sums, the Member shall pay the costs incurred by the Club in and/or consequent upon, such legal proceedings.	<i>An amendment to provide a contractual right on the part of the Club to recover the legal costs of taking proceedings to recover a debt or to obtain security.</i>
43	Provision of Bail	
i	The Club is under no obligation to provide bail or other security on behalf of any Member. When the Club does provide bail or other security the Managers may at the time when security is provided or at any time subsequently until the security is returned for cancellation:	
a	require the Member forthwith to provide alternative security in substitution for that provided by the Club, if acceptable to the claimant, or place a cash deposit with the Club or, in the Managers' sole discretion, provide other counter-security acceptable to the Club,	<i>Provision to clarify that the Club may request Members to provide counter-security, e.g. by way of a guarantee, acceptable to the Club .</i>

b	withhold all or any payments due from the Club to the Member up to the amount of the Club's exposure as a security deposit until its liability under its security has been determined.	
ii	The provision of bail or other security is at the absolute discretion of the Managers and the Club shall not be liable for any delay or detention to a ship to which such security relates and any other ship owned by the Member or any other assets, or for any other losses whatsoever and howsoever arising, resulting from non-provision or delay in providing bail or other security;	
iii	Where bail or other security is provided on behalf of the Member, the Managers shall be entitled to impose such terms on its provision as they in their absolute discretion see fit and the Member agrees that the Club shall have a contractual lien over each ship owned by the Member and/or in the same and/or associated ownership, management or control, whether entered in the Club or not, for an amount equivalent to the Club's exposure under the said bail or other security which the Club shall be entitled to enforce at any time in the Managers' absolute discretion;	
iv	The provision of bail or other security by the Club does not constitute any admission of liability by the Club for any claim in respect of which the bail or security is given. Insofar as the Club makes payment under or pursuant to its security any bail, guarantee, certificate or security whatsoever provided by the Club and the amount of that payment or any part thereof would not have been payable by the Club but for its provision of such security, the Member shall to that extent forthwith indemnify the Club, and pay any costs incurred through or in connection with the provision of such security.	<i>An amendment to clarify that the Club's right to reimbursement from a Member for sums paid by the Club in respect of uncovered liabilities applies to such sums paid pursuant to any security provided by the Club, including, for example, certificates of financial responsibility.</i>
Rule 47	Dispute Resolution, Adjudication	
viii	These Rules and any contract of insurance between the Club and the Member shall be governed by and construed in accordance with English law. <i>Provided always that:</i>	
	Save as provided in Rule 17 ii , no benefit or rights are conferred or intended to be conferred, under or through the operation of the Contract (Rights of Third Parties) Act 1999 or any similar legislation.	<i>An amendment consequent upon the amendment to Rule 17ii in respect of recovery of claims by crew members or their dependants</i>

**AMENDMENTS FOR 2009/10 TO THE RULES OF CLASS 2 PROTECTION
AND INDEMNITY OF THE STEAMSHIP MUTUAL UNDERWRITING
ASSOCIATION LIMITED**

Rule		
5	Risks covered	
	The protection afforded to the Members is in establishing or resisting the following claims arising subsequent to the date of entry in respect of any ship entered, namely:	
i	freight, dead freight and passage money or hire arising under any charterparty, Bill of Lading or other contract and general and particular average contributions or charges;	
ii	demurrage or damages for the detention of any Member's ship or despatch money;	
iii	interference, neglect, default or any other cause involving detention of or loss to a Member's ship by any Department of State, or public body, or other person or persons whatsoever either at home or abroad;	
iv	damages for detention of any entered ship in any collision action	
v	breach of any charterparty, Bill of Lading, or other contract;	
vi	supply of inferior or unsatisfactory or unsuitable fuel, outfit or equipment, or other necessaries, or for negligent repair of [or alteration to] a ship;	<i>Claims in respect of the alteration of a ship will fall to be dealt with in accordance with sub-rule xiii below</i>
vii	improper loading, lightering, stowage, trimming or discharge of cargo;	
viii	overcharges in accounts, howsoever arising;	
ix	amounts due from or to Underwriters on ship and/or cargo and/or freight and all other persons and companies conducting the business of insurance in all its branches;	
x	salvage and towage services rendered by a Member's ship unless the ship entered is a tug or salvage vessel;	
xi	representation of Members at official investigations, Coroners' inquests, or other enquiries whatsoever in relation to a Member's ship;	
xii	claims by or against passengers, stowaways, masters, officers, crew and other persons on or about a Member's ship;	
	<i>provided always that:</i>	
	as regards ships not entered in the General Council of British Shipping all claims in respect of masters, officers and crew under this Rule shall only be covered by the Club on request and on payment by the Members concerned (prior to the claim) of such additional calls as may from time	

	to time be decided by the Directors.	
xiii	<p>claims arising in connection with the building, purchase, sale or mortgage of a Member's ship;</p> <p>Claims by or against or in respect of any parties in connection with the building, conversion, alteration, purchase, sale or mortgage of a Member's ship;</p> <p><i>Provided always that</i></p> <p>cover for such claims has been agreed by the Managers on such terms as they may require.</p>	<p><i>An amendment is proposed to clarify that cover for so-called "FD&D Builders' Risks" may extend to claims arising in relation to the conversion or alteration, as well as the construction, of a vessel, and to claims ancillary to the building or conversion contract itself, such as tortious disputes concerning a manufacturer's negligence. However cover for these risks is subject to terms being specifically agreed by the Managers.</i></p>
xiv	claims by or against revenue or customs authorities in connection with a Member's ship;	
xv	all claims, disputes, actions and other matters whatsoever against which in the opinion of the Directors they should be protected and would not be usually protected if fully entered in the other Classes of this Club and War Risks Associations and insured by the ordinary Lloyd's or Companies' policies with collision clause attached;	
	<i>provided always that:</i>	
	the Club shall not be responsible for costs incurred without its authority nor for the cost of cables or agents' fees in connection with disputes before litigation or notice to the Club thereof.	
6	In all cases claims shall be considered to arise as follows:	
i	claims arising out of contract, in tort, or under statute: when the cause of action accrues;	
ii	claims for salvage or towage: when the services are commenced;	
iii	claims arising in connection with the building of a ship: at the date of signing the building contract.	<p><i>Cover under Rule 5 xiii above is available for claims arising during the period of the vessel's entry in the Club .</i></p>