



TO ALL MEMBERS AND THEIR BROKERS

January 2006

Dear Sirs

The Shipowners' Protection Limited
St Clare House, 30-33 Minories
London EC3N 1BP

Managers of
**The Shipowners' Mutual Protection and
Indemnity Association (Luxembourg)**

PAYMENT OF CALLS

It is the Managers' overriding objective to ensure the continued financial integrity of the Club. An essential part of that objective is the timely payment of calls.

One of the particular features of the Club is the diversity of its membership with some 7,000 Members around the world operating over 23,000 vessels. This dispersal of risk also enhances the stability and security of the Club. The vast majority of Members pay their calls on time in accordance with the requirements of the debit note. A few do not and it is to them, and their brokers, that this circular is particularly addressed.

We believe that the terms for payment of debit notes are clear and give ample notice of the deadlines for payment. It is difficult to find any good reason why they should not be fulfilled. Please note that payment means payment to the Club not just to the broker who is the Member's agent. It is the Member's responsibility to ensure that payment reaches the Club by the due date.

If you have genuine financial difficulty in making the payment by the due date please do contact us in advance of the deadline to let us know. If we are not aware of your problems there is no way that we can help you.

It is against this background that we operate our credit control procedures. In the interests of the vast majority, we cannot countenance late payment by a few that calls into question their own commitment to their fellow Members and to the Club's ongoing financial stability.

If calls are not received on time, there is immediate disruption to the relationship with the Club, with possible prejudice to a Member's best interests. This creates an unhappy situation because we may not be able to respond so readily to queries relating to the entry. We do try to avoid issuing Notices of Cancellation because, once issued, we are unable to work any further on underwriting or claims matters **at all**. Furthermore, as Members and brokers are aware, pursuant to Rule 48 the effects of cancellation are very severe.

We do stress again that this circular is directed at the bad practice of a few Members and brokers and we believe it is for the benefit of the membership as a whole to address it. All we ask of our membership throughout the year is one thing: to ensure payment reaches the Club on time.

Yours faithfully

Charles Hume
Chief Executive
For THE SHIPOWNERS' PROTECTION LIMITED
(As Managers)
For and on behalf of
The Shipowners' Mutual Protection and Indemnity Association (Luxembourg)

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