



THE LONDON
STEAM-SHIP OWNERS'
MUTUAL INSURANCE ASSOCIATION LIMITED

All correspondence should be addressed to the Managers

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CLASS 8, THE FREIGHT, DEMURRAGE AND DEFENCE CLASS

NOTICE IS HEREBY GIVEN that a SEPARATE MEETING of the MEMBERS OF CLASS 8, THE FREIGHT, DEMURRAGE AND DEFENCE CLASS, of the Association will be held at the REGISTERED OFFICE of the Association, 50 LEMAN STREET, LONDON, E1 8HQ at 12:20 p.m. on WEDNESDAY, 31st JANUARY 2007, or as soon thereafter as the meeting of Class 7 called for that day is finished, for the purpose of amending the Rules.

The following amendments together with such further amendments, if any, as may be proposed will be submitted for adoption with or without modification and with effect from noon G.M.T. on the 20th day of February 2007.

[New wording is in bold. The explanatory notes in italics will not appear in the actual Rules.]

RULE 9 RISKS COVERED

9.1 Subject to any special terms which may be agreed in writing and to the provisions of Rules 22 and 23, an Assured is insured in respect of each Ship entered by him in this Class for legal costs, charges or disbursements incurred in relation to the claims or matters set out in Rules 9.2.1 - 9.2.16, PROVIDED that such legal costs, charges or disbursements arise:

9.1.1 in respect of the Assured's interest in such Ship; and

9.1.2 in connection with the operation of such Ship by or on behalf of the Assured; and

9.1.3 out of events occurring during the period of entry of such Ship; and

9.1.4 are incurred with the prior approval of the Association.

9.2 Legal or other proceedings in relation to the following claims or matters:

9.2.1 **hire, off-hire**, freight, dead freight, passage money, general and particular average contributions or charges;

9.2.2 demurrage, damages for detention or dispatch money;

9.2.3 breach of any charterparty, bill of lading or other contract;

9.2.4 detention from any cause by any department of state, or public or local body or authority or other person or persons in authority; and if in such cases an entered Ship be, by order of the Committee, allowed to remain under detention for the purpose of testing the legality of such detention,

the Assured shall be indemnified for his actual loss, by payment of such sum as the Committee in its sole discretion shall consider fair and reasonable, to the extent that such loss shall not be otherwise recovered;

- 9.2.5 supply of inferior or wrongly described bunkers, equipment or other necessaries, or negligent repair or alteration;
- 9.2.6 improper loading, lightering, stowage, trimming or discharge of cargo;
- 9.2.7 overcharges in accounts;
- 9.2.8 amounts due from or to underwriters on Ship, cargo, freight and other interests;
- 9.2.9 salvage and towage services rendered by any entered Ship;
- 9.2.10 representation of Assureds at official investigations, coroners inquests or other enquiries;
- 9.2.11 claims by or against masters, officers, crew or passengers;
- 9.2.12 claims arising in connection with building, purchase, sale or mortgage;
- 9.2.13 claims by or against revenue or customs authorities;
- 9.2.14 claims for damages or loss sustained by an Assured which are not covered by the policies on hull and machinery provided that if such claims (apart from detention) are not so covered by reason of any deductible, franchise and/or other uninsured proportion of the damages or loss borne by the Assured as a result of the terms of those policies the Committee may in its sole discretion refuse to cover the Assured in respect thereof either wholly or in part;
- 9.2.15 information and legal advice on matters of general concern to shipowners;
- 9.2.16 any matter which, in the ~~opinion~~ **sole discretion** of the Committee, is within the scope of this Class and is not excluded by these Rules.

[Explanation: The proposed changes better reflect the claims or matters for which support under FD&D may be available, and achieve consistency with the other Rules of the Class involving the exercise of discretion by the Committee.]

RULE 20 POWERS OF THE ASSOCIATION RELATING TO THE HANDLING AND SETTLEMENT OF CLAIMS

- 20.1 Subject always to the overriding conditions precedent set out in Rule 10.2 the Association shall at all times have the right to:
 - 20.1.1 appoint and employ on an Assured's behalf lawyers, surveyors or other persons to co-operate with the Assured in investigating or dealing with any matter (including commencing or defending legal or other proceedings) which may result in legal costs, charges or disbursements for which the Assured is or may be insured by the Association; **or in respect of which the Association has provided security;**
 - 20.1.2 direct the conduct of any claim or legal or other proceedings for or against an Assured relating to any potential matter giving rise to legal costs, charges or disbursements in relation to which an Assured is or may be insured by the Association in whole or in part, **or in respect of which the Association has provided security**, including direction that such claim or legal or other proceedings should be settled, compromised, or otherwise disposed of in such manner and upon such terms as the Association may require:
 - 20.1.2.1 PROVIDED that instead of contesting cases where the probable cost will, in its opinion, exceed the amount at stake, the Committee may in its sole

discretion pay out of the funds of this Class the whole or any part of such claim.

- 20.2 If an Assured fails to co-operate or to comply with any requirement or direction as aforesaid, the Committee may in its sole discretion reject or reduce any recovery to which such failure may appear to the Committee to be relevant.

[Explanation: The proposed change strengthens the Association's powers over the handling and settlement of claims, to include matters in respect of which it has provided security on behalf of the Assured.]

