



THE LONDON
STEAM-SHIP OWNERS'
MUTUAL INSURANCE ASSOCIATION LIMITED

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6 January 2003

TO ALL MEMBERS

Dear Sirs

ARTICLES OF ASSOCIATION

A recent review by external lawyers of the Association's governing constitution, known in the UK as a company's "Articles of Association", identified a number of areas for potential improvement and modernisation.

The changes proposed by the lawyers were reviewed and approved by the Committee at its meeting on 16 October 2002 which at the same time also authorised the calling of an Extraordinary General Meeting on Wednesday 29 January 2003, for the purpose of obtaining support from the membership for the proposed changes.

Attached to this circular therefore is a formal Notice of the Extraordinary General Meeting called by the Committee, which also lists the proposed changes.

Most of the proposed changes are relatively minor and include provisions to allow communication between the Association and membership by electronic means, in addition to more traditional methods; clarification that membership of the Association is restricted to those with an insurable interest in an entered vessel; provisions to enhance the fairness of the distribution of Class assets, in the event of an individual Class of the Association being wound up; clarification of the voting rights of Members at Class and General Meetings of the Association; and clearer provisions concerning the distribution of reserves of the Association.

Yours faithfully
A BILBROUGH & CO LTD
(MANAGERS)



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NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that an EXTRAORDINARY GENERAL MEETING of the MEMBERS OF THE ASSOCIATION will be held at the REGISTERED OFFICE of the Association, 50 LEMAN STREET, LONDON, E1 8HQ at 12:30 p.m. on WEDNESDAY, 29th JANUARY 2003, or as soon thereafter as the separate meeting of the members of Class 8 called for that day is finished, to consider and if thought fit to pass the following Special Resolution.

1. THAT the Association's Articles of Association be and they are hereby amended as follows:

1.1 By the addition/amendment of the following Meanings in Article 1:

"WORDS	MEANINGS
Communication	Has the meaning given in the Electronic Communications Act 2000.
Electronic Communication	Has the meaning given in the Electronic Communications Act 2000.
The Statutes	The Companies Acts 1985 and 1989 and every statutory modification, consolidation or re-enactment thereof for the time being in force.

Words importing persons shall include individuals, corporations, partnerships and firms (whether or not having a separate legal personality)."

1.2 By deletion of Article 3 and substitution of the following:

"3. (A) A person (if not already a member of the Association) shall become a member of the Association following the acceptance by the Association of an application made by or on behalf of such person for insurance of that person's insurable interest in any ship and as from (and not before) the date of commencement of such insurance.

(B) A member shall cease to be a member ipso facto:-

(i) in the case of an individual, upon his death;

(ii) if the member shall cease to have any ship entered in the Association for insurance; or

(iii) if the Committee shall pursuant to Article 19 resolve that the member shall cease to be a member.

Provided always that such member, his estate and legal personal representatives shall be and remain liable to pay to the Association all such contributions and moneys as under these Articles or the Rules such member is expressed to be liable to pay.

(C) Every member of the Committee whilst holding office as such shall ex officio be a member of the Association and of each of the classes of the Association.

(D) Membership shall not be transferable nor transmissible.”

- 1.3 By deletion of Article 5 and substitution of the following:

“5. Where more than one member has an insurable interest in respect of any ship entered in any class of the Association for insurance all members who have an insurable interest in that ship shall be deemed to be joint members in respect of that ship. Joint members shall for the purposes of the guarantee under the Memorandum of Association and of any contribution falling due pursuant to these Articles be treated as one member, but shall be jointly and severally liable in respect thereof.”
- 1.4 By deletion of Article 7 and substitution of the following:

“7. The Committee shall have power to make or alter rules (which shall be deemed to be part of the Rules) respecting the form of contracts of carriage to be entered into concerning the employment of ships entered in any class of the Association and/or to adopt as Rules the rules, by-laws or decisions passed or arrived at by any society, organisation, committee or association respecting the form of such contracts of carriage, and upon the Association giving notice in writing or by Electronic Communication thereof to the members of any such class, the same shall be and become binding upon such members. The accidental omission to give such notice to or the non-receipt of such notice by any member shall not invalidate such Rules or any alteration thereof.”
- 1.5 By deletion of Article 10 and substitution of the following:

