



STEAMSHIP MUTUAL

To the Members

February 2007

Dear Sirs,

NOTICE IS HEREBY GIVEN that a Special General Meeting of the Members of the above-named Company will be held at the Registered office of the Company, Clarendon House, 2 Church Street, Hamilton HM-11, Bermuda at 12:00 hours on Monday, 19th February 2007, to consider and if thought fit to pass the following Resolution:

RESOLUTION

CLASS 1

THAT with effect from Noon G.M.T. on 20th February 2007, the amendments to the Rules of Class 1 (Protection and Indemnity) of the Association, annexed hereto, and as explained in the attached commentary, be adopted.

By Order of the Board

J.M. Macdonald
Secretary

1st February 2007

B.452

FORM OF PROXY

The undersigned, a Member of THE STEAMSHIP MUTUAL UNDERWRITING ASSOCIATION (BERMUDA) LIMITED hereby appoints the Chairman of the Meeting

or _____

or _____

to be the undersigned's proxy in the order named to vote on behalf of the undersigned in relation to the Agenda and Resolutions set out in the Notice of Meeting dated 1st February 2007 at the Special General Meeting of The Steamship Mutual Underwriting Association (Bermuda) Limited to be held at the Registered Office of the Company, Clarendon House, 2 Church Street, Hamilton HM-11, Bermuda, at 12:00 hours on Monday, 19th February 2007 and at any adjournment thereof.

AS WITNESS the hand of the undersigned this _____ day of _____ 2007.

Member's signature _____

Name (please print) _____

Company _____

Address _____

Signed in the presence of :

Witness

AMENDMENTS FOR 2007/8 TO THE RULES OF CLASS 1 PROTECTION AND INDEMNITY OF THE STEAMSHIP MUTUAL UNDERWRITING ASSOCIATION (BERMUDA) LIMITED

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

Rule		Comment
6	Entry	
vii	The Member, or any Owner who applies for entry in the Club:	<i>In the interests of verifying and maintaining the quality of tonnage entered in clubs in the International Group, it is proposed to introduce a new provision whereby existing or proposed members consent to arrangements under which the sharing of survey information amongst Group clubs is envisaged.</i>
a	Consents to and authorises the disclosure by the Managers to any club which is a party to the Pooling Agreement of any report of any survey or inspection of an Entered Ship, or Ship proposed to be entered, or audit of the Member's management systems undertaken on behalf of the Club, either pursuant to an application for entry, or after entry in, the Club, including the disclosure of any report of any survey or inspection or audit undertaken in any prior policy year;	
b	Waives any rights or claims against the Club and/or the Managers of whatsoever nature arising in respect of or relating to the contents of or opinions expressed in any report of any survey or inspection or audit so disclosed.	
	PROVIDED ALWAYS that,	
(i)	The report of any survey or inspection or audit may only be disclosed to another club when an application for entry is made thereto; and	
(ii)	The disclosure of the report of any survey or inspection or audit shall be for the limited purpose only of that club considering an application for entry in the club.	
(iii)	The report of any such survey or inspection or audit may in any event be disclosed by the Club in accordance with the terms of any legally enforceable order.	
18	General Exceptions and Limitations	
i	If a ship is entered in the Club for the account of a time charterer, the liability of the Club shall be limited to such amount as would apply if he were the registered owner of the ship and entitled to limit liability, or to such other	

	amount as may be stated in the Certificate of Entry.	
ii	Oil Pollution Limit Save as otherwise provided under the relevant Certificate of Entry, the liability of the Club in respect of claims for oil pollution shall be limited to such sum and be subject to such terms and conditions as the Directors may from time to time determine.	
	<i>provided always that:</i>	
a	for the purposes of this Rule, claims for oil pollution shall be deemed to include claims in respect of all liabilities arising out of the escape or discharge or threatened escape or discharge of oil from the entered vessel or any other vessel or vessels or any fixed or movable object as a result of any one accident or occurrence and recoverable from the Club by virtue of one or more of the provisions of Rule 25 of these Rules;	
b	in the event that the aggregate of such claims exceeds the limit determined by the Directors hereunder, the liability of the Club in respect of each claim shall be such proportion of the said limit as each claim recoverable from the Club bears to the said aggregate;	
c	where claims for oil pollution arise in respect of an entered vessel providing salvage or other assistance to another vessel following an accident or occurrence, such claims shall be aggregated with any claims for oil pollution made by other vessels providing salvage or other assistance to the said vessel following the said accident or occurrence against the Club or any other association which is a party to the Pooling Agreement [<u>P. & I. Association which participates in the reinsurance arrangements of the International Group of P. & I. Clubs</u>]. The liability of the Club in respect of such claims shall be limited to that proportion of the limit determined by the Directors that each claim recoverable from the Club bears to the said aggregate;	<i>Textual amendment to harmonise with language used in the proposed new Rule 18 iv</i>
d	Where a bareboat charterer and an owner are separately insured with the Club or any other association which is a party to the Pooling Agreement [<u>P. & I. Association which participates in the reinsurance arrangements of the International Group of P. & I. Clubs</u>], the aggregate of all claims for oil pollution following an accident or occurrence brought against the Club and/or such other [<u>A</u>] association shall be limited to the sum determined hereunder. The liability of the Club in respect of such claims shall be limited to that proportion of the sum determined by the Directors that each claim recoverable from the Club bears to the aggregate of the claims recoverable against the Club and such other [<u>A</u>] association if any;	<i>Textual amendment to harmonise with language used in the proposed new Rule 18 iv</i>
e	in the event of legislation coming into force anywhere in the world affecting a Member's liability in respect of oil pollution the Club shall, upon each and every such enactment, have the right to increase such Member's rate of contribution or to charge additional premium or limit its liability in respect thereto;	

