

CIRCULAR

Shipowners Claims Bureau, Inc., Manager
60 Broad Street - 37th Floor
New York, New York 10004 U.S.A.



Tel: 212-847-4500
Fax: 212-847-4599
E-mail: info@american-club.net
Website: www.american-club.com

SEPTEMBER 12, 2003

CIRCULAR NO. 14/03

TO MEMBERS OF THE ASSOCIATION

Dear Member:

AMENDMENTS TO THE CHARTER AND BY-LAWS FOR THE 2004 POLICY YEAR

At its meeting yesterday in New York, your Board passed a resolution adopting certain amendments to the Club's Charter and By-Laws. These will take effect from February 20, 2004. They are designed to clarify the meaning of parts of Club's constitution and to streamline the manner in which the Club conducts its business, particularly in light of its growth and internationalization in recent years.

As Members will be aware, the Club is regulated by the Insurance Department of the State of New York. By reason of this, the amendments required the formal approval of the Superintendent of Insurance. It was decided to submit the Club's proposals (which had been discussed at the Annual Meeting in June) to the Superintendent prior to their adoption by the Board. The Superintendent was asked to approve the substance of the amendments and to consent to the Directors' intention to put them into effect by way of a Board resolution.

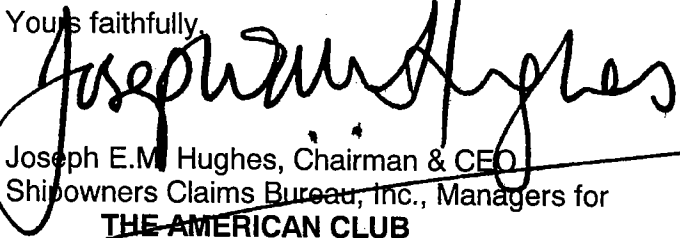
In the result, the Superintendent agreed to both proposals – substantive and procedural. Therefore, as mentioned above, your Board completed the formalities at its recent meeting. Subsequently, the enclosed Certificate of Restatement of Charter and Certificate of Amendment of By-Laws have been issued containing the relevant changes and explaining their effect.

The new regime will form the foundation of the Club's operational structure for the forthcoming and subsequent policy years. It will thus underpin individual Members' relationships with the Club and, accordingly, form an integral part of Members' terms of entry.

However, the amendments **do not** affect the elements of cover contained in the Rules. Subject to circumstances as may in due course emerge, it is not intended at this stage to make any significant changes to the Rules for the next policy year. In short, cover, notwithstanding the amendments to the Charter and By-Laws, will remain the same.

It is hoped that the enclosed documents adequately explain both the reasons for and the effect of the amendments. However, if any Member has any questions on the changes, the Managers will, as usual, be pleased to respond.

Yours faithfully,


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

CERTIFICATE OF RESTATEMENT OF CHARTER

OF

AMERICAN STEAMSHIP OWNERS MUTUAL
PROTECTION AND INDEMNITY ASSOCIATION, INC.

UNDER SECTION 807 OF THE BUSINESS CORPORATION LAW OF New York
AND SECTION 1208(b) OF THE INSURANCE LAW OF NEW YORK

WE, THE UNDERSIGNED, PAUL SA and JOSEPH E.M. HUGHES, being respectively the Chairman and the Secretary of American Steamship Owners Mutual Protection and Indemnity Association, Inc., HEREBY CERTIFY:

1. The name of the corporation is AMERICAN STEAMSHIP OWNERS MUTUAL PROTECTION AND INDEMNITY ASSOCIATION, INC.,

2. The Charter of the Corporation was filed by the Insurance Department on February 19, 1917.

3. Article 3 of the Charter, which describes the purpose of the Corporation is amended as follows to more closely conform to the Insurance Law, Article 11:

