



THE LONDON

STEAM-SHIP OWNERS'
MUTUAL INSURANCE ASSOCIATION LIMITED

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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, 28th JANUARY 2009, 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 2009.

[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 necessities, ~~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, **conversion, alteration, repair**, 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 sole discretion of the Committee, is within the scope of this Class and is not excluded by these Rules.

[Explanation: The proposed change to 9.2.12 brings such in line with the more comprehensive wordings used by other International Group Clubs, while that to 9.2.5 cures repetition of what is now to be provided for under 9.2.12.]

RULE 10 LIMITATIONS ON COVER

- 10.1 The cover afforded by this Class is limited except as to the indemnity provided by Rule 9.2.4 to the payment of legal costs, charges and disbursements incidental to or in anticipation of legal or other proceedings.
- 10.2 While an Assured has complete freedom to litigate or arbitrate disputes involving his vessels entered in the Association it is a condition precedent to his right to recover, in whole or in part, out of the funds of this Class that at all times the Association shall have sole discretion as to:
 - 10.2.1 the claims in respect of which it may support an Assured;
 - 10.2.2 the conduct thereof (and the exercise of any right to recover costs therein);
 - 10.2.3 the extent of such support and conduct both in terms of progress through the appropriate legal or arbitral process and/or of the Assured's monetary recovery out of the funds of this Class;
 - 10.2.4 the discontinuance or settlement of claims or the discontinuance of support in connection with claims which it has previously agreed to support;
and the Committee shall be entitled when exercising its sole discretion to take into account, inter alia, the merits of the claim or matter, the interests of the other Assureds of this Class, the amount of the costs and expenses incurred or expected to be incurred in respect of the claim and its effect on the financial position of this Class.
- 10.3 The Committee may in its sole discretion determine for each Policy Year the figures above and/or below which claims will be reimbursed in full; but otherwise, unless the Association agrees in writing to provide full cover without deductibles as a term of entry, deductibles shall apply to each claim and there shall be no recovery in respect of 25% of all legal costs, charges and disbursements.
- 10.4 The Association shall not be responsible for damages resulting from the arrest of any vessel, nor for the exercise of a lien on cargo, although such vessel may have been arrested or such lien may have been exercised upon the advice of the Association, its correspondents, lawyers or lawyers acting for the Assured.
- 10.5 **Notwithstanding Rules 10.1, 10.2, 10.3 and 10.4, the cover afforded by this Class under Rule 9 to the Assured for legal costs, charges or disbursements shall be limited in the aggregate to USD7,500,000 for any single claim, dispute, proceeding or series thereof. The Committee may in its sole discretion decide whether or not any claims, disputes or proceedings shall be considered to be a series thereof.**

[Explanation: The proposed new Rule 10.5 gives effect to the Committee's decision to introduce an overall limit.]

RULE 26 PERIOD OF INSURANCE, AND TERMINATION BY CONTRACTUAL NOTICE AND NOVATION

- 26.1 Unless otherwise agreed by the Association in writing or unless terminated earlier in accordance with these Rules, any contract of insurance in respect of any Assured's interest in an entered Ship (together with the entry of that Ship in respect of that interest) shall commence at the time stated in the Certificate of Entry relating to such contract and shall continue until the expiry of the then current Policy Year and thereafter from Policy Year to Policy Year.
- 26.2 Any contract of insurance in respect of any Assured's interest in an entered Ship (together with the entry of that Ship in respect of that interest) may be terminated:

- 26.2.1** by the Assured concerned only at noon GMT on 20th February of any year with not less than 30 days' written notice to the Association;
- 26.2.2** by the Association at any time with not less than 7 days' written notice to the Assured concerned.
- 26.3** **In the event of any sale, disposal or transfer by the Association of the whole or any part of the undertaking, property, assets or liabilities of the Association to any third party carrying on the whole or any part of the business of the Association in succession to the Association (the "Transferee"), any contract of insurance in respect of any Assured's interest in an entered Ship (together with the entry of that Ship in respect of that interest) may, subject to the approval of the Committee (provided such approval was decided upon at a meeting of the Committee at which not less than two thirds of the Committee members present and entitled to vote voted in favour of the resolution to give such approval, or is the subject of a written resolution signed by all members of the Committee), be:**
- 26.3.1** novated, in whole or in part, to the Transferee on such terms as the Committee may in its absolute discretion deem necessary for the purpose of implementing or giving effect to any such sale, disposal or transfer; and/or
- 26.3.2** terminated by the Association in accordance with Rule 26.2.2 and replaced with a new contract of insurance between each Assured and the Transferee on the same terms mutatis mutandis as that Assured's original contract of insurance with the Association.

For the purpose of giving effect to this Rule 26.3, the Assured hereby consents to any novation, termination and entry into a replacement contract of insurance as referred to in Rules 26.3.1 and 26.3.2 and appoints the Association (acting through one or more members of the Committee or the Managers) as agent for and on its behalf and in its name to enter into and execute any such novation, termination and replacement contract of insurance.

[Explanation: The proposed additions to Rule 26 are intended to give the Committee the powers and flexibility, in exceptional circumstances, to implement a change of corporate domicile or other restructuring of the Association, at short notice, should they decide that such is in the best interests of the membership, perhaps for tax or regulatory reasons.]

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

15 January 2009