



February 20, 2002

CIRCULAR NO. 5/02

TO MEMBERS OF THE ASSOCIATION

Dear Member:

**THE INTERNATIONAL SAFETY MANAGEMENT (ISM) CODE:
IMPLEMENTATION OF PHASE TWO**

As Members will be aware, the deadline for the implementation of phase two of the ISM Code is July 1, 2002. The deadline applies to all cargo vessels of 500 GT or more including those

- general cargo vessels,
- container vessels, and
- mobile offshore drilling units

not included in phase one which came into effect as of July 1, 1998.

It is important that Members remind themselves that Rule 1, Section 9, 5 imposes a duty to comply with all statutory requirements of an insured vessel's flag state relating to safety management, including the maintenance of ISM certificate validity. Unless and to the extent that the Board of Directors otherwise decides, a Member is not entitled to recover from the Association any claim arising during a period in which this condition has not been fulfilled.

Certification under the ISM Code involves the procurement of a Document of Compliance issued to the company itself and a Safety Management Certificate issued in respect of each individual vessel by or on behalf of that vessel's flag state.

Should Members require advice on the requirements of the ISM Code – and the establishment of a Safety Management System – it is suggested that their relevant classification society be approached or, indeed, any other suitably qualified advisor.

In addition, of course, and as always, the Managers will also be pleased to respond to any inquiries a Member may have in regard to this specific issue, or generally.

Yours faithfully,

Joseph E.M. Hughes, Chairman & CEO
Shipowners Claims Bureau, Inc., Managers for
THE AMERICAN CLUB