



DECEMBER 27, 2006

CIRCULAR NO. 26/06

TO MEMBERS OF THE ASSOCIATION

Dear Member:

**CLAIMS IN RESPECT OF CREW: PRE-EMPLOYMENT MEDICAL EXAMINATIONS**

Reference is made to the several Circulars issued over the recent past in regard to the above.

Members are requested to note that, with effect from February 20, 2007, the following standard endorsement to cover will apply to all insurances provided by the Club.

***Claims in Respect of Crew – Pre-Employment Medical Examinations***

***Save to the extent that the Managers may in their absolute discretion otherwise agree, in the event that the Member intends to employ crew from a country within which the Club has established a Pre-Employment Medical Examination (PEME) program, being Latvia, the Philippines, Poland, Romania, Russia and Ukraine, the Member shall:***

- i ensure that such crew undergo a PEME at a clinic approved by the Managers; and***
- ii ensure that the Club's approved medical form is used for such PEME.***

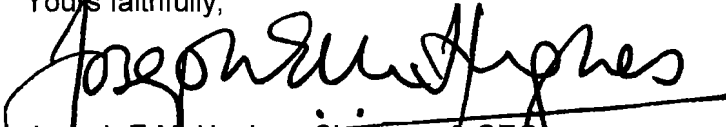
***Failure to comply with either or both of the above obligations shall entitle the Managers to apply, in the settlement of any claim in respect of such crew, a deductible twice that which would otherwise have applied to such claim in the absence of such failure.***

***Moreover, notwithstanding the foregoing, where a Member shall have failed to comply with either or both of the above obligations, and a claim in respect of crew shall have arisen in circumstances where the medical condition of such crew giving rise to such claims would have been discovered had the Member complied with the said obligations, the Managers shall be entitled to deny, in their absolute discretion, the reimbursement of such claim or claims either in whole or in part.***

***Whether or not a medical condition as aforesaid would have been discovered had the Member complied with the said obligations shall be solely and exclusively a determination of the Managers.***

Should Members have any questions as to the content of the above endorsement, or as to its intent in general, the Managers will be pleased to respond.

Yours faithfully,

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