The kinds of insurances or reinsurances to be undertaken by this corporation are the kinds of insurance business described in paragraph 21 of Section 1113(a) of the Insurance Law of the State of New York, namely, ~~{insurances or reinsurances}~~ **[marine protection and indemnity insurance, which means insurance]** against, or against legal liability of the insured for, loss, damage or expense arising out of, or incident to, the ownership, operation, chartering, maintenance, use, repair or construction of any vessel, craft or instrumentality in use in ocean or inland waterways, including liability of the insured for personal injury, illness or death or for loss of or damage to the property of another person. The corporation shall have power to reinsure any risks insured by it, and to ~~{purchase, sell, mortgage and invest in such real and personal property, including choses in action, as is}~~ **[make such investments as are]** permitted

by the laws of the State of New York, and to change investments and to reinvest the same.

4. Article 5 of the Charter, which describes the mode and manner in which the corporate powers are to be exercised, is amended as follows to provide for the appointment of committees of directors, as permitted by Section 712 of the Business Corporation Law of the State of New York:

The mode and manner in which the corporate powers of this corporation shall be exercised are through a board of directors and such officers, **[committees,]** managers and agents as such board shall empower.

5. Article 6 of the Charter, which sets forth the number and qualifications of directors of the corporation, is amended as follows to clarify that up to four directors need not be either members of the Corporation or officers of member corporations, to modify the place and date of the annual meeting of the members and to provide for written notice of the location and date of the annual meeting to both the members and the New York State Insurance Department:

The board of directors shall consist of such number of persons, not less than thirteen and not more than twenty-five, as the By-Laws of the Corporation shall specify, or as shall be determined in the manner prescribed by the By-Laws ~~{, all except four of whom}~~. **The directors]** shall be **[either]** members of the Corporation or officers of ~~{members of corporations. In no case shall the number of directors be less than thirteen}~~ **[member corporations, except that up to four directors need not be either members or officers of member corporations]**. A majority of the directors shall be citizens and residents of the United States, and not less than three directors shall be residents of the State of New York. The directors shall be elected at the annual meetings of the members, which meetings shall be held ~~{at the principal office of the Corporation at such time as the By-Laws shall specify, on the second}~~ **[in the City of New York on a]** Thursday in June in each year ~~{, unless such day is a holiday, in which event the meeting shall be held on the next succeeding business day}~~ **[at a location to be duly announced. The members and the New**

York State Insurance Department are to receive written notice of the location and date at least thirty days prior to each annual meeting]. Vacancies in the board of directors occurring in the interval between annual meetings shall be filled by a majority vote of the remaining directors as soon as possible after the vacancy occurs.

6. Article 7 of the Charter which sets forth the procedures for electing officers is amended to provide for the appointment of committees of directors, as permitted by Article 712 of the Business Corporation Law:

The board of directors shall hold its annual meeting immediately after the annual meeting of the members and shall then elect from its own number a chairman and a deputy chairman, and shall appoint a secretary, and may at its option at any time appoint such other officers **[and committees]** as shall be provided for in the By-~~laws~~ **[Laws]**. In case a quorum is not present at such meeting, the same shall be adjourned to another day by the directors present. Officers elected by the board shall ~~respectively~~ hold office until their successors are chosen and have qualified. Other officers shall serve at the pleasure of the board, unless otherwise provided in the By-~~laws~~ **[Laws]**. Vacancies in the elective offices occurring in the interval between annual meetings may be filled at any time by the board of directors and a person so selected shall hold office until his successor is chosen and has qualified. ~~{One person may hold two or more offices, if it shall be so provided in the By-laws or by action of the board. All }~~**[All of]** the officers except the secretary must be members of the board of directors. **[The board of directors, by resolution of a majority of the entire board may designate from among its members an executive and other committees, each consisting of one or more directors and each of which, to the extent provided in the resolution and permitted by the Charter and By-Laws, shall have all of the authority of the board, consistent with the laws of the State of New York. Each such committee shall serve**

at the pleasure of the board.] The board of directors may employ a manager or managers.

