



THE LONDON
STEAM-SHIP OWNERS'
MUTUAL INSURANCE ASSOCIATION LIMITED

All correspondence should be addressed to the Managers

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TO ALL MEMBERS

Dear Sirs

Class 8 - Guidance to Members concerning the Management of FD&D Claims

At its meeting in October 2003, the Committee undertook its regular review of the financial position of the Class and in the course of which sought information from the Managers regarding movements in legal costs and the methods and procedures adopted by the Managers to ensure that such costs were at all times kept under strict control. In the event, the Committee concluded that there was evidence of an ever increasing cost of going to law, and instructed the Managers to continue to exercise their best endeavours to minimise the costs charged in relation to Members' claims and consider the issuance of guidelines to Members with respect to the management of FD&D claims. The Managers therefore wish to provide Members with the following short but essential guidance.

Save in instances of exceptional urgency, Members should always consult the Managers before lawyers are instructed. In this regard, it has come increasingly to the Managers' attention that Members may be instructing lawyers and allowing such lawyers to advance cases to a significant extent before notifying the Managers of the existence of a claim or dispute. Members are hereby respectfully reminded of their obligations generally under the Rules of the Class if they wish the Association to reimburse legal costs, namely, to give the Association prompt notification of claims or disputes which may be expected to give rise to Members incurring legal costs. The Managers will themselves often be able to provide the requisite advice and assistance in resolving FD&D claims or disputes, but where the instruction of lawyers is necessary it is of considerable importance that Members and the Managers together give careful consideration to the appointment of the most suitable individuals or firms and indeed ensure that the level of legal charges is reasonable. Similar close consultation will also be important as such claims or disputes progress and in the course of which any other decisions likely to impact on the level of charges and disbursements - such as the appointment of experts - need to be taken.

Yours faithfully
A BILBROUGH & CO LTD
(MANAGERS)