“10. Any class may be discontinued or wound up and any new class may be instituted at such time, in such manner and upon such terms as may be directed by the Committee and in the event of the discontinuance or winding up of any class the Committee may, without limitation and notwithstanding anything contained in these Articles or the Rules, transfer all or any of the assets of that class to any other class and/or distribute all or any of such assets to any existing and/or former members of that class and/or any other class, in each case in such proportions as the Committee sees fit.”
- 1.6 By deletion of Article 15 and substitution of the following:

“15. Every engagement or liability of a member in respect of any insurance shall for all purposes relating to enforcing such engagement or liability be deemed to be an engagement or liability by or on the part of such member to the Association, and not to any other member or other person and all moneys payable thereunder shall be paid to the Association and shall be the property of the Association and not of any member or other person.”
- 1.7 By deletion of Article 17 and substitution of the following:

“17. All payments to or by the Association in respect of any insurance in any class shall be due to or made by the Association, but shall be accounted for or charged to, as the case may be, the separate account of such class. All such payments made to the Association shall be the property of the Association and not of any member or other person. In case the Association shall incur any costs or expenses whatsoever and howsoever incurred (including in or for any legal proceedings or arbitration) in respect of the business of a particular class, such costs and expenses shall be charged to the separate account of such class.”
- 1.8 By deletion of Article 23 and substitution of the following:

“23. In the case of an Annual General Meeting or of a meeting for the passing of a Special Resolution, twenty-one clear days’ notice at the least, and in any other case fourteen clear days’ notice at the least, specifying the place, the day and the hour of meeting, and in case of special business the general nature of such business (and in the case of an Annual General Meeting specifying the meeting as

such), shall be given in writing or by Electronic Communication in the manner hereinafter mentioned to all the members (other than those who under the provisions of these Articles are not entitled to receive the notice) and to the Auditors for the time being of the Association. The accidental omission to give notice to, or the non-receipt of notice by, any person entitled to receive notice shall not invalidate the proceedings at any General Meeting.”

- 1.9 By deletion of Article 27 and substitution of the following:
“27. No business shall be transacted at any General Meeting unless a quorum is present. Save as in these Articles otherwise provided, five members present in person and having the right to vote at the General Meeting shall be a quorum.”
- 1.10 By deletion of Article 28 and substitution of the following:
“28. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened on the requisition of or by members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week, at the same time and place or to such other day and at such time and place as the Committee may determine, and if at such adjourned meeting a quorum is not present within fifteen minutes from the time appointed for holding the meeting, the members present in person or by proxy shall be a quorum, but so that not less than two individuals having the right to vote at the meeting shall constitute the quorum.”
- 1.11 By deletion of Article 30 and substitution of the following:
“30. The Chairman (if any) of the Committee, or in his absence the Vice-Chairman, or in the absence of both of them some other member of the Committee nominated by the Committee, shall preside at every General Meeting, but if at any meeting neither the Chairman nor the Vice-Chairman nor such other member of the Committee be present within fifteen minutes after the time appointed for holding the same, or if none of them be willing to act as Chairman, the members of the Committee present shall choose one of their number to be Chairman, or if no member of the Committee be present, or if all the members of the Committee present decline to take the chair, the members present and having the right to vote at the meeting shall choose some member present to be Chairman.”
- 1.12 By deletion of Article 36 and substitution of the following:
“36. Every member who is present in person and entitled to vote at the meeting shall have one vote on a show of hands, and upon a poll every member present in person or by proxy and entitled to vote at the meeting shall have one vote: Provided that in the case of joint members the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint members, and for this purpose seniority shall be determined by the Committee in its absolute discretion.”
- 1.13 By deletion of Article 48 and substitution of the following:
“48. The Committee may at any time call a separate meeting of the members of any class. A separate meeting of the members of any class shall also be convened on the requisition in writing of members of such class representing not less than one-tenth of the total voting rights of all the members of that class having at the date of deposit of the requisition a right to vote at separate meetings of the members of that class and all the provisions of the Statutes shall, mutatis mutandis, apply to any such requisition as if such requisition were in respect of an Extraordinary General Meeting of the Association. To every such separate meeting all the provisions of these Articles relating to General Meetings of the Association or to the proceedings thereat shall, mutatis mutandis, apply, except that:-
(A) Not more than seven clear days’ notice of any such meeting shall be required.