7. Article 8 of the Charter, which sets forth the procedure for amending the By-Laws is amended to conform more closely to Section 1209(d) of the Insurance Law:

This corporation shall have power to adopt and from time to time revise or amend By-~~laws~~ **[Laws]** for the management and regulation of its property and affairs, which By-~~laws~~ **[Laws]** shall not be inconsistent with this ~~charter~~ **[Charter]** or with the Constitution or laws of the State of New York or of the United States. Such By-~~laws~~ **[Laws]** may be amended by the members in meeting assembled or by the board of directors, but no amendment thereto shall be ~~adopted unless previously~~ **[effective until it shall have been]** approved **[in writing]** by the Superintendent of Insurance **[of the State of New York]**.

8. That these amendments to the Charter are authorized by Section 1208(b) of the Insurance Law which provides that a domestic mutual insurance corporation may amend its charter as to provisions which do not impair the members' rights or enlarge their obligations under insurance policies by a majority vote of the board of directors.

9. That at a regularly scheduled meeting of the Board of Directors of said Corporation duly held on September 11, 2003 at which a quorum was present and due notice given, a majority of the directors present voted in favor of the foregoing amendments to the Charter of said corporation, so that the whole thereof would be restated to read as follows:

ARTICLE 1.

The name of this corporation is AMERICAN STEAMSHIP OWNERS
MUTUAL PROTECTION AND INDEMNITY ASSOCIATION, INC.

ARTICLE 2.

The place where this corporation shall be located and where it shall have its principal office is in the Borough of Manhattan, County of New York, City of New York, and it shall have power to conduct its business wherever authorized by law.

ARTICLE 3.

The kinds of insurances or reinsurances to be undertaken by this corporation are the kinds of insurance business described in paragraph 21 of Section 1113(a) of the Insurance Law of the State of New York, namely, marine protection and indemnity insurance, which means insurance against, or against legal liability of the insured for, loss, damage or expense arising out of, or incident to, the ownership, operation, chartering, maintenance, use, repair or construction of any vessel, craft or instrumentality in use in ocean or inland waterways, including liability of the insured for personal injury, illness or death or for loss of or damage to the property of another person. The corporation shall have power to reinsure any risks insured by it, and to make such investments as are permitted by the laws of the State of New York, and to change investments and to reinvest the same.

ARTICLE 4.

Every holder of a certificate of entry issued by this corporation shall be a member of the corporation during the period while such certificate is effective to insure risks. The corporation shall have the power to make insurance upon both the mutual assessment plan and by the issuance of non-assessable policies. Every policy of insurance or certificate of entry issued by the corporation shall clearly

state whether or not the holder of such policy or certificate is subject to a liability for assessment.

ARTICLE 5.

The mode and manner in which the corporate powers of this corporation shall be exercised are through a board of directors and such officers, committees, managers and agents as such board shall empower.

ARTICLE 6.

The board of directors shall consist of such number of persons, not less than thirteen and not more than twenty-five, as the By-Laws of the Corporation shall specify, or as shall be determined in the manner prescribed by the By-Laws. The directors shall be either members of the Corporation or officers of member corporations, except that up to four directors need not be either members or officers of member corporations. A majority of the directors shall be citizens and residents of the United States, and not less than three directors shall be residents of the State of New York. The directors shall be elected at the annual meetings of the members, which meetings shall be held in the City of New York on a Thursday in June in each year at a location to be duly announced. The members and the New York State Insurance Department are to receive written notice of the location and date at least thirty days prior to each annual meeting. Vacancies in the board of directors occurring in the interval between annual meetings shall be filled by a majority vote of the remaining directors as soon as possible after the vacancy occurs.

ARTICLE 7.

