



STEAMSHIP MUTUAL

To the Members

September 2010

Dear Sirs,

Changes to the Clauses of the Charterers' Cover

Members will be aware that the imposition of measures against Iran by national and international governmental bodies resulted in changes to the cover provided pursuant to the Steamship Mutual Club Rules, which came into effect from 20th February 2010. In the light of developments in relation to Iran since February 2010, further amendments were made to the Club Rules by an Ordinary Resolution passed at a General Meeting of the Members of the Club on 27th August 2010. Those Rules changes came into effect from midnight on 27th August 2010, and are set out in Club Circular L.134 which can be viewed at www.simsl.com and is also available in electronic or hard copy upon request.

Members are advised that in relation to new Charterers' covers placed going forward, and for the remainder of the current policy year, the Rules changes set out in the above-mentioned circular will be incorporated, in essentially the same form with some logical amendments, into the Clauses of the Charterers' Terms of Entry to which Charterers' cover is subject.

The amendments, which apply to Charterers' Clauses 13, 19, 30 and 32, are set out in bold in the attached table, and have immediate effect.

Yours faithfully,

THE STEAMSHIP MUTUAL UNDERWRITING
ASSOCIATION LIMITED

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
AQUATICAL HOUSE 39 BELL LANE LONDON E1 7LU
tel: +44 20 7247 5490 website: www.simsl.com
Registered No: 3855693 England

L.140

AMENDED CLAUSES FOR CHARTERERS' COVER

In the table below, the new wording is shown underlined and in bold.

Rule	
13	Recovery
	<p>If any Member shall become liable in damages or otherwise or shall incur any liabilities, costs or expenses as hereinafter set out in Clauses 21-22, 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 Clauses and by the Certificate of Entry;</p>
	<i>provided always that:</i>
i	<p>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;</p>
ii	<p><u>the Member shall have no right to recovery from the Club in respect of any liabilities, costs or expenses where the Directors determine that the reimbursement or any payment in respect thereof exposes the Club to the risk of being or becoming subject to any sanction, prohibition or adverse action in any form whatsoever by any State or International Organisation; unless the express terms of such sanction, prohibition or adverse action permit payment of any sums due from the Club to the Member into a blocked account, in which event payment by the Club into that account shall discharge the Club from all liability to the Member howsoever arising in respect of the claim to which such payment relates.</u></p>
iii	<p>unless otherwise agreed by the Managers in writing, any liability costs or expenses incurred by the Club in respect of an entered ship arising from any one accident or occurrence, including any claim in respect of liability for the removal or non-removal of any wreck, shall be treated for the purposes of these Clauses as if they were one claim;</p>
iv	<p>if less than the full tonnage of a ship is entered in the Club, the Member shall be entitled only to recover such proportion of its claim as the entered tonnage bears to the full tonnage;</p>

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
 AQUATICAL HOUSE 39 BELL LANE LONDON E1 7LU
 tel: +44 20 7247 5490 website: www.simsl.com
 Registered No: 3855693 England

v	in no case whatsoever shall interest be paid on sums due from the Club;
vi	<p>the liability of the Club shall be limited to such amount as appears in the Certificate of Entry or, in the absence of any such amount, US\$10million, in aggregate, in respect of all liabilities insured under these Charterers' clauses (including, for the avoidance of doubt, Clause 16) arising out of any one accident or occurrence.</p> <p>Save that when the Member is entitled under Clause 21 to recover in respect of damage to, or loss of cargo or other property owned by it, as if such cargo or property was owned by a third party, and when,</p>
a	If that claim had been pursued by a third party it would have been subject to limitation; and
b	<p>When the aggregate of all the claims subject to limitation, (including that of the Member as if its property was owned by a third party), in respect of that incident or occurrence would have exceeded the amount to which the Member would be entitled to limit liability;</p> <p>the Member's recovery from the Club in respect of its own claim shall not exceed the amount to which it would have been rateably reduced had it been a claim subject to limitation under the limitation fund and/or in accordance with any other right to limitation in respect of the incident or occurrence.</p> <p>Provided always that in the event of legislation coming into force anywhere in the world affecting a member's liability in respect of oil pollution the Club shall, upon each and every such enactment, have the right to charge additional premium or limit its liability in respect thereto.</p>
19	Imprudent Trading
i	No claim shall be recoverable from the Club if it arises out of or is consequent upon an entered ship <u>or a ship in respect of which insurance is provided by the Club:</u>
a	carrying contraband, blockade running or being employed in an unlawful trade; or
b	<u>being employed by the Member in a carriage, trade or on a voyage which thereby in any way howsoever exposes the Club to the risk of being or becoming subject to any sanction, prohibition or adverse action in any form whatsoever by any State or International Organisation, unless the Directors otherwise determine, or</u>
c	performing any voyage or being employed in any trade which in the opinion of the Directors is imprudent, unsafe, unduly hazardous or improper.

