



# CIRCULAR

SETTING THE STANDARD FOR SERVICE AND SECURITY

TO ALL MEMBERS

1 February 2011

Dear Sirs

## 2011/12 POLICY YEAR RENEWAL, AMENDMENTS TO THE RULES AND SANCTIONS

### 2011/12 POLICY YEAR RENEWAL

#### 1. Advance contribution rates

We wish to advise that the club's rates of advance contribution will increase with effect from 20 February 2011. The 2011/12 rates will be:

British ships, eligible for government reinsurance:	Rule 2 – 0.0064%
	Rule 3 - 0.0032%
British cruise ships, eligible for government reinsurance:	Rule 2 - 0.0028%
	Rule 3 - 0.0014%
Flagged-out ships, not eligible for government reinsurance:	Rule 2 - 0.0070%
	Rule 3 - 0.0035%
Flagged-out cruise ships, not eligible for government reinsurance:	Rule 2 - 0.032%
	Rule 3 - 0.016%

The advance contribution will be payable in full.

A 50% reduction will be granted for ships trading exclusively in one of the following areas:-

- (a) Europe (not south of Gibraltar and excluding Mediterranean and Black Sea);
- (b) USA and Canada (excluding Panama Canal transits)
- (c) Australasia.

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#### The Standard Steamship Owners' Mutual War Risks Association Limited

www.standard-club.com

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**CTC**  
CHARLES TAYLOR  
CONSULTING



Extensions to trading outside any of these areas will be covered on the basis of a minimum period of 3 months.

## 2. Additional Premium Areas

Subject to any unforeseen developments in the meantime, in accordance with the circular dated 22 December 2010 the additional premium areas with effect from noon 20 February 2011 will be:

<b>1.</b>	<b>Africa</b>
a.	Djibouti
b.	Ivory Coast
c.	Nigeria including Terminals
d.	Somalia
e.	Eritrea, but only South of 15 degrees North
<b>2.</b>	<b>Indonesia/Malaysia</b>
a.	Balikpapan (South East Borneo)
b.	North east coast of Borneo, between and including Kudat and Tarakan
c.	Jakarta
d.	Sumatera (Sumatra), but only the North Eastern coast between 5°40'N and 0°48'N
<b>3.</b>	<b>Middle East</b>
a.	Saudi Arabia
b.	Iraq
c.	Israel
d.	Lebanon
e.	Yemen
f.	Iran
<b>4.</b>	<b>Philippines</b>
a.	Mindanao, between the ports of Polloc Harbour and General Santos inclusive
b.	Sulu Archipelago including Jolo (see page 3)
<b>5.</b>	<b>Europe</b>
a.	Georgia
<b>6.</b>	<b>South America</b>
a.	Venezuela
<b>7.</b>	<b>Indian Ocean/Arabian Sea/Gulf of Aden/Gulf of Oman/Southern Red Sea</b>
	(see page 3)

The ports, places, countries, zones and areas listed shall include all harbours, offshore installations and terminals unless otherwise stated.



### **Sulu Archipelago**

From Tanjung Bidadari (5°49'.6N, 118°21'.0E) along the east coast of Sabah to Tanjung Bagahak Light (4°56'.5N, 118°38'.3E); thence south-eastwards to Pulau Matakang Light (4°34'.6N, 118°57'.0E); thence southwards to position 3°32'.0N, 118°57'.0E; thence north-eastwards to position 5°50'.0N, 122°31'.0E; thence northwards to position 7°06'.6N, 122°31'.0E; thence westwards to Batorampon Point Light (7°06'.6N, 121°53'.8E); thence west-south-westwards to Tanjung Bidadari.

### **Indian Ocean/Arabian Sea/Gulf of Aden/Gulf of Oman/Southern Red Sea**

The waters enclosed by the following boundaries:-

- a) On the north-west, by the Red Sea, south of Latitude 15° North
- b) On the west of the Gulf of Oman by Longitude 58° East
- c) On the east, Longitude 78° East
- d) And on the south, Latitude 12° South

Excepting coastal waters of adjoining territories up to 12 nautical miles offshore unless otherwise provided.

### **3. Gulf of Aden/Somali basin – Indian Ocean – Nigeria – Far East**

In order to combat piracy, the Standard Club strongly recommends that all owners implement and adopt the Best Management Practice. This should not only be for ships transiting the Gulf of Aden and Somali basin sea areas, but also in other parts of the Indian Ocean.

Best Management Practice remains the best advice available to combat piracy when a ship transits a high risk area.

The guidelines have been developed by industry and naval forces. Using these guidelines, and with the guidance available from the MSC(HOA) web site, a ship should be better prepared to transit these sea areas.

The Best Management Practice document is available on the Standard Club web site <http://www.standard-club.com/docs/BMP3low-res.pdf>, from the MSC(HOA) web site and from many industry bodies. A copy should be available on board all ships and form part of ships' anti-piracy contingency plans.

### **4. Insured values and sums insured**

The maximum amount for which any one ship or the interests therein may be insured under rules 2 and 3 will be as expiry, namely £390m or US\$630m or C\$780m or €510m. Please remember that you must advise us of any changes in marine insured values.

### **5. Protection and Indemnity cover**

The limit of liability for claims under rule 2 part D will be as expiry, namely £325m or US\$500m or C\$650m or €425m each ship any one accident or series of accidents arising out of any one event. Those limits are inclusive of any claims for sue and labour. If you consider that this limit provides insufficient cover, additional cover is available from your P&I club.