The board of directors shall hold its annual meeting immediately after the annual meeting of the members and shall then elect from its own number a chairman and a deputy chairman, and shall appoint a secretary, and may at its option at any time appoint such other officers and committees as shall be provided for in the By-Laws. In case a quorum is not present at such meeting, the same shall be adjourned to another day by the directors present. Officers elected by the board shall hold office until their successors are chosen and have qualified. Other officers shall serve at the pleasure of the board, unless otherwise provided in the By-Laws. Vacancies in the elective offices occurring in the interval between annual meetings may be filled at any time by the board of directors and a person so selected shall hold office until his successor is chosen and has qualified. All of the officers except the secretary must be members of the board of directors. The board of directors, by resolution of a majority of the entire board may designate from among its members an executive and other committees, each consisting of one or more directors and each of which, to the extent provided in the resolution and permitted by the Charter and By-Laws, shall have all of the authority of the board, consistent with the laws of the State of New York. Each such committee shall serve at the pleasure of the board. The board of directors may employ a manager or managers.

ARTICLE 8.


This corporation shall have power to adopt and from time to time revise or amend By-Laws for the management and regulation of its property and affairs, which By-Laws shall not be inconsistent with this Charter or with the Constitution or laws of the State of New York or of the United States. Such By-Laws may be

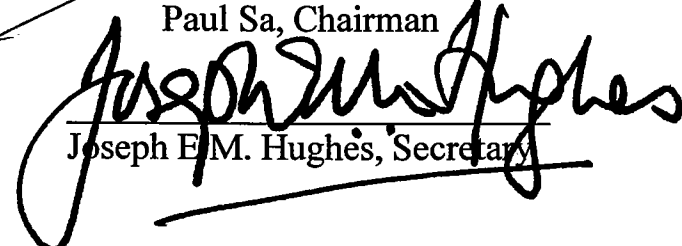
amended by the members in meeting assembled or by the board of directors, but no amendment thereto shall be effective until it shall have been approved in writing by the Superintendent of Insurance of the State of New York.

ARTICLE 9.

The duration of the corporation shall be perpetual.

IN WITNESS WHEREOF, we have made, subscribed and acknowledged this Certificate this 11th day of September 2003.

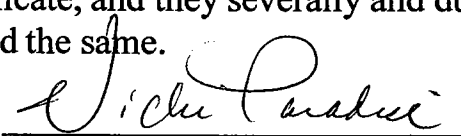


Paul Sa, Chairman


Joseph E.M. Hughes, Secretary

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On this 11th day of September 2003, before me personally came Paul Sa and Joseph E.M. Hughes to me known and known to me to be the persons described in and who executed the foregoing Certificate, and they severally and duly acknowledged to me that they executed the same.



Notary Public

VICKI A. PARADISE
Notary Public, State of New York
No. 24-4836161
Qualified in Nassau County
Commission Expires October 31, 2005

CERTIFICATE OF AMENDMENT OF BY-LAWS

OF

AMERICAN STEAMSHIP OWNERS MUTUAL
PROTECTION AND INDEMNITY ASSOCIATION, INC.

UNDER SECTION 1209(d) OF THE INSURANCE LAW OF NEW YORK

WE, THE UNDERSIGNED, PAUL SA and JOSEPH E.M. HUGHES, being respectively the Chairman and the Secretary of American Steamship Owners Mutual Protection and Indemnity Association, Inc., HEREBY CERTIFY:

1. The name of the corporation is AMERICAN STEAMSHIP OWNERS MUTUAL PROTECTION AND INDEMNITY ASSOCIATION, INC.,
2. The Charter of the Corporation was filed by the Insurance Department on February 19, 1917.
3. Article I, Section 1 of the By-Laws which sets forth the qualifications for Members of the Corporation is amended as follows to (i) clarify the language in defining membership, (ii) clarify the Members' entitlement to vote and share in dividends, and (iii) move the last sentence of what had been Article I, Section 4 to Article I, Section 1, a more appropriate place:

