



JUNE 10, 2008

CIRCULAR NO. 12/08

TO MEMBERS OF THE ASSOCIATION

Dear Member:

PRE-EMPLOYMENT MEDICAL EXAMINATION (PEME) PROGRAM: CONCERNS REGARDING NON-COMPLIANCE WITH CLUB REQUIREMENTS

As Members will be aware, the Club has implemented a mandatory policy requiring all Members with seafarers employed from Latvia, the Philippines, Poland, Romania, the Russian Federation and Ukraine to comply with certain conditions of the Club's Pre-Employment Medical Examination (PEME) program.

In recent months, your Managers have identified three types of non-compliance with the Club's PEME policy. These are as follows:

1. Seafarer's PEME is not performed at an American Club-approved clinic.

This now occurs less frequently than was earlier the case, but does happen from time to time.

2. Seafarer's PEME is performed at a Club-approved clinic, but the required American Club medical form is not issued.

This is the most common form of non-compliance. Members are reminded that they are responsible for ensuring that the Club-approved PEME clinic is informed in advance that the seafarer is to have the American Club's tests and examinations, so that the required forms are subsequently completed.

3. Seafarer's PEME is performed at a Club approved clinic, but the full range of required medical examinations and tests is not performed.

Members and their agents should not select fewer tests than are specified in the Club's PEME medical form. The Club-approved clinics have been reminded that the Form is not to be issued in the event of failure to complete the full range of tests.

A lack of compliance entitles your Managers to apply, in the settlement of any claim in respect of qualifying crew, a deductible twice that which would otherwise have applied to the claim in the absence of the failure to comply.

Moreover, where a Member fails to comply with relevant obligations, and a claim in respect of crew arises in circumstances where the medical condition of relevant crew would have been discovered had the Member complied with those obligations, your Managers are entitled to deny, in their absolute discretion, the reimbursement of such claims either in whole or in part.



Whether or not a medical condition would have been discovered had the Member complied with relevant obligations is a matter solely and exclusively for the determination of the Managers.

Your Managers strongly encourage Members to make themselves familiar with the Club's PEME program and to ensure compliance both within their company and among their agents.

Members are urged to contact the Managers in advance should they have any questions or concerns regarding compliance with the PEME program. Overall, the program is operating with great success, for which your Managers wish to thank the Members most warmly.

Further information

An updated list of all American Club PEME program approved clinics can be found at the American Club website under Loss Prevention at www.american-club.com.

For further information regarding the Club's PEME program, please contact Dr. William Moore, Senior Vice President of Risk Control for the Shipowners Claims Bureau, Inc. at tel: +1 212 847 4542, fax: +1 212 847 4596 or william.moore@american-club.com.

Yours faithfully,

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