



**The Shipowners' Mutual Protection and
Indemnity Association (Luxembourg)**
16, Rue Notre-Dame
L-2240 Luxembourg

TO ALL MEMBERS

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of The Shipowners' Mutual Protection and Indemnity Association (Luxembourg) will be held on Thursday 28th January 2010 at 09.00 hours in The Westin Hotel Rotterdam, Weena 686, 3012 CN Rotterdam for the purpose of considering, and if thought fit, passing the following as a SPECIAL RESOLUTION:

SPECIAL RESOLUTION

THAT the Rules be amended as set out hereafter, the amendments to be effective as from noon, 20th February 2010.

The proposed amendments to the Rules follow overleaf.

By order of the Board
Pascal Herrmann
Finance Manager
1st January 2010

NOTE: A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and on a poll to vote instead of him. The proxy need not be a Member of the Association.

RULE 2 SECTION 12 WRECK LIABILITIES

Existing Text:

A Liabilities and expenses relating to the raising, removal, destruction, lighting or marking of the wreck of the insured vessel and of any cargo or other property which is or was carried on board such wreck, when such raising, removal, destruction, lighting or marking is compulsory by law or the costs thereof are legally recoverable from the Member.

D PROVISOS

i There shall be no right of recovery from the Association unless the insured vessel became a wreck as the result of a casualty or event occurring during the vessel's period of insurance; but in this case the Association shall continue to be liable for the claim notwithstanding that in other respects the liability of the Association shall have terminated pursuant to Rule 45.

Proposed Text:

A Liabilities and expenses relating to the raising, removal, destruction, lighting or marking of the wreck of the insured vessel and of any cargo or other property which is or was carried on board such wreck, when such raising, removal, destruction, lighting or marking is compulsory by law or the costs thereof are legally recoverable from the Member.

D PROVISOS

i There shall be no right of recovery from the Association unless the insured vessel became a wreck as the result of a casualty ~~or event~~ occurring during the vessel's period of insurance; but in this case the Association shall continue to be liable for the claim notwithstanding that in other respects the liability of the Association shall have terminated pursuant to Rule 45.

Explanation

As environmental legislation around the world increases it is becoming more difficult to scrap ships. There may be situations arising in the future where an owner is no longer able to sell a ship for scrap at the end of its working life but finds himself required to pay for its disposal. The cover provided by the Association is designed to protect Members from the liabilities, costs and expenses that arise from the fortuitous loss of a ship, not for ordinary commercial expenses. It is proposed to tighten the wording of the Rules to reflect this intention. It is proposed to remove the words 'or event' from the first Proviso. These words could be interpreted very widely and might include, for example, dereliction of the vessel through neglect of maintenance or repair.

It is also proposed to include a new definition of 'Casualty' in Rule 65.

RULE 20 DEDUCTIBLES

Existing Text:

The Member's right of recovery from the Association in respect of any claim shall be subject to such deductible as may be agreed by the Managers in writing.

Proposed Text:

The Member's right of recovery from the Association in respect of any claim shall be subject to such deductible as may be agreed by the Managers in writing. *If a single incident gives rise to a number of claims with different deductibles the aggregate of all claims arising from the incident shall be subject to the highest deductible applicable to any of those claims.*

Explanation

It is now common for different levels of deductibles to be set for different types of claims. Where this is done it has been the practice to insert similar wording in each vessel's terms of entry. The purpose of the change is to remove the need to incorporate the wording in each vessel's terms of entry.

RULE 65 DEFINITIONS

Existing Text:

Casualty within the context of Rule 2 Section 2B means an incident involving either (i) collision, stranding, explosion, fire or any other cause affecting the physical condition of the vessel so as to render it incapable of safe navigation to its intended destination, or (ii) a threat to the life, health or safety of passengers.

Proposed Text:

Casualty within the context of Rule 2 Section 2B means an incident involving either (i) collision, stranding, explosion, fire or any other cause affecting the physical condition of the vessel so as to render it incapable of safe navigation to its intended destination, or (ii) a threat to the life, health or safety of passengers.

Casualty, within the context of Rule 2 Section 12 Proviso Di, means a fortuitous incident caused by collision, stranding, explosion, fire or similar cause, but excludes any wreck caused by dereliction or neglect.

Explanation

This amendment follows from the amendment to Rule 2 Section 12.

Existing Text:

Member means a Member of the Association including a former Member of the Association.

Proposed Text:

Member means a Member of the Association including a former Member of the Association, and may also include entities who have taken out a contract of reinsurance with the Association in accordance with Rule 41.

Explanation

In many countries local law requires that owners place their insurance with local companies. In those countries the Managers work with local insurers who 'front' the cover. As this is technically a re-insurance of the local company it is proposed to amend the definition of Member to accommodate this arrangement. Rule 41.1 already allows the Managers to enter into contracts of reinsurance and envisages the insurer being bound by the provisions of the Rules, so this change cements that position.