Every holder of a Certificate of Entry issued by the Association **[in respect of a vessel or vessels insured thereunder]** shall be a Member of the Association during the period ~~{while}~~ **[for which]** such Certificate is effective to insure risks and, as such Member, shall be entitled to vote~~],~~ **provided always, however, unless otherwise agreed, that when one party has nominal or beneficial ownership, management or control over one or more vessel(s) insured under one or more Certificate(s), such party shall be the only Member entitled to vote as provided herein]** and to share in dividends ~~{as hereinafter provided}~~ **[or return of mutual premium as provided in the Association's Rules, notwithstanding that any other party may have been named as a Member on the relevant**

Certificate(s) of Entry]. No membership shall exist under any contract of reinsurance, unless specifically provided therein, nor under any mortgage clause or loss payable clause of a Certificate of Entry. **[In these By-Laws, all pronouns shall be understood to include such gender(s) as may be appropriate.]**

4. Article I, Section 2 of the By-Laws which sets forth the date of the annual meeting of members is amended as follows to clarify that the annual meeting will be held in the City of New York on a Thursday in June each year and to provide that written notice of the location and date will be given not only to the members but to the New York State Insurance Department:

The Members shall assemble in an annual meeting to be held ~~{at a location to be announced}~~ **[in the City of New York,]** on a Thursday in June in each year, ~~{the Members}~~ **[at a location to be duly announced, the Members and the New York State Insurance Department]** to receive written notice of the location and date at least ~~{one month}~~ **[thirty days]** prior to the annual meeting. One-third of the Members shall constitute a quorum for the transaction of business. Any meeting at which there is not a quorum present may be adjourned by those present to a future time and place. Members not present in person may be represented by proxy authorized in writing provided the same be dated and executed not more than three months before the meeting and be filed and recorded with the Secretary before the meeting. No proxy given by a Member to vote at any meeting of the Association shall be valid or effective after the ~~{next}~~ meeting **[for which it was issued]**. Each Member shall have one vote **[, except as provided in Article I, Section 1].**

5. Article I, Section 4 of the By-Laws which deals with special meetings of the Members is amended as follows to delete the reference to “regular” meeting which is not provided for in the Charter or By-Laws and to move the last sentence to Article I, Section 1:

Notice of every **[special]** meeting of the Members ~~{,~~ ~~regular or special,~~ shall be given to each Member by the

Secretary or Manager by mailing or delivering the same at least fourteen days before the time fixed for the meeting; provided, however, that should a party become a Member fourteen days or less before the time fixed for the meeting, notice shall be given promptly after the party so becomes a Member. Every Member shall, for all purposes, be deemed to have been duly notified of any meeting if he shall be present thereat in person or by proxy, or shall before or after the meeting file with the Secretary a waiver of the notice thereof. ~~{ In these By-Laws, all pronouns should be understood to include all genders as may be appropriate. }~~

6. Article II, Section 1 of the By-Laws which sets forth how the business of the Association shall be conducted is amended as follows to delete the last two sentences as unnecessary in this section. A new section, Article II, Section 7 will be inserted to provide for the appointment of committees of directors as permitted by §712 of the Business Corporation Law:

The business of the Association shall be conducted by a Board of Directors who shall arrange for a suitable principal office for the Association and may provide for such offices elsewhere as they deem necessary, shall fix the compensation of all officers and employees of the Association, shall employ a Manager as hereinafter provided, shall select depositories for the Association's funds, shall adopt a seal for the Association, and shall have all other powers necessary or proper for the management and conduct of the business and affairs of the Association that are not by law or these By-Laws required to be exercised otherwise. ~~{ The Board of Directors or a committee of their number duly authorized by them shall approve of investments of the funds of the Association. Within limits set by the Board of Directors such committee shall also have authority to approve settlements which require emergency action prior to the next scheduled Board of Directors' meeting; and it shall have authority to discuss, report on, and make recommendations to the Board of Directors with respect to any other business of the Association. }~~

