



TO ALL OWNERS AND MEMBERS

26 October 2009

Dear Sirs

**AMENDMENTS TO THE ARTICLES OF ASSOCIATION
ADOPTION OF NEW OFFSHORE RULES
AMENDMENTS TO THE RULES OF THE ASSOCIATION**

The amendments to the articles of association and adoption of the new Standard Offshore P&I rules set out in our circular dated 18 September 2009 were approved at the meeting of members held on 9 October 2009. The Standard Offshore P&I rules will take effect from noon UTC on 20 February 2010 and will apply to floating production, storage and offloading units (FPSOs), floating production units (FPUs) and drilling rigs entered in the club.

The board has also approved a number of proposed amendments to the general rules of the P&I and Defence Classes.

You will find in the appendices to this circular a summary of those amendments together with extracts from the revised rules.

Any comments on the proposed amendments should be sent to us as soon as possible, but in any event no later than 1 December 2009.

The rule amendments will be placed before owners and members for adoption at an extraordinary general meeting of the association to be held in Paris, France, on Tuesday 26 January 2010. If approved, the amendments will take effect from noon UTC on 20 February 2010.

Yours faithfully

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APPENDIX A

P&I CLASS RULES AMENDMENTS TO THE RULES

1. Damage to other ships (other than by collision) and property (other than by pollution) (Extract 1)

This amendment clarifies that damage to property on other ships (caused other than by collision) and damage to property (other than by pollution) includes damage to cargo.

2. Pollution (Extract 2)

This amendment clarifies that pollution liabilities arising out of an incident are covered rather than those which are caused by such an incident.

3. Interference by lawful authorities (Extract 3)

This change replaces the need to seek the board's prior approval in respect of these costs with the managers' prior agreement or the board's retrospective approval.

4. Reimbursement priority (Extract 4)

This new clause inserts a regime for priority of reimbursement between members for aggregate claims greater than the limits of cover. The clause also allows the managers to defer reimbursement of such claims to enable any appropriate claims division to be calculated.

5. Crew claims (Extract 5)

This change corrects a typographical error.

6. Powers of the managers relating to the handling of claims (Extract 6)

This amendment clarifies the managers' right to direct a member to use a particular expert or lawyer.

7. Charterer named as joint entrant or co-assured (Extract 7)

This amendment moves the definition of affiliated or associated charterer to the Definitions section.

8. Waiver of subrogation (Extract 8)

This amendment moves the waiver of subrogation provision to the Scope of recovery section.

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9. Classification and condition of ships (Extract 9)

This amendment clarifies that a ship may be classed by a classification society approved by the managers.

10. Supplementary calls (Extract 10)

This amendment replaces references to supplementary premiums with supplementary calls and clarifies that the club may levy more than one such supplementary call in the event that outgoings exceed premium in a closed policy year.

11. Laid up returns (Extract 11)

This change delegates the assessment of late claims for laid up returns from the board to the managers.

12. Payment (Extract 12)

This amendment clarifies the timing of the recovery of premiums or other sums due to the club.

13. Definitions (Extract 13)

These amendments delete an otiose definition of “supernumerary” and clarify the definitions of “hull policies” and “insured party”. References to “contribution” as a defined term in the rules are to be replaced by the use of “premium” and logical amendments are made throughout the rules.

Extract 1 Damage to other ships (other than by collision) and property (other than by pollution)

Rules 3.6.3 (2), 3.7 and 3.9 – Replace references to “*any property therein*” with:

“*any cargo or other property therein*”.

Rule 6.11 – Replace references to “*property*” with:

“*cargo or other property*”.

Extract 2 Pollution

Rule 3.8.1 – Replace the existing wording with:

“*Liabilities arising out of the discharge or escape from the ship of any substance.*”

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Extract 3 Interference by lawful authorities

Rule 3.18 - Substitute the existing wording with:

“Costs and expenses incurred in protecting a member’s interests in cases of interference by any lawful authority of any country, but only to the extent that those costs and expenses have been incurred with the prior agreement of the managers, or to the extent that the board determines”.

