



NOVEMBER 12, 2009

CIRCULAR NO. 26/09

TO MEMBERS OF THE ASSOCIATION

Dear Member:

P&I CONDITION SURVEYS: NEW DEVELOPMENTS

Your Managers are pleased to advise that, in an effort to increase survey coverage, and the flexibility thereof, an agreement to provide condition surveys has recently been finalized with BMT MOSL to stand alongside the pre-existing agreement made with Noble Denton Ltd., which has also been modified in certain respects. Both companies will now provide P&I condition surveys on a world-wide basis.

Cost and payment of surveys

The cost of all P&I condition surveys arranged under the provisions of these contracts will be paid directly by the Club in the first instance and will then be invoiced back to the Member at cost. These new arrangements supersede the previous agreement and rates agreed with Noble Denton., Ltd. as detailed in Circular No. 04/08, *New Arrangements in Regard to the Resourcing of Vessel Condition Surveys*, of January 28, 2008.

Invoices issued to Members for surveys are payable to the Club within 30 days of issue.

Other service providers

In the event that a survey cannot be performed by either Noble Denton or BMT MOSL, and subject to the Managers' discretion and prior approval, Members may use another Club-approved surveying organization. In such cases, the full cost of the survey, and any associated fees, will be for the Member's account and should be settled directly with the surveyor concerned.

Advance notification of survey and preparation

In a number of recent cases the survey process has been significantly drawn out in both time and cost, because Members have presented poorly prepared vessels, often with minimal notice of such vessels' availability for survey. This has invariably resulted in an incomplete survey, which then necessitates a further follow-up survey to clear the vessel through the Club's survey program.

Your Managers therefore stress the importance of good cooperation, presenting the vessel in a suitable light state and allowing sufficient time to complete all inspections/tests. Members are also reminded that survey arrangements take time to coordinate and it is necessary for brokers and Members to give as much notice as possible for all condition surveys. Members are asked

to note that, for some surveys conducted in remote locations, up to ten days' advance notice could be needed.

Condition surveys during dry-docking

Your Managers also wish to draw Members' attention to recommendations previously issued under Circular 10/08, *Vessel Condition Surveys & Routine Dry-Dock Schedules*, of April 25, 2008.

The most suitable time to conduct routine condition surveys is during a vessel's scheduled dry-docking. All areas of interest may be inspected at such time with the minimum of interference to a vessel's commercial commitments. Any deficiencies noted can be appropriately addressed so as to avoid the application of unnecessary defect warranties.

As always, your Managers recommend a provisional inspection to highlight any areas of concern, to be followed by a final inspection, at which time all required testing can be completed. Members are encouraged to present advance notification of routine dry-docking to surveys@american-club.com.

Non-IACS-classed vessel requirements

Where non-IACS-classed vessels have been accepted for entry, your Managers may require an annual P&I condition survey and/or compliance with the Club's enhanced condition survey (ECS) requirements set out below.

The cost of any annual survey requirement or compliance with the ECS requirements will be for the account of the Member.

At the Managers' discretion, the ECS requirements may extend to some or all of the following:

- joint attendance with the non-IACS-class surveyor at each annual survey and/or special survey;
- ultrasonic thickness measurements by an approved inspector under the guidance of the Club surveyor at intervals of not more than 30 months;
- review of safety management systems and procedures including on board training standards;
- completion of additional machinery operational tests; and
- lube oil analysis to be completed every 6 months and reports to be review by a surveyor approved by the Club.

As with all vessels entered, the Club reserves the right to require any non-IACS-classed vessel to be presented for survey at any time.



Further information

For further information, please contact Captain Richard Gayton, Principal Surveyor, Survey Compliance Department for the Shipowners Claims Bureau, Inc. at tel: +1 212 847 4508, fax: +1 212 847 4596 or surveys@american-club.com.

Yours faithfully,



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

THE AMERICAN CLUB