



FEBRUARY 28, 2022

CIRCULAR NO. 09/22

TO MEMBERS OF THE ASSOCIATION

Dear Member:

UPDATE ON AMERICAN CLUB'S COMPLIMENTARY CORPORATE DUE DILIGENCE INVESTIGATIONS FOR CLASS I AND CLASS II MEMBERS – *KNOWING YOUR CONTRACT PARTNER*

Further to [Club Circular No. 21/17](#) of July 18, 2017, your Managers have recently updated arrangements to assist Members entered for Class I (P&I) and/or Class II (FD&D) cover in conducting due diligence inquiries into their potential charterparty or other contract partners.

Two asset investigation companies, namely LSR Services Limited of Hong Kong and Land & Sea Forensics of Gateshead, UK, have been appointed to provide such services at flexible – and discounted – rates.

The turnaround times for reports from these companies will be tailored to individual Members' needs, and pricing will reflect such requirements. The three categories of reports are as follows:

1. A same-day due diligence report.
2. A next-day due diligence report.
3. A standard corporate investigation report (non-expedited time frame; hourly rate).

The Club will bear the expense of reports commissioned under the parameters of items 1. and 2. above. The cost of such due diligence investigations will be charged to the Member's Class I (P&I) or Class II (FD&D) record in broadly the same manner as precautionary surveys are treated in regard to cargo claims.

Asset and corporate investigations into third parties which are commissioned after a dispute has arisen – e.g. for enforcement or other purposes - will be treated as a traditional litigation or legal expense in accordance with a Member's Class I (P&I) or Class II (FD&D) terms of entry.

The expected benefits of undertaking such due diligence include:

- fewer and/or lower value claims,
- improved operational profile and reputation,
- meeting the compliance requirements of larger trading groups,
- using enhanced risk procedures and methods as marketing tools to attract better clients, and
- savings in management time.

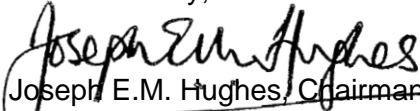
LSR Services has been retained to provide investigation services covering Members' potential counterparties operating primarily in Asia, Australasia and westward to the Middle East. Land & Sea Forensics has been retained to provide investigation services for inquiries primarily involving Europe, Africa, and North and South America.

Should Members wish to commission a due diligence investigation report as described above, they should complete the linked [Request for Asset Investigation Report](#) form and send it via electronic mail to the Managers at the following address:

ddi@american-club.com

This initiative was originally conducted on a trial basis and proved its worth in assisting Members to fortify business practices and thereby minimize unforeseen credit, regulatory and related financial exposures.

Yours faithfully,



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