



SEPTEMBER 16, 2010

CIRCULAR NO. 24/10

TO MEMBERS OF THE ASSOCIATION

Dear Member:

ELECTRONIC (PAPERLESS) TRADING SYSTEMS: BOLERO INTERNATIONAL LIMITED AND ELECTRONIC SHIPPING SOLUTIONS

Until February 2010 the rules of all of the clubs comprising the International Group of P&I Clubs (IG) specifically excluded liabilities in respect of the carriage of cargo under all electronic (i.e. paperless) trading systems to the extent that the liabilities under such systems would not have arisen under a 'normal' paper system (i.e. one using transferable paper documentation).

The IG, after reviewing a number of electronic trading systems, has agreed that liabilities arising in respect of the carriage of cargo under such systems will be covered from 20 February 2010 provided that the system has first been approved by the IG.

Two systems approved by the IG in their versions current at the date of this Circular are that administered by Electronic Shipping Solutions (the ESS system - version DSUA v. 2009.3) and that administered by Bolero International Ltd (the Bolero system - Rulebook/Operating Procedures September 1999). The websites of the two entities are www.essdocs.com and www.bolero.net.

The legal documentation associated with the use and operation of the two systems is subject to review by the IG and its legal advisers, if and when amended by either of the organizations, to ensure that any modifications introduced by them meet the Group's requirements.

Traditional exclusions of cover under club rules relating to the carriage of cargo, will of course continue to apply in respect of ESS and Bolero in the same way as for paper systems e.g. discharge at a port or place other than the port or place provided for in the contract of carriage, the issue/creation of an ante- or post-dated electronic document/record, and delivery of cargo without the production of the negotiable electronic document/record.

Members should also be aware that participation in an electronic trading system may expose them to certain liabilities which are not of a traditional P&I nature. These may arise through shipowners or charterers who wish to participate in either the ESS or Bolero systems being required to be party to particular contractual arrangements under which they assume obligations necessary for the system to operate. Examples of such liabilities may be for breach of confidentiality undertakings, or of obligations to maintain computer links. Members should be aware that, in so far as such risks are not of a traditional P&I nature, other insurance arrangements may be required.



Finally, it would be helpful to the IG, in monitoring the use and development of the two systems, if Members who are using either of them would advise the Club that they are doing so and of any benefits or difficulties which they encounter, legal or practical, in the operation of either system.

Yours faithfully,


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

All Clubs in the International Group of P&I Clubs have issued similar circulars.