f	if the total amount of any pollution claim against a Member exceeds a sum equal to the Club's limit of liability in respect of oil pollution claims, as determined by the Directors in accordance with this Rule 18, the Club will have no liability in respect of that amount by which any such claim exceeds the sum equal to the limit aforesaid.	
	<i>Note: The sum approved by the Directors to apply to Rule 18 ii as from 20th February 2007 is US\$1,000,000,000 each vessel any one accident or occurrence.</i>	<i>Logical amendment to reflect date of forthcoming policy year.</i>
iii	When a Member for whose account a ship is entered in this Class is entitled to limit its liability, the liability of the Club shall not exceed the amount of such limitation or, if the ship is not entered for her full tonnage, such proportion of the said amount as the entered tonnage bears to the full tonnage.	
iv	Passengers and Seamen Limits	
a	For the purposes of this Rule 18 iv and the provisos thereto, and without prejudice to anything else contained in these Rules,	<i>A New Rule to reflect the introduction of limits in the Pooling Agreement. With effect from 20th February 2007 the Pooling Agreement (being the basis for the International Group Clubs' sharing of claims and collective purchase of market reinsurance) will introduce limits on cover for claims arising in respect of Passengers, Seamen and others on the entered ship. This change has been prompted in part in view of the increased limits for passenger claims specified in the 2002 Protocol to the Athens Convention Relating to the Carriage of Passengers and their Luggage by Sea 1974, combined with the fact that the capacity of passenger vessels is increasing, giving rise to the consequent risk of a major overspill claim.</i>
(i)	a "Passenger" shall mean a person carried onboard a ship under a contract of carriage or who, with the consent of the carrier, is accompanying a vehicle or live animals covered by a contract for the carriage of goods;	
(ii)	a "Seaman" shall mean any other person onboard a ship, including a Supernumerary, who is not a Passenger; and	
(iii)	an "Owner's Entry" shall mean an entry effected by the owner, bareboat charterer, manager or operator of an Entered Ship and which does not insure a charterer of the Entered Ship, other than an affiliated or associated charterer co-assured under the same owner's entry and "Owner" shall be construed accordingly.	
b	Unless otherwise limited to a lesser sum, the Club's aggregate liability arising under any one Owner's Entry shall not exceed	
(i)	in respect of liability to Passengers US\$2,000,000,000 arising out of any one accident or occurrence; and	
(ii)	in respect of liability to Passengers and Seamen US\$3,000,000,000 arising out of any one accident or occurrence, but in respect of liability to Passengers, US\$ 2,000,000,000.	
	Provided always that:	
	Where there is more than one Owner's Entry in respect of the same ship in the Club and/or in another association which is a party to the Pooling Agreement	
(a)	the aggregate of claims in respect of liability to	

