



JANUARY 19, 2022

CIRCULAR NO. 02/22

TO MEMBERS OF THE ASSOCIATION

Dear Member:

CHANGES TO THE RULES OF THE ASSOCIATION FOR THE 2022 POLICY YEAR

Please note that your Board of Directors has approved the following changes to the Club's Rules to take effect from February 20, 2022.

They are set out below in the order in which current Rules appear in the Rule Book.

Class I: Protection and Indemnity Insurance

Introductory: Interpretation: Membership: General Provisions (Rule 1)

Section 2 - Interpretation

In order to take account of the intended future operational status of the American Club's subsidiary in Cyprus - American Steamship Owners Marine Insurance Company (Europe) Ltd. (ASOMIC), being the renamed American Hellenic Hull Insurance Company, Ltd - which will cover P&I and related risks for qualifying EU/EEA operators with effect from February 20, 2022 (subject to the final approval of the relevant authorities), certain parts of the current Rules will require amplification.

Parties covered under Certificates of Entry issued by ASOMIC will become – by contract – Members of the American Club, with all the rights and duties of mutual membership inherent therein. Accordingly, in order to embrace ASOMIC's new status as a subsidiary of the Club providing cover for P&I and related risks for qualifying EU/EEA operators, there is a need to enlarge the definition of terms used in the Club's Rules. These additions, **in blue lettering**, are set out in the new language recited below.

INTERPRETATION

In these Rules the following words and expressions shall have the following meanings, if not inconsistent with the subject or context thereof:

Applicant Member

In relation to a vessel which is desired or intended to be insured with the Association (as hereinafter defined) means an owner, operator or charterer (including a bareboat or demise charterer) of such vessel and any other person by whom or on whose behalf an application has been, is being or is to be made for the insurance of such vessel with the Association whether or not he is or is to be a Member (as hereinafter defined) of the Association.

Association

American Steamship Owners Mutual Protection and Indemnity Association, Inc. and/or its subsidiary American Steamship Owners Marine Insurance Company (Europe) Ltd. as the context or subject matter may require or allow.

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By-Laws

The By-Laws of American Steamship Owners Mutual Protection & Indemnity Association, Inc. at the relevant times.

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Certificate of Entry

The document issued by the Managers on behalf of the Association evidencing the contract of insurance between a Member and the Association pursuant to the provisions of Rule 1.4.6 to 9 inclusive. The same definition shall apply to the document issued by Shipowners Claims Bureau (Cyprus) Ltd. on behalf of American Steamship Owners Marine Insurance Company (Europe) Ltd.

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Contract of Insurance

The contract of insurance between the Member and the Association includes the provisions of the Certificate of Entry and any endorsements thereto issued by the Association's Managers to the Member and the provisions of the Association's By-Laws and Rules in effect as of the date the Certificate of Entry was issued. The same definition shall apply to the contract of insurance as evidenced by the Certificate of Entry and any endorsements thereto issued by Shipowners Claims Bureau (Cyprus) Ltd. on behalf of American Steamship Owners Marine Insurance Company (Europe) Ltd. to any Member named therein, and shall also include the provisions of the By-Laws and Rules of American Steamship Owners Mutual Protection and Indemnity Association, Inc. in effect as of the date such Certificate of Entry was issued.

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Directors

The Board of Directors of American Steamship Owners Mutual Protection and Indemnity Association, Inc. at the relevant times.

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Endorsement

A document issued by the Managers on behalf of the Association evidencing any variations or additions to the contract of insurance as contained in a Certificate of Entry of which it forms an integral part. The same definition shall apply to a document issued by Shipowners Claims Bureau (Cyprus) Ltd. on behalf of American Steamship Owners Marine Insurance Company (Europe) Ltd. evidencing any additions or variations to the contract of insurance as contained in a relevant Certificate of Entry both as further defined in each case herein.