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
 AQUATICAL HOUSE 39 BELL LANE LONDON E1 7LU
 tel: +44 20 7247 5490 website: www.simsl.com
 Registered No: 3855693 England

30	Reinsurance
i	The Managers may on behalf of the Club enter into contracts of reinsurance under which the Club agrees to reinsure the risks arising in connection with any one or more ships insured by another insurer or else agrees to reinsure the whole or any part or proportion of the insurance business of any other insurer. The premium payable to the Club and the terms and conditions on which the reinsurance is accepted by the Club shall be such as are agreed between the Managers and such other insurer.
ii	The Club may continue to be a party to the Pooling Agreement of the International Group of P and I Clubs or to any other agreement of a similar nature or purpose.
iii	The Managers shall have the right in their discretion to effect on behalf of the Club the reinsurance or ceding of any risks insured by the Club (including any risk which may fall on the Club by reason of a reinsurance or the Pooling Agreement referred to in paragraphs i or ii of this Clause) with such reinsurers and on such terms as the Managers shall consider appropriate.
iv	<u>The Club shall in no circumstances have a liability to the Member in respect of that part of any liabilities, costs and expenses which is not recovered by the Club from parties to the Pooling Agreement, and/or under the Group Excess Loss Reinsurance Contract and/or any other contract of reinsurance because of a shortfall in recovery from such parties or reinsurers thereunder by reason of a sanction, prohibition or adverse action against them by a State or International Organisation or the risk thereof if payment were to be made by such parties or reinsurers.</u>
	<u>For the purposes of this Rule 30 iv “shortfall” includes any failure or delay in recovery by the Club by reason of the parties or reinsurers making payment into a designated account in compliance with the requirements of any State or International Organisation.</u>

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
 AQUATICAL HOUSE 39 BELL LANE LONDON E1 7LU
 tel: +44 20 7247 5490 website: www.simsl.com
 Registered No: 3855693 England

32	Cessation of Membership
	A Member shall cease to be a Member and shall cease to be insured by the Club in respect of any and all ships entered by him upon the happening of any of the following events:
i	in the case of an individual upon his death;
ii	in the case of a corporation if it be wound up or dissolved;
iii	if it ceases to have any ship entered in the Club;
iv	in the case of an individual if he becomes bankrupt, subject to a receiving order or makes any arrangement or composition with his creditors generally or by reason of mental disorder becomes incapable of conducting his affairs;
v	in the case of a corporation if it is placed in receivership or seeks protection from its creditors, reorganisation or rehabilitation pursuant to any applicable laws, or if a creditor takes uncontested possession of any of its assets pursuant to any security interest therein;
	Save that in respect of iv and v above the Managers shall be entitled in their absolute discretion to agree that a Member may be entered upon such terms and conditions as they see fit.
vi	Notwithstanding and without prejudice to Rule 32 vii below, if the Directors, on such notice in writing as they may decide, terminate the entry of a Member where the provision of cover to or in respect of a vessel and/or the Member's continuing entry will expose or may, in the opinion of the Directors, expose the Club or any of its Members to the risk of being or becoming subject to any sanction, prohibition or adverse action in any form whatsoever by any State or International Organisation.
vii	Notwithstanding and without prejudice to Rule 32 vi above, unless the Directors shall in their discretion otherwise determine, if any ship (whether or not entered in the Club) is employed by the Member in a carriage, trade or on a voyage which will thereby in any way howsoever expose the Club to the risk of being or becoming subject to any sanction, prohibition or adverse action in any form whatsoever by any State or International Organisation. In the event of any dispute as to whether the ship has been so employed, the Directors' decision shall be final.

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
 AQUATICAL HOUSE 39 BELL LANE LONDON E1 7LU
 tel: +44 20 7247 5490 website: www.simsl.com
 Registered No: 3855693 England

	<i>Provided that</i>
a	if the cesser of Membership and of insurance be occasioned by any of the events specified in sub-paragraphs i to vii above, such Member, its estate, legal, personal representatives, trustees in bankruptcy or liquidator as the case may be, shall be and remain liable for outstanding premium, save that where such premium is calculated per diem such liability shall be limited to the greater of the agreed minimum premium payable or the premium accrued due on a per diem basis on the happening of the relevant event but the Club shall thereupon cease to be liable (irrespective of how premium is calculated) for any claims under these Clauses and in respect of such ship or ships arising by virtue of any incident or occurrence occurring after the happening of any such specified events in sub-paragraphs i to vii above, or for any claims directly or indirectly arising because of such specified event(s), and nothing done by the Club subsequent to any such specified event shall constitute a waiver of the Club's rights under this sub-paragraph, unless the Club shall thereafter have expressly, in writing to the Member, accepted liability for such claim.
b	nothing in the foregoing proviso a shall prejudice the Managers' rights, under Clause 34 , to terminate or rescind cover, and to require payment of premium as herein provided.
c	<u>In relation to Rule 32 vi above, the Directors may agree to terminate only that part of the entry, and/or the entry of only those vessels and/or that part of any other cover arrangement which will expose or may in the opinion of the Directors expose, the Club and/or any of its Members to the risk of being or becoming subject to any sanction, prohibition or adverse action in any form whatsoever by any State or International Organisation.</u>
d	<u>In relation to Rule 32 vii above, the Managers may agree that cessation of cover thereunder will apply only to that part of the entry and/or that part of any other cover arrangement related to, and/or to the entry of only those vessels employed by the Member in, a carriage, trade or on a voyage which will thereby in any way howsoever expose the Club to the risk of being or becoming subject to any sanction, prohibition or adverse action in any form whatsoever by any State or International Organisation.</u>
e	In relation to Rule 32 vii when the risk of any such sanction, prohibition or adverse action ceases, insurance by the Club in respect of any and all ship(s) entered by the Member, may in the Managers' discretion be reinstated.

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
 AQUATICAL HOUSE 39 BELL LANE LONDON E1 7LU
 tel: +44 20 7247 5490 website: www.sims.com
 Registered No: 3855693 England