	Passengers recoverable from the Club and/or such other associations shall not exceed US\$2,000,000,000 any one accident or occurrence and the liability of the Club shall be limited to such proportion of that sum as the claim by such Owners upon the Club bears to the aggregate of all such claims otherwise recoverable from the Club and all such other associations;	
(b)	the aggregate of all claims in respect of liability to Passengers and Seamen recoverable from the Club and/or such other associations shall not exceed US\$3,000,000,000 any one accident or occurrence and the liability of the Club shall be limited:	
(i)	where claims in respect of liability to Passengers have been limited to US\$2,000,000,000 in accordance with proviso (a), to such proportion of the balance of US\$1,000,000,000 as the claims upon the Club by such Owners in respect of liability to Seamen bear to the aggregate of all such claims otherwise recoverable from the Club and all such other associations; and	
(ii)	in all other cases, to such proportion of US\$3,000,000,000 as the claims upon the Club by such Owners in respect of liability to Passengers and Seamen bear to the aggregate of all such claims otherwise recoverable from the Club and all such other associations.	
22	Equipment and Freight	
	The Club shall not under any circumstances, save only those provided for in the specific Rules enumerated hereunder, pay for loss of or damage to an entered ship, or her tackle, apparel, furniture, stores, fittings or equipment, or for any proportion thereof, or for the cost or charges of or relating in any manner whatsoever to the repair of an entered ship, or for loss of freight or hire or any proportion thereof, or for salvage, or for loss arising out of the cancellation of a charter or other engagement of an entered ship, or for bad debts, or for any loss or liability whatsoever arising out of the insolvency or fraud of the Member or its agents, or for demurrage on or detention of an entered ship.	
(i)	The specific Rules referred to are as follows:	
	Rule 25 iv - relating to life salvage;	
	Rule 25 xiii d proviso (ix) - relating to loss of freight or hire, or claims for demurrage, detention and delay where such loss or claim forms part of a claim for liabilities [being part of the measure of damage recoverable] in respect of [loss of or damage to] cargo;	<i>An amendment to bring the Club Rules into line with the Pooling Agreement to permit recovery of claims by or against a Member for detention, demurrage or delay, where such loss forms part of a claim for liabilities in respect of cargo, or to permit such heads of damage as freight, hire, demurrage and/or detention, to be recoverable as sue and labour expenses.</i>
	Rule 25 xv - relating to ship's proportion of general	

	average;	
	Rule 25 xvii - relating to confiscation;	
	Rule 25 xxb – relating to sue and labour	
	Rule 25 xxc – relating to expenses incurred by direction of the Club	
25xiii	Cargo Liabilities	
	In relation to paragraphs a-d of Rule 25 xiii	
Proviso (ix)	Loss of freight or Hire, Detention or Demurrage	
	Loss of freight or hire or any proportion thereof, or claims for demurrage on, detention of, or delay to an entered ship shall be recoverable under this Rule 25 xiii if, but only if, such loss or claim forms part of a claim for liabilities in respect of cargo or is, with the consent of the Managers, included in the settlement of a claim; <u>[is part of the measure of damage recoverable by persons interested in cargo carried in the entered ship for loss of or damage to such cargo;]</u>	
25 xi	Removal of Wreck	
a	Costs and expenses of or incidental to or liabilities arising out of the actual, or attempted raising, removal, destruction, lighting or marking of:	
(i)	the wreck of an entered ship, including any part thereof; or,	
(ii)	cargo, equipment or other property carried on the entered ship, to the extent that the Member is unable to recover those costs from the owner of such property or from any other party;	
	<i>provided always that:</i>	
(a)	Such raising, removal, destruction, lighting or marking is compulsory by law, or the costs thereof are legally recoverable from the Member; and	
(b)	The casualty or event giving rise to a claim under paragraph a of this Rule 25 xi occurred during the period of the ship's entry in the Club, and in the case of actual, constructive or compromised total loss of the entered ship the Member shall continue to be covered by the Club in respect of such liabilities notwithstanding the provisions of Rule 36 v .	
c	To the extent of the Member's interest therein, the value of:	
(i)	The wreck itself and all stores and materials saved shall be deducted from any reimbursement made by the Club under this Rule 25 xi ; and/or	
(ii)	All cargo saved, shall be deducted from any reimbursement made by the Club under either Rule 25 xi a (ii) or Rule 25 xiii .	<i>Amendment to clarify that the Club is entitled to take credit for the value of salvaged cargo in circumstances where the Member is entitled to a recovery under Rule 25 xi a (ii)(removal of wreck) in respect of cargo.</i>