7. Article II, Section 2 of the By-Laws, which sets forth the number and qualifications of directors of the Corporation is amended as follows to clarify that ~~up to~~ all directors except up to four shall be either Members or officers of Member corporations and, the last sentence was deleted as inconsistent with the remainder and unnecessary:

The Board of Directors shall consist of such number of persons, not less than thirteen and not more than twenty-five, as shall be determined at each annual meeting of the Members ~~{, all except four of which persons}~~. **The Directors** shall be either Members of the Association **[or officers of Member corporations, except that up to four Directors need not be either Members]** or officers of Member corporations. If a government or governmental agency be a Member, any person or persons duly authorized in writing thereby shall be accredited as such Member for purposes of service on the Board of Directors. A majority of the Directors shall be citizens and residents of the United States, and not less than three Directors shall be residents of the State of New York. At least two of the principal officers of the Association shall be members of the Board of Directors. In no case shall as many as a quorum of the Directors be officers or salaried employees of the Association or of the Manager. The Directors shall be elected at the annual meetings of the Members by a majority of the votes cast thereat. A person, to be eligible for election as a Director, must be nominated by a Member other than himself or a corporation of which he is an officer, by written nomination filed with the Secretary at least fifteen days before the meeting at which Directors are to be elected, provided, however, that a Director qualified and serving at the time of the meeting shall be eligible for nomination for reelection without advance notice. The Directors shall ~~{respectively}~~ hold office until their successors are chosen and have qualified. Vacancies in the Board of Directors occurring in the interval between annual meetings shall be filled by a majority vote of the remaining Directors as soon as possible after the vacancy occurs, and the persons so elected shall hold office until

their successors are chosen and have qualified. In the interval between annual meetings of the Members, the number of Directors (within the above prescribed limits) may be increased, but not decreased, by a three-fourths vote of those present at any meeting of the Board of Directors, but in any event not less than a majority of the entire Board; and vacancies in the Board shall be deemed to exist to the extent of such increase. ~~{ Until otherwise determined as above provided, the Board of Directors shall consist of fourteen persons. }~~

8. Article II, Section 4 of the By-Laws which set forth the requirements for meetings of the Board of Directors is amended to take advantage of the recent amendment to §1209(b) of the Insurance Law regarding venue of meetings:

The Board of Directors shall hold an annual meeting immediately following the Members' annual meeting and such further regular meetings (not less than three per annum) at such times, places, and at such intervals as may be fixed by resolution of the Board of Directors ~~{,}~~ **[;]** and the Chairman, Secretary or two Directors shall have power to call a special meeting of the Directors upon two days notice. Every Director shall, for all purposes, be deemed to have been duly notified of any meeting if he shall be present thereat in person, or shall before or after the meeting file with the Secretary a waiver of the notice thereof. ~~{All meetings}~~ **[One meeting]** of the Board of Directors shall be held within the State of New York ~~{except that one such meeting}~~ **[and the other three regular meetings]** may be held elsewhere ~~{in the United States or in Canada, in a jurisdiction in which the Association is authorized to do business, in any calendar year in which at least four such meetings have been or will be held within the State of New York}~~. A majority of the Directors shall constitute a quorum for the transaction of business and the concurrence of a majority of the Directors present shall be sufficient for any action except as may be otherwise provided herein or in the Association's Charter or in law. If a quorum be not present those in attendance may

adjourn the meeting to a future time and place. Any action required or permitted to be taken by the Board of Directors or any committee thereof may be taken without a meeting if all Members of the Board of Directors or committee consent in writing to the adoption of a resolution authorizing the action.

9. Article II, Section 7 of the By-Laws as follows is added to provide for an executive committee and other committees of directors to take advantage of §712 of the Business Corporation Law:

[The Board of Directors, by resolution adopted by a majority of the entire Board, may designate from among its members an Executive Committee and other committees, each consisting of one or more directors, and each of which, to the extent provided in the resolution and permitted by the Charter or By-Laws, shall have all the authority of the Board, consistent with the laws of the State of New