RULE 33 CLOSING OF POLICY YEARS

- 33.1 With effect from such date as the Committee shall in its sole discretion determine after the end of each Policy Year, but no sooner than 36 months from its commencement, the Committee shall declare the same closed for Deferred and/or Additional Calls, after which no further Deferred and/or Additional Calls shall be levied in respect thereof.
- 33.2 The Committee may declare any Policy Year closed for Deferred and/or Additional Calls notwithstanding that it is known or anticipated that there are in existence or may in the future arise legal costs, charges or disbursements recoverable in respect of such Policy Year which have not yet accrued or the validity, extent or amount of which have yet to be established.
- 33.3 If upon the closing of any Policy Year it shall appear to the Committee that the whole of the Calls and other receipts in respect of such Policy Year (and of all transfers from reserves and provisions made for the credit of or in respect of that Policy Year), is unlikely to be required to meet the claims, expenses and outgoings arising in respect of that Policy Year (as referred to in Rule 31), then the Committee may decide to dispose of any excess which in their opinion is not so required in one or any of the following ways:
- 33.3.1 by transferring the excess or any part thereof to the reserves of the Association in accordance with Rule 37;
- 33.3.2 by applying the excess or any part thereof to meet any deficiency which has occurred or may be thought likely to occur in any closed Policy Year or Years;
- 33.3.3 by returning the excess or any part thereof to those Assureds entered in respect of such Policy Year (**unless such entry is for a fixed premium**) in proportion to the Estimated Total Cost payable by Assureds in respect of such Policy Year (after taking into account any returns or rebates applicable thereto under their terms of entry or under any other provision of these Rules) save that no return shall be made to any Assured whose entry ceased in the course of such Policy Year by reason of Rule 28 or Rule 29 or whose liability for Calls in respect of such Policy Year has been assessed under the provisions of Rule 35.
- 33.4 If upon the closing of any Policy Year it shall appear to the Committee that the claims, expenses and outgoings arising in respect of that Policy Year (as referred to in Rule 31) exceed or are likely to exceed the totality of the Calls and other receipts in respect of such Policy Year (and of all transfers from reserves and provisions made for the credit of or in respect of such Policy Year), then the Committee may decide to provide for such deficiency in any one or more of the following ways:

- 33.4.1 by transferring funds from the reserves or other accounts of the Association;
- 33.4.2 by transferring funds standing to the credit of any different closed Policy Year;
- 33.4.3 by levying an Additional Call(s) in respect of any open Policy Year with the intention (as permitted by Rule 31) of applying a part thereof to meet any such deficiency.
- 33.5 At any time after any Policy Year shall have been closed the Committee may resolve to amalgamate the accounts of two or more closed Policy Years and to pool the amounts standing to the credit of the same. If the Committee shall so resolve then the two or more closed Policy Years concerned shall for all purposes be treated as though they constituted a single closed Policy Year.

[Explanation: The proposed change clarifies that the provisions permitting the return of any excess upon the closing of a Policy Year do not apply in respect of fixed premium entries.]

RULE 34 PAYMENT OF CALLS

- 34.1 Save as provided below in this Rule 34.1, Calls shall be payable in such instalments and on such dates as the Committee shall specify, and without set-off of any amount due or alleged to be due by the Association to any Assured on any ground or of any kind whatsoever including set-off which might otherwise have arisen by reason of the bankruptcy or winding up of the Assured (whether or not any set-off has been allowed by the Association at any time in the past) except to the extent that in requiring payment of the subject amount the Association itself shall have already allowed a set-off or credit in favour of the Assured. Upon the termination of an Assured's contract of insurance all Calls (including all instalments thereof falling due for payment after the time of such termination) in respect of such contract and remaining unpaid at the time of such termination shall become immediately due and payable notwithstanding that the due date for payment in respect of any such Calls (including any instalment thereof) falls after the time of such termination.
- 34.2 The Association may decline a request by any Assured or former Assured to pay all or any part of any Call(s) payable by him in a currency other than U.S. dollars.
- 34.3 A copy of the resolution of the Committee authorising any Call(s) certified by the Managers to be a true copy and a certificate signed by the Managers with the amount due by an Assured in respect of such Call(s) shall be sufficient evidence of the Call(s) and the amount due by that Assured in respect thereof.
- 34.4 The amount or amounts specified in Rule 34.3 as being payable by an Assured or former Assured shall for all purposes (including the purposes of Rule 29) be and be deemed to be properly due as a debt from the Assured or former Assured concerned to the Association at the time or times so specified and he shall have no right to question an assessment made pursuant to Rule 34.3 save that after payment thereof in full to the Association, he shall be entitled to claim repayment thereof in whole or in part by referring such matter to arbitration in accordance with Rule 42.

- 34.5** Without prejudice to any other provisions contained in these Rules the Committee may in its sole discretion at any and all times determine the rate of interest which shall be payable to the Association on any Call(s) or other amounts due to the Association (including amounts due under Rule 35) as from the due date of payment or such later date as the Committee may in its sole discretion consider fit.
- 34.6** If any Advance, Deferred and/or Additional Call(s) or payment due from an Assured or former Assured to the Association is not paid and if the Association decides that payment cannot be obtained, the sums required to make good any resulting shortfall or deficiency in the funds of the Association shall be deemed to be expenses of the Association for which, as the Committee may in its sole discretion determine, Call(s) may be levied in accordance with Rules 31 and 32, as the case may be, or reserves may be applied in accordance with Rules 33 and 37.
- 34.7** **An Assured shall pay on demand to the Association the amount of any premium tax or other excise tax for which the Association determines it or the Assured has or may become liable and shall indemnify and hold harmless the Association in respect of any loss, damage, liability, cost or expense which the Association may incur in respect of such premium tax or other excise tax.**

[Explanation: The proposed change is to enable the Association to collect from an Assured insurance premium tax for which the Association may be or become liable to the relevant tax authority, in default of payment by the Assured.]

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

18 December 2006