25xiii	Cargo Liabilities	
	Liabilities and costs insofar as they relate to cargo or other property intended to be or being or having been carried in an entered ship as follows:	
a Loss, Shortage, Damage and other Responsibility	Liability for loss, shortage, damage or other responsibility arising out of any breach by the Member, or by any person for whose acts, neglect or default he may be legally liable, of his obligation as carrier by sea properly to load, handle, stow, carry, keep, care for, discharge or deliver the cargo or property or out of unseaworthiness or unfitness of the entered ship.	
b Handling of Damaged Cargo	The extra costs (over and above those required by and/or incurred in the performance of his obligations under the contract of carriage) incurred by the Member in restowing, discharging or disposing of damaged cargo, provided that the Member has no recourse to recover such costs from any other party and the Member shall only be entitled to recover such extra costs if and to the extent that they exceed any proceeds of sale of the cargo payable to the Member.	<i>A textual amendment to clarify that, in the event that damaged cargo is sold, a recovery can only be made in respect of extra costs incurred to the extent that they exceed the proceeds of sale of the cargo.</i>
c Failure of cargo interests to collect cargo	The extra costs and liabilities incurred by the Member arising directly out of the failure by cargo interests to collect or remove cargo from the port or place of discharge or delivery; provided that:	
(i)	The Member is legally liable for such costs or has incurred them under the direction or with the approval of the Managers; and	
(ii)	The Member has no recourse to recover such costs from any other party; and	
(iii)	The Member shall only be entitled to recover such extra costs if and to the extent that they exceed the proceeds of the sale of the cargo; and	
(iv)	In any event there shall be no recovery in respect of	
(a)	storage charges for the first 30 days following discharge and	
(b)	any costs and liabilities (including storage charges), under paragraph c of this Rule 25 xiii , which have been incurred prior to notification of the failure to collect or remove cargo being received by the Managers.	
25xiii	Cargo Liabilities	
Proviso (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:	<i>An amendment to reflect an agreed change to the Pooling Agreement which now requires a Member to demonstrate to the satisfaction of the Club Directors that it had taken reasonable steps to prevent the incident giving rise to the discretionary claims specified in this Rule in order to qualify</i>

		<i>for recovery.</i>
(a)	the discharge of the cargo or any part thereof from an entered ship 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 without the production of the relevant bill of lading;	
(c)	the issue of an ante dated or post dated bill of lading, waybill or other document containing or evidencing the contract of carriage;	
(d)	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;	
(e)	the failure to arrive or late arrival of an entered ship at any port of loading, or out of the failure to load or delay in loading any particular cargo or cargoes in an entered ship otherwise than under a bill of lading already issued.	
25 xiv	Cargo's Proportion of General Average	
	[Cargo's proportion of] Contribution by cargo or some other party to the maritime adventure to general average, special charges or salvage which is not legally recoverable solely by reason of a breach of the contract of carriage;	<i>An amendment reflecting a change to the Pooling Agreement to clarify that recovery may be possible in respect of GA contributions payable not just by cargo interests but by other parties to the maritime adventure, (such as charterers in respect of bunkers on board the vessel).</i>
	<i>provided always that:</i>	
a	Provisos (i)-(xi) to Rule 25 xiii shall apply to any claim under this Rule 25 xiv;	
b	Any cargo allowance stated in the adjustment, but for which credit has not in fact been taken by cargo, shall be deducted.	
	<i>Note: No proportion of any sacrifices of ship or interest, commission or adjustment charges on sacrifices of ship (which are normally recoverable from Hull Underwriters) are payable under this Rule.</i>	
40	Deduction and Set Off	
i	The Club will have the right to deduct from any monies whatsoever that are due from, or credited to, it for the account of the Member, any premiums, deductibles, or liabilities whatsoever and howsoever arising due from such Member to the Club, including any liability, cost or expense which the Club may incur in respect of any premium tax or other tax levied on or in connection with the insurance or re-insurance provided by the Club to the Member. Further in their absolute discretion the Managers may deduct from any such monies, such amounts as they estimate will become due from that Member in respect of instalments of, or deferred, premium	<i>Further to the proposed new Rule 48, a consequential amendment to permit the recovery by the Club of sums paid by the Club in respect of premium or other taxes which should properly be borne by the Member.</i>

	or announced calls. Save that where the Member has provided a guarantee acceptable to the Managers in respect of release calls pursuant to Rule 15 i the Club's right to deduct pursuant to this rule shall be limited to the amount by which any sums which are due, or which it is estimated will become due, to the Club exceed the amount of that guarantee.	
48	Premium and Other Taxes	
	The Member shall pay on demand to the Club or its order the amount of any premium tax or other tax levied on or in connection with the insurance or reinsurance provided by the Club to the Member for which the Club determines it or the Member has or may become liable, and shall indemnify and hold harmless the Club in respect of any loss, damage, liability, cost or expense which the Club may incur in respect of such premium tax or other tax.	<i>It appears the tax authorities of some States may hold the Club liable to pay premium tax if not paid by the Member. This new provision clarifies the right of the Club to recover from the Member the amount of any insurance premium or other tax which the Club may be required to pay in the first instance but which should properly be borne by the Member in relation to the insurance or reinsurance provided by the Club.</i>