## AMENDMENTS TO THE RULES AND SANCTIONS

As members are aware, the terms of entry for the 2011/12 policy year are subject to the sanctions cesser clause as set out in rule 33.3.8. An Insured Owner's insurance will cease in the event that the Entered Ship is employed in a manner that has or will expose the Standard club to the risk of sanctions.

Where the club is unable to make a full recovery from reinsurers by reason of the risk that the payment of such a recovery will expose such reinsurers to sanctions, rule 33.5 now provides that the club's liability to a member will be limited to that part of the claim that is recovered from reinsurers. It is proposed, as set out in the attached appendices, that rule 33.5 is clarified so that it is clear that any recovery from the club is also reduced proportionate to any shortfall in recovery from pooling partners.

Recovery of any claim would be subject to the overriding proviso that the payment or handling of the claim will not expose the club to any sanction, prohibition, adverse action or the risk thereof. In addition, costs and expenses that are not recovered under the pooling and/or reinsurance arrangements of the club by reason of the fact that payment of such claims would expose the other parties to the pool and/or reinsurers to sanctions would be excluded.

In appendix A to this letter there is notice of a general meeting of the members of the Association. This has been called to submit to members for adoption the proposed amendments to the rules of the Association. You will find in appendix B details of the proposed amendments to the rules together with explanatory notes.

A proxy form for the meeting is enclosed for those who are unable to attend. It is important that the proxy form should be completed correctly and your attention is drawn to the notes at the bottom of the proxy form. A proxy need not be a member but you are reminded that, to be valid, the form, duly completed, must reach the secretary of the Association at the Association's registered office at Standard House, 12-13 Essex Street, London WC2R 3AA, not less than 48 hours before the time of the meeting. Completion and return of the proxy form will not prevent you from attending and voting in person if you so wish.

The current and proposed club rules for the 2011/12 policy year are available on the club's website [www.standard-club.com](http://www.standard-club.com).

***The club strongly recommends that members comply with the provisions of the relevant sanctions regimes in order to minimize the risk of their cover terminating or their being unable to make a recovery. Compliance will inevitably involve the exercise of due diligence by the member in relation to any trading involving Iran or other sanctioned countries or with certain designated individuals or companies. Members are referred to the information and advice available on the club's website which will be regularly updated.***

Yours faithfully

Alistair Groom  
Chief Executive  
Charles Taylor & Co Limited



## APPENDIX A

### THE STANDARD STEAMSHIP OWNERS' MUTUAL WAR RISKS ASSOCIATION LIMITED

**NOTICE IS HEREBY GIVEN THAT** a general meeting of the members of the above-named Association will be held at Standard House, 12-13 Essex Street, London WC2R 3AA on 17 February 2011 at 12.00 pm for the purpose of considering and, if thought fit, passing the following Resolution:

RESOLUTION:

*THAT, with effect from noon GMT on 20 February 2011, the Rules of the Association be amended as set out in appendix B to the letter to the members of the Association dated 1 February 2011.*

Dated 1 February 2011

By order of the board

Charles Taylor & Co Limited  
Secretary

Registered Office:  
Standard House  
12-13 Essex Street  
London  
WC2R 3AA

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy must be a member, or a duly authorised corporate representative of a member of the Association.
2. Copies of the Rules of the Association are available at the company's registered office during normal office hours and at the meeting.



## APPENDIX B

### AMENDMENTS TO THE RULES

#### 1. **Shortfall in recovery from reinsurers due to breach of sanctions (Extract 1)**

This amendment clarifies that if any part of a claim is not recovered from reinsurers or parties to the pooling agreement due to any breach of sanctions, then any such claim against the Association will be reduced according.

#### **Extract 1 Shortfall in recovery from reinsurers due to breach of sanctions**

Rule 33.5 – Delete Rule and replace with the following:

*“The Insured Owner shall in no circumstances be entitled to recover from the Association that part of any liabilities, costs and expenses which is not recovered by the Association from parties to the pooling agreement and/or under any reinsurance(s) because of a shortfall in recovery from the parties or reinsurers thereunder by reason of any sanction, prohibition or adverse action against them by a state or international organisation or the risk thereof if payment were to be made by such parties or reinsurers. For the purposes of this rule 33.5 “shortfall” includes any failure or delay in recovery by the Association by reason of the parties or reinsurers making payment into a designated account in compliance with the requirements of any state or international organisation.”*



**THE STANDARD STEAMSHIP OWNERS' MUTUAL WAR RISKS ASSOCIATION LIMITED**

**Form of Proxy**

Please insert full name(s) and address  * see Note (1) below	I/We..... (BLOCK LETTERS)  of .....  Being a member of the above-named Association  HEREBY APPOINT * <i>the chairman of the meeting or</i> .....  as my/our proxy to vote for me/us and on my/our behalf at the General Meeting of the Association to be held on 17 February 2011 and at every adjournment thereof.
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		FOR	AGAINST
1.	The resolution to amend the rules of the Association.		

Dated this.....day of.....2011

Signed.....

Notes:

- (1) If any other proxy be preferred, strike out the words in italics, add the name of the proxy desired and initial the alteration. A proxy must be a member or a duly authorised corporate representative of a member of the Association.
- (2) Please indicate with an X in the appropriate space how you wish your vote to be cast in respect of the resolution. On receipt of this form duly signed but without any specific direction how you wish your vote to be cast, the proxy will vote in favour of the resolution.
- (3) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing, or if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney so authorised.
- (4) To be valid this form must be completed, signed and deposited at the Registered Office of the Association, Standard House, 12-13 Essex Street, London WC2R 3AA, not less than 48 hours before the time appointed for holding the meeting.