(B) Five members of the class present in person and having the right to vote at the meeting shall be a quorum but if the class has less than five such members the quorum shall be such lesser number.

(C) If at any adjourned meeting a quorum is not present those members of the class who are present in person or by proxy and entitled to vote at the meeting shall be a quorum.”

1.14 By deletion of Article 50 and substitution of the following:

“50. A member of the Committee shall not require a qualification.”

1.15 By deletion of Article 58 and substitution of the following:

“58. No person other than a member of the Committee retiring at the meeting shall, unless recommended by the Committee for appointment, be eligible for appointment to the office of member of the Committee at any General Meeting unless within the prescribed time before the day appointed for the meeting, there shall have been given to the Association notice in writing or using Electronic Communication by some member duly qualified to be present and vote at the meeting of his intention to propose such person for appointment and also notice in writing or using Electronic Communication, signed by the person to be proposed, of his willingness to be appointed. The prescribed time above mentioned shall be such that, between the date when the notice is served or deemed to be served and the day appointed for the meeting, there shall be not less than seven nor more than forty-five clear days.”

1.16 By deletion of Article 60 and substitution of the following:

“60. The Committee may from time to time and at any time appoint any person to be a member of the Committee either to fill a casual vacancy or as an additional member of the Committee, provided that the total number of members of the Committee shall not exceed the maximum number fixed by or in accordance with these Articles. The Committee may also from time to time remove any person (howsoever appointed) as a member of the Committee provided that a resolution to effect such removal has been duly passed at a meeting of the Committee at which not less than half of all the serving members of the Committee voted in favour of such resolution. Subject to the provisions of the Statutes and unless removed earlier, a member of the Committee so appointed shall hold office only until the Annual General Meeting following next after his appointment, when he shall retire, but shall then be eligible for re-appointment. A member of the Committee who retires under this Article shall not be taken into account in determining the rotation of retirement of members of the Committee or the number of members of the Committee to retire at such meeting.”

1.17 By deletion of Article 61 and substitution of the following:

“61. The office of a member of the Committee shall be vacated:-

(A) If he become bankrupt or make any arrangement or composition with his creditors generally.

(B) If he become of unsound mind.

(C) If he cease to be a member of the Committee, be removed as a member of the Committee or be prohibited from being a member of the Committee, pursuant to any provision of the Statutes or these Articles.

(D) If he resign his office by notice in writing or using Electronic Communication to the Association.

(E) If having retired in accordance with Article 60 and being eligible for re-appointment is not re-appointed at the relevant Annual General Meeting.”

1.18 By deletion of Article 75 and substitution of the following:

“75. The Committee may delegate any of their powers to sub-committees consisting of such member or members of their body or such other persons in each case as they think fit. Any sub-committee so formed shall in the exercise of any

power so delegated conform to any regulations that may from time to time be imposed upon it by the Committee.”

1.19 By deletion of Article 83 and substitution of the following:

“83. Any moneys for the time being in the hands of the Association and not immediately required to meet any claims, expenses and outgoings to which under these Articles or the Rules of any class the same are applicable may be carried to such reserve or reserves as the Committee think proper, but so that (save as hereinafter provided) moneys representing contributions made by members of any one class shall be kept separate from moneys representing contributions made by members of any other classes. Any moneys for the time being standing to the credit of any reserve may be invested in such investments as the Committee think fit and moneys representing contributions made by members of any one class may be invested together with moneys representing contributions made by members of any other classes. Investment income earned on moneys representing contributions made by members of a class shall be the property of the Association and not the members of that class or any other members of the Association or any other person and shall stand to the credit of that class. Moneys standing to the credit of any reserve and representing contributions made by members of a class or investment income earned thereon may, on the recommendation of the Committee (but not otherwise), be applied for any purpose for which the funds of the class may be properly applied or may, on the recommendation of the Committee (but not otherwise), be divided amongst the members of such class (including for the purposes of this Article, if thought fit, former members of such class). Such division shall be in such proportions and on such terms and conditions as may be provided by the Rules of such class or as the members of such class (excluding any former members) may by Extraordinary Resolution passed at a separate meeting of such members, determine.”

