



January 2015

To the Members

Dear Sirs,

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, on, 19 February 2015 at 10.00 hours for the purpose of considering and, if thought fit, passing the following resolutions:

ORDINARY RESOLUTION

THAT with effect from Noon G.M.T. on 20th February, 2015 the amendments to the Rules of Class 1 (Protection and Indemnity) of the Association annexed hereto and marked 'A' for identification be adopted.

EXPLANATION REGARDING RESOLUTION

Rules

The attached table incorporates proposed changes to the Rules of the Protection and Indemnity Class (Class 1) for the forthcoming policy year. Explanatory notes in italics have been provided in the table, but in summary, the proposed changes are as follows:

Rule 6 - Entry

A new provision for service of notices and documents on the Members of the Club, so as to simplify the way in which the Club is permitted to correspond with Members, particularly in respect of corporate notices such as notices of general meetings.

Rule 9 ii - Affiliates

An amendment to provide that Club cover extends automatically, without a requirement for prior agreement, to enable recovery where a claim that, if made against the Member, itself, would be covered, can also be recovered when made against an associate or affiliate of the Member.

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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

Rule 25 iv – Life Salvage

An amendment to clarify that cover under this Rule may extend, subject to the exercise of discretion by the Managers, to sums which third parties (such as port authorities) are entitled, or will become entitled, to recover from the Member for their expenses in saving or attempting to save the life of any person on or from an entered ship, without a requirement for there to be an “Award” in respect of such sums.

Rule 25 xiii proviso (viii) (b) – Delivery of cargo without production of negotiable bill of lading.

An amendment to align this provision with the wording set out in the Pooling Agreement which refers to production of a negotiable bill of lading *by the person to whom delivery is made*. An additional amendment to also include the Pooling Agreement exception from this exclusion, which allows cover for a Member’s liability arising under a negotiable bill of lading issued by another carrier where the Member has performed part of the carriage pursuant to a non-negotiable bill of lading issued by the Member.

Rule 32 - Reinsurance

An amendment to widen the current restriction against reimbursement of a claim where there is a shortfall in recovery by the Club from another Club which is a party to the Pooling Agreement or from Excess Loss underwriters, by reason of sanctions, to apply also to shortfalls in recovery affecting other reinsurers and reinsurance arrangements. The proposed wording also clarifies that the restriction applies only in relation to liabilities that are reinsured, and only where breach of sanctions has affected recoveries under such reinsurances.

Rule 35 Cessation of Membership

An amendment to clarify that the automatic suspension of cover provision in Rule 35 ii operates when the Club is exposed to sanctions risks, not just when there is an actual or prospective breach of sanctions regulations. The amendment ties the suspension of Club cover with the risk that the employment of the vessel exposes the Club to the risk of sanctions.

By Order of the Board

S. A. Ward
Secretary

27th January 2015

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.

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A

AMENDMENTS FOR 2015/16 TO THE RULES OF CLASS 1 PROTECTION AND INDEMNITY OF STEAMSHIP MUTUAL UNDERWRITING ASSOCIATION LIMITED

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

6	Entry	
i - vii	
viii	<p><u>A notice or other document required to be served on a Member under these Rules or the Memorandum and Articles of Association of the Club may be served as the Managers decide, either personally, or by sending it through the post in a pre-paid letter, or by courier, facsimile, or email or other electronic communication addressed to the Member. The Member agrees that any such address shall be that notified to the Club by the Member or its servants or agents appearing in the records of the Club.</u></p> <p><u>A notice or document directed to be served on the Member shall, with respect to any Joint Members, affiliates and any others insured to any extent under the Member's entry, be given to which of such persons is named first in the Register of Members and a notice or document so given shall be sufficient service upon all such Joint Members, affiliates and any others insured under the Member's entry.</u></p>	<p><i>A new provision to simplify the way in which the Club is permitted to correspond with Members, particularly in respect of corporate notices such as notices of general meetings. Service of a notice or document in the manner prescribed would constitute effective service upon the Member and others insured under the Member's entry.</i></p>
9		
i	Joint Members and Assureds	
a	<p>If an entry is made in the names of or on behalf of more persons than one (hereinafter referred to as Joint Members) each Joint Member shall be bound by the Rules including, without limitation, the provisions of Rule 8, and shall be jointly and severally liable to pay all calls, contributions, premium and any other sums due to the Club in respect of such entry; and the receipt by any one Joint Member of any sums payable by the Club in respect of such entry shall be sufficient discharge of the Club for the same.</p>	
b	<p>The cover afforded to Joint Members shall extend only to risks, liabilities, costs and expenses arising out of operations and/or activities customarily carried on by or at the risk and responsibility of shipowners and which are within the scope of the cover provided under the terms, conditions and exceptions provided by these Rules and by the Certificate of Entry.</p>	
c	<p>The conduct of any one Joint Member which is sufficient to bar that Joint Member's right of</p>	

