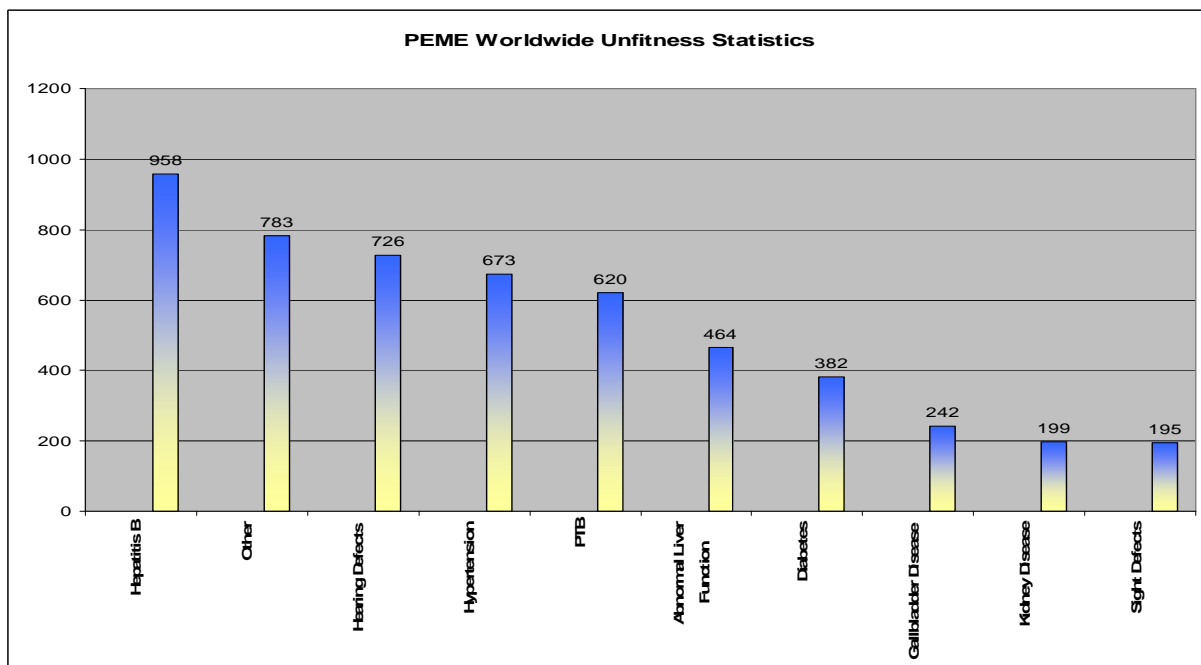


The Pre Employment Medical Examination

During the late 1980's and early 1990's personal injury claims peaked, causing considerable problems for ship owners. Early repatriation, expensive medical bills, disruption to the vessels schedule, cost of arranging substitutes and a compromise to the vessels safety, caused some concern within the shipping industry.

The Pre Employment Medical Examination (PEME) Programme was established as a Loss Prevention measure, to reduce the volume and value of illness and repatriation claims, relating to pre-existing medical conditions and thus providing considerable savings for the Members and the Club, by having vessels' crews undergo a thorough examination, to assist in detecting pre-existing medical problems, prior to a crew member joining a vessel.

The PEME Programme was set up to improve the standard of medical examinations, where previous medical conditions were neither reported or detected, with the whole system being open to possible corruption. The PEME scheme audits and approves individual clinics, holding them accountable for their actions, providing a safety net for employers.



The above graph details illnesses diagnosed in potential crew members, since the schemes inception in 1996. All of these cases could have easily turned into expensive claims.

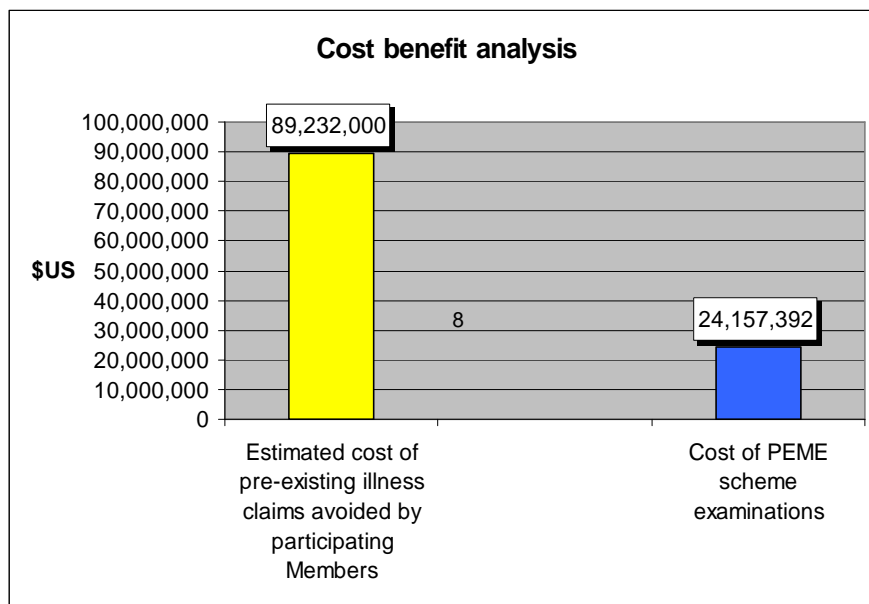
A concern to Members should be that where other vessel owners are signing up to the PEME Scheme, those that don't, maybe selected against by less healthy crew.

Who is eligible?

The programme is of benefit to Members' crews that originate from countries whose flag medical requirements may not be considered thorough enough to ensure that pre-existing conditions are detected. If Members have crews from countries with suitable medical schemes, the Club may advise that the PEME system is not applicable.

Does it affect premium?

If Members adopt the PEME scheme it will not directly affect the premium paid, but Members must take into account the costs that may be potentially saved on claims resulting from crew illness. Many PEME medical investigations could be paid for by the prevention of one crew illness claim.



* UK Club Statistics 2009

Potential saving of

US\$ 65 million as:

- 7436 unfit crew @ US\$ 12000 (average price of crew claim)
= US\$ 89.23 million
- 215,691 medicals @ US\$ 112 (average cost of medical examination)
= US\$ 24.15 million

The above graph compares the estimated cost of pre-existing illness claims avoided by Members of the PEME scheme against the total cost of the PEME examinations. The estimated cost of claims figures has been ascertained by identifying 7,436 crew members who have been identified as medically unfit since the scheme commenced. The average cost of a personal illness claim is USD 12,000 and therefore the estimated cost of claims saved is USD 65 million.

How can it benefit me?

This programme will give the Members peace of mind that the crew they are employing are healthy and readily able to carry out the duties that are expected of them.

The following tests included are:

- Full Blood Count (inc Blood testing for Hepatitis B)
- Audiometry
- Vision
- Lung Function
- Urinalysis
- Electrocardiogram and chest x-rays

Full details of the included tests are available on request. Members should be advised that optional tests e.g. HIV testing and drug and alcohol screening are available on request.

Further features and benefits include the following:

- Protect ship owners from claims arising from medical conditions which exist prior to employment
- Improved standard of medical examination for the seafarer
- Over 210,000 crew examined to date
- Significant pre-existing illnesses and repatriation avoided
- 13 years experience
- Beneficial to all. Members include major cruise operators; tanker fleets; container and bulk carriers
- Available in fifteen crew-supplying countries
- PEME Team handle all administrative work and provide statistics for Programme Members