1.20 By deletion of Article 85 and substitution of the following:

“85. The books of account shall be kept at the office, or (subject to the provisions of the Statutes) at such other place as the Committee shall think fit, and shall always be open to the inspection of the Committee. No member (not being a member of the Committee) shall have any right of inspecting any account or book or document of the Association except as conferred by the Statutes or authorised by the Committee.”

1.21 By deletion of Article 87 and substitution of the following:

“87. A copy of every balance sheet (including every document required by the Statutes to be annexed thereto) which is to be laid before the Association in General Meeting, together with a copy of the Auditors’ report, shall, twenty-one days at the least before the date of the meeting, be sent to every member and to the Auditors either:-

(A) By hand or by post to the registered address of the member or the Auditors; or

(B) By Electronic Communications to an address for the time being notified for that purpose to the Association.

In this Article ‘address’ in relation to Electronic Communications includes any number or address used for the purposes of such Communications.”

1.22 By deletion of Article 91 and substitution of the following:

“91. A notice or other document to be served by or on the Association under or in connection with these Articles must be served:-

(A) Personally;

(B) By sending it through the post in a prepaid letter addressed to the member at his address as appearing in the register of members (in the case of a notice or document to be served on a member) or to the Association at the Office (in the case of a notice or document to be served on the Association); or

(C) By Electronic Communications to an address for the time being notified by the member for that purpose to the Association (in the case of a notice or document to be served on a member) or to an address for the time being notified for that purpose by the Association to the member (in the case of a notice or document to be served on the Association).

Notwithstanding any other provision of these Articles, in the case of joint members all notices and documents may be given or sent to one or more of the joint members or to the agents of one or more of the joint members and notices and documents so given or sent shall be sufficient notice to and service on all the joint members. In this Article and the next 'address' in relation to Electronic Communications includes any number or address used for the purposes of such Communications."

1.23 By deletion of Article 92 and substitution of the following:

"92. Any member described in the register of members by an address not within the United Kingdom, who shall from time to time give to the Association an address within the United Kingdom at which notices may be served upon him or an address to which notices may be sent using Electronic Communications shall be entitled to have notices served upon him at such address, but save as aforesaid no member other than a member described in the register of members by an address within the United Kingdom shall be entitled to receive any notice from the Association."

1.24 By deletion of Article 94 and substitution of the following:

"94. Any notice or other document if served by post shall be deemed to have been served on the day on which the letter containing the same was put into the post, and in proving such service it shall be sufficient to prove that the letter containing the notice or document was properly addressed and put into the post as a prepaid letter. A notice given by advertisement shall be deemed to have been served on the day on which the advertisement appears. A notice contained in an Electronic Communication shall be deemed to have been served at the time it was sent."

1.25 By deletion of Article 95 and substitution of the following:

"95. Every legal personal representative, committee, receiver, curator bonis or other legal curator, trustee in bankruptcy or liquidator of a member shall be bound by a notice given as aforesaid if sent to the last registered address (or, in the case of an Electronic Communication, if sent to the number or address last notified to the Association for that purpose) of such member, notwithstanding that the Association may have notice of the death, lunacy, bankruptcy, liquidation or disability of such member."

1.26 By deletion of Article 96 and substitution of the following:

"96. In the event of the Association being wound up (but not, for the avoidance of doubt, in the event of a class of the Association being wound up), the assets of the Association remaining after payment of all the debts and liabilities of the Association and all costs, charges and expenses of winding up the same shall be distributed amongst the members of the Association in proportion to the amounts of the contributions payable by them respectively to the Association during the period of six years immediately preceding the commencement of the winding up of the Association and actually paid by them respectively and so that the certificate of the Liquidator as to the amounts of the contributions so payable and paid shall be conclusive."

By Order of the Committee,
A. BILBROUGH & CO. LTD.
(Managers)

6 January 2003

Note: A Member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote in his place. A proxy need not be a Member of the Association.