	recovery under the terms, conditions and exceptions provided by these Rules and by the Certificate of Entry shall bar absolutely the rights of recovery of all Joint Members thereunder.	
d	If the entry of any Joint Member ceases or is terminated for any reason, the Managers shall have the option, but not the obligation, to terminate the entry of any and all other Joint Members as from the date of cessation of the entry of the Member aforesaid, or from any other date which the Managers may in their absolute discretion decide.	
ii	Affiliates	
	When an entry is made by a Member cover provided under these Rules and by the Certificate of Entry may be extended, subject to the written agreement of the Managers, to any person associated or affiliated with that Member;	
	<u>Should a claim in respect whereof a Member is insured by the Club under these Rules and by the Certificate of Entry be made or enforced through an associated or affiliated person (other than a Joint Member or Assured in relation to the Member), and excluding any charterer, (except bareboat or demise) of the Entered Ship, the Club shall, if so requested by the Member in writing, indemnify such associated or affiliated person against any loss which as a consequence thereof such person shall have incurred in that capacity;</u>	<i>An amendment to enable recovery where a claim that, if made against the Member, itself, would be covered, can also be recovered when made against an associate or affiliate of the Member.</i>
	<i>Provided that:</i>	
a	such right of indemnity cover shall only extend to a liability which would have been incurred by the Member if the claim concerning that liability had been made against the Member;	
b	such right of indemnity cover shall not extend to any amount which would not have been recoverable from the Club by that Member had such claim been made or enforced against that Member;	
c	to the extent that the Club indemnifies such associated or affiliated persons here under such cover it shall not be under any further liability and shall not make any further payment to any person whatsoever, including the said Member, in respect of the claim so indemnified;	
d	the conduct of that Member or any associated or affiliated person which is sufficient to bar that person's rights of recovery under the terms, conditions and exceptions provided by these Rules and by the Certificate of Entry shall bar the rights of recovery of all persons thereunder.	
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.	
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iv	Life Salvage	
	To the extent not recoverable from hull underwriters, cargo owners or underwriters, sums awarded to third parties, <u>or in the Managers absolute discretion, where claimed by third parties to be lawfully recoverable,</u> for the saving of, or attempting to save, the life of any person on or from an entered ship.	<i>An amendment to clarify that cover may extend to liabilities to third parties, and/or sums claimed by third parties, for their expenses in saving or attempting to save the life of any person on or from an Entered Ship, in situations where there is no award.</i>
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xiii	Cargo Liabilities	
a	Loss, Shortage, Damage and other Responsibility....	
b	Handling of Damaged or Worthless Cargo....	
c	Failure of Cargo Interests to Collect Cargo....	
d	Through Transport....	
	<i>Provided always that:</i>	
	In relation to paragraphs a–d of this Rule 25 xiii	
(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 at any port or place other than a port or place permitted by the relevant contract of carriage;	
	(b) the delivery of cargo carried on an Entered Ship <u>under a negotiable bill of lading or similar document of title</u> without the production of <u>that the relevant bill of lading or document by the person to whom delivery is made, except where cargo has been carried on an Entered Ship under the terms of a non-negotiable bill of lading, waybill or other non-negotiable document, and despite having been properly delivered as required by that document, liability nevertheless arises under the terms of a negotiable bill of lading or other similar document of title (issued by or on behalf of a party other than the Member) providing for carriage in part upon the Entered Ship and in part upon another ship or by another mode of transport.</u>	<i>An amendment to align the wording with the Pooling Agreement. As currently drafted the Rule does not include the requirement in the Pooling Agreement that production of the bill of lading should be by the party to whom delivery is made. In cases where the bill of lading is surrendered to the Master or to owners agents at the load port or in other ways and delivery is then made to the wrong party at the discharge port, it is arguable that under the Rules as currently drafted the claim would not be excluded on the basis of non-production of a bill of lading, although it is possible that such a claim could be excluded from pooling on the basis that delivery was made other than to the person producing the bill of lading. This amendment also includes the Pooling Agreement exception to the exclusion which is applicable to a Member's liability arising under a negotiable bill of lading issued by another carrier where the Member has performed</i>