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Managers

Shipowners Claims Bureau, Inc. and/or its subsidiary Shipowners Claims Bureau (Cyprus) Ltd. and/or any of the other subsidiaries of Shipowners Claims Bureau, Inc. as the context or subject matter may require or allow. Provided always that any and all powers, discretions or liberties to agree to any special terms and/or to waive or vary any terms of these Rules and/or any other provisions of a contract of insurance to which the Association and the Member are party, or to agree to, or approve of, any additional insurances in respect thereof, or to determine or approve of any issue as a condition for recovery of a claim, or to extend or restrict cover, or to engage in the adjudication of differences or disputes under Appendix A of these Rules of Class I, which are described in these Rules as vesting in the Managers, shall be vested solely and exclusively in Shipowners Claims Bureau, Inc.

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Member

An owner, operator or charterer (including a bareboat or demise charterer) of a vessel insured by the Association who according to the By-Laws and these Rules is entitled to membership of the Association, provided that, where the context may require or allow, the term Member shall, in these Rules, include a Joint Member, Co-assured and Affiliate. The same definition shall apply to a party named as an Assured/Member on a Certificate of Entry issued by Shipowners Claims Bureau (Cyprus) Ltd. on behalf of American Steamship Owners Marine Insurance Company (Europe) Ltd.

Section 3 - Members, Joint Members, Affiliates and Co-Assureds

Membership

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4. **All contracts of insurance effected by the Association shall, save and insofar as they shall contain any special terms inconsistent with that part of the contract of insurance contained in these Rules, be deemed to incorporate all of the provisions of these Rules and the Association's By-Laws. All contracts of insurance effected by the Association shall be deemed to have been issued in New York, save and insofar as any contract of insurance shall be required to be issued in any other jurisdiction by reason of any local regulations to which the Association or any subsidiary of the Association may be subject.**

Section 4 – General Insurance Provisions

During recent discussions within the International Group on the coverage of fines, it was noted that it would be advantageous to clubs, in protecting their position as guarantors under blue cards or similar undertakings, as well as under general bail or security commitments, to have the right, but not necessarily the obligation, to prioritize direct liabilities over uncertified or similarly unsecured claims.

Accordingly, an additional sub-section to Class I, Rule 1, Section 4, to be numbered sub-section 31, will take effect from February 20, 2022, the current sub-sections thereafter to be renumbered accordingly.

Other Provisions in Regard to Claims

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31. **Notwithstanding anything to the contrary contained elsewhere in these Rules, where:**
 - a. **the Association has issued any guarantee, undertaking, certificate or other bail or security by which it undertakes to directly meet or guarantee any relevant liabilities (hereinafter referred to as Direct Liabilities); and**
 - b. **claims in respect of Direct Liabilities alone or in combination with other claims may in the sole opinion of the Managers exceed any**



limit(s) on the cover provided by the Association as set out in these Rules or in a Certificate of Entry;

the Managers may, in their absolute discretion, defer payment of any such other claims, or any part thereof, until the Direct Liabilities, or such part of the Direct Liabilities as the Managers may in their absolute discretion decide, have been discharged.

PROVIDED THAT, to the extent that any claims or liabilities (including any Direct Liabilities) discharged by the Association exceed the said limit(s), any payment by the Association in respect thereof shall be by way of loan and the Member shall indemnify the Association promptly upon demand in respect of such payment and shall assign to the Association, to the extent and on the terms that the Managers determine in their discretion to be practicable, all the rights of the Member under any other insurance and against any third party.

Class II: Freight, Demurrage and Defense Insurance

The amendments set out in regard to Class I above will also be formally incorporated into, and form an integral part of, the Rules of Class II to the extent that they are consistent with the subject and context of the said Rules of Class II.

Class III: Insurance For Charterers' Risks

The amendments set out in regard to Classes I and II above will also be formally incorporated into, and form an integral part of, the Rules of Class III to the extent that they are consistent with the subject and context of the said Rules of Class III.

It is hoped that the foregoing changes are clear, but if any Member requires any further explanation or comment, the Managers will be happy to respond.

Yours faithfully,


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

THE AMERICAN CLUB