Extract 4 Reimbursement priority

Rule 6.2 – Renumber rule 6.2 as 6.2.1 and insert new rules 6.2.2 and 6.2.3 as follows:

“6.2.2 If the claims of all insured parties in respect of liabilities insured by the club exceed or may exceed in the aggregate any limit of cover set out in the rules or in the certificate of entry:

(1) the member shall be entitled to recover in respect of such claims in priority to the claims of any other insured parties and any joint entrants shall be entitled to recover in respect of such claims in priority to the claims of any co-assureds;

(2) where the aggregate of the claims of the member exceeds or may exceed the said limit, the member shall be entitled to recover in respect of such claims to the exclusion of any claims of any other insured parties;

(3) where the aggregate of the claims of any joint entrants exceeds or may exceed the said limit or any part thereof remaining after application of rule 6.2.2 (1), any joint entrant shall be entitled to recover in respect of such claims

a to the exclusion of any claims of any co-assureds; and

b only such proportion of the remaining part of the limit as the claim of that joint entrant bears to the total of all claims of all joint entrants;

(4) where the aggregate of the claims of any co-assureds exceeds or may exceed the said limit or any part thereof remaining after the application of rules 6.2.2(1) and (3), any co-assured shall be entitled to recover in respect of such claims only such proportion of the remaining part of the limit as the claim of that co-assured bears to the total of all claims of all co-assureds.

6.2.3 If in the opinion of the managers the claims of all insured parties in the aggregate exceed or may exceed any limit set out in the rules or in the certificate of entry, the managers may defer payment of a claim or any part thereof.”



Extract 5 Crew Claims

Rule 6.16.1 and 6.16.2 – Replace “*dependent*” with “*dependant*”.

Extract 6 Powers of the managers relating to the handling of claims

Rule 8.1 – Insert “*or lawyer*” after “*expert*” on the last line.

Extract 7 Charterer named as joint entrant or co-assured

Rule 13.13(1) – Delete the entire sub-paragraph and replace with :

“(1) an affiliated or associated charterer”

Rule 26 – insert a new definition of “*Affiliated or associated charterer*” as follows:

“*Affiliated or associated charterer:* where both the member or a joint entrant and the charterer are under common ownership or the member or a joint entrant or the charterer respectively either owns at least 50% of the shares in and voting rights of the others or owns a minority of the shares in the others and can procure that it is managed and operated in accordance with its wishes.”

Extract 8 Waiver of subrogation

Rule 13.14 – Renumber as new Rule 6.21

Extract 9 Classification and condition of ships

Rule 15.1(1) – Replace the existing wording with:

“the ship must be and remain fully classed with a classification society approved by the managers.”

Extract 10 Supplementary premium

Rule 18.7 – Replace “*supplementary premiums*” with “*supplementary calls*”.

Rule 20.5 (2) – Replace the sub-paragraph with:

“levying one or more supplementary calls in respect of any open policy year”

Extract 11 Laid up returns

Rule 18.9 – Substitute the existing wording with:

“If a member does not notify and submit his claim for reimbursement to the managers in writing within three months under rule 16.5, or within three months of the end of the policy year under rule 18.8, no allowance or return shall be made unless the managers otherwise determine.”

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Extract 12 Payment

Rule 20.1 – Replace the first sentence with:

“Any premium or other sums due shall be designated in such currency, and be payable in such manner and at such time, as the managers may specify.”

Extract 13 Definitions

Rule 26:

Delete the definition of “Supernumerary”.

Amend the following definitions to read:

“Hull policies: the policies covering the hull and machinery of a ship, including excess liability policies.”

“Insured party: the member, any joint entrant and any co-assured in respect of an entry.”

Delete the extant definition of “Contribution ” and replace it with the following definition of “Premium”:

“Premium: includes estimated total premium, supplementary calls, overspill calls and any other premium which may be due from a member.”

Rules 11.3, 13.15, 13.19, 13.20, 17.5, 17.6, 17.8, 18.2, 26 (in respect of definition of Group rating agreement) and throughout 19 and 20 – make logical amendments from “Contribution” to “Premium”.

Rule 20.4 – Replace the phrase “to the persons who made such contributions” with “to the persons who paid such premiums”.



APPENDIX B
DEFENCE CLASS RULES
AMENDMENTS TO THE RULES

The amendments to the P&I Class rules set out in Appendix A and listed below shall also apply to the Defence Class rules:

- 4. Reimbursement priority**
- 6. Powers of the managers relating to the handling of claims**
- 7. Charterer named as joint entrant or co-assured**
- 9. Classification and condition of ships**
- 10. Supplementary calls**
- 11. Laid up returns**
- 12. Payment**
- 13. Definitions**