		<i>part of the carriage pursuant to a non-negotiable bill of lading issued by him.</i>
	(c) the delivery of cargo carried under a non-negotiable bill of lading, waybill or similar document without production of such document by the person to whom delivery is made, where such production is required pursuant to the terms of and/or the law applicable to that document, except where the Member is obliged by law to deliver, or relinquish custody or control of, the cargo, without production of such document;	
	(d) the issue of an ante dated or post-dated bill of lading, waybill or other document containing or evidencing the contract of carriage;	
	(e) the issue of a bill of lading, waybill or other document containing or evidencing the contract of carriage known by the Member or the Master of the entered ship to contain an incorrect description of the cargo or its condition or quantity;	
32	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 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 Rule) with such reinsurers and on such terms as the Managers shall consider appropriate.	
iv	The Club shall cease to have any liability whatsoever to the Member in respect of that part of any liabilities, costs and expenses which are reinsured under, but is not recovered by the Club from parties to, any reinsurance contract or arrangement, including but not limited to the Pooling Agreement, and/or under the Group Excess Loss Reinsurance Contract, 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 other competent authority or the risk thereof if payment were to be made by such parties or reinsurers.	<i>The Reinsurance Rule was amended with effect from 20 February 2010 so as to preclude reimbursement of a claim to the extent that there is a shortfall in recovery by the Club from another Club which is a party to the Pooling Agreement or from Excess Loss underwriters, by reason of sanctions. It was further amended with effect from 20th February 2011 to provide that if the Club has already indemnified the Member, the Member will be liable to repay the Club any shortfall in recovery under the Pooling Agreement/Group Excess Loss insurance. It is proposed to extend the restriction on recovery to</i>

		<p><i>apply also to shortfalls in recovery from other reinsurers and reinsurances. The restriction would apply only where sanctions affect recoveries in relation to liabilities that are reinsured.</i></p> <p><i>All of the Clubs in the International Group have adopted a similar provision.</i></p>
	<p>If the Club has indemnified the Member (and/or made payment pursuant to a Certificate of Financial Responsibility or any other guarantee issued to or on behalf of a Member, pursuant to Rule 43 or otherwise) <u>in respect of any liabilities, costs and expenses which are reinsured hereunder</u>, and there is subsequently 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, the Member shall repay to the Club on demand the amount of any shortfall as certified by the Managers.</p>	
	<p>For the purposes of this Rule 32 iv “shortfall” includes (but is not limited to) 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 or other competent authority.</p>	
	<p><i>Note: A number of amendments have been made to the Rules to reflect the introduction of sanctions and other similar legislation affecting the Club directly or indirectly. The Managers draw particular attention to Rule 32 iv.</i></p> <p><i>The Club:</i></p> <p><i>i) From time to time, reinsures the risks insured under <u>and/or pursuant to</u> these Rules; and</i></p> <p><i>ii) Pools <u>certain</u> such risks with fellow Member Clubs of the International Group of P&I Clubs, and these pooled risks are also reinsured.</i></p> <p><i>In order to ensure both the sufficiency of the security provided by such reinsurance and its cost efficiency, both the Club and the International Group place reinsurance with a number of reinsurers domiciled in a variety of jurisdictions. It is, therefore, possible that one or more of such reinsurers may be, or may become, subject to legislation or regulations regarding sanctions, the effect of which would prevent the Club from making full recovery under the reinsurance.</i></p> <p><i>The effect of Rule 32 iv is that if there is such a shortfall in recovery, the Club will be under no liability to the Member to that extent. If the Club has already indemnified the Member, the Member will be liable to repay the Club any shortfall in recovery under the Pooling Agreement/Group Excess Loss insurance, <u>or any other reinsurance contract or arrangement</u>.</i></p>	

35	Cessation of Membership	
i	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:	
a	...	
b	...	
c	...	
d	...	
e	...	
f	where by virtue of any sanction, prohibition or adverse action in any form whatsoever by any State or International Organisation, the Club is prohibited from insuring that Member.	
	<i>Provided that</i>	
(i)	...	
(ii)	if any Member ceases to be insured by the Club by operation of this Rule 35 i a to f in respect of the ships entered by it, the entry and insurance of all other Joint Members entered pursuant to Rule 9 i shall continue notwithstanding, unless the Managers, in their discretion, decide to terminate such entry and insurance on behalf of the other Joint Members, or any of them, either on the date of cessation of entry of the Member to which this Rule 35 i a to f applies or such other date which the Managers may in their absolute discretion decide.	
ii	If the insurance of a ship by the Club is prohibited by any State or International Organisation, or if any ship is employed by the Member or permitted to be 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, there shall be no insurance by the Club of such ship or in respect of such carriage, trade or voyage from the date when the vessel is or is permitted to be so employed , such prohibition becomes effective or when such insurance or employment becomes sanctionable activity.	<i>An amendment to clarify that Rule 35 ii (an automatic suspension of cover) operates in circumstances where there is a risk of a sanctions breach, not just when there is an actual breach of sanctions regulations. The amendment ties the suspension of Club cover with the risk that the employment of the vessel exposes the Club to the risk of sanctions, whereas it is arguable that the current wording requires there to be an actual prohibition against the Club insuring (1) the ship or (2) the member's trading activity.</i>
	In the event of any dispute as to such prohibition or as to whether the ship has been so employed, the Managers' decision shall be final.	
iii	Notwithstanding and without prejudice to Rule 35 i f and ii above, the Managers may, on such notice in writing as they may decide, terminate, or determine that there shall be no cover under the entry, or any part of it, or any part of any other cover arrangement of a Member and/or the entry of any vessel where the provision of cover to or in respect of a vessel and/or a Members' continuing entry or cover will expose, or may in the opinion of the Managers 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.	<i>In addition to (1) automatic termination of cover where by virtue of sanctions the Club is prohibited from insuring a particular Member, and (2) an automatic suspension of cover where (a) insurance of a ship becomes prohibited or (b) the employment of the vessel by the member exposes the Club to sanctions risks, Rule 35 iii provides further rights (exercisable by the Managers) to terminate or suspend part of an entry where it is determined that continuing such entry may expose the Club to</i>

		<i>sanctions risks.</i>
	<i>Provided that</i>	
a	<p>If the cesser of Membership and of insurance be occasioned by any of the events specified in Rule 35 i sub-paragraphs a to f above, such Member, its estate, legal, personal representatives, trustees in bankruptcy or liquidator as the case may be, shall be and remain liable for contributions in respect of the Policy Year during the currency of which the event occurred, pro rata only to the period beginning with that Policy Year and ending upon the happening of such event; but the Club shall thereupon cease to be liable for any claims under these Rules 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 a to f 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 subparagraph, unless the Club shall thereafter have expressly, in writing to the Member, accepted liability for such claim.</p>	
b	nothing in the foregoing proviso a shall prejudice the Managers' rights, under Rule 37 , to terminate or rescind cover, and to require payment of premium as herein provided.	
c	In relation to Rule 35 ii and iii , 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, or in respect of any other cover arrangement of a Member, may in the Managers' discretion be reinstated.	

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 Herbert Menno Juniel* or Stephen Arthur Ward* 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 10.00 hours on 19 February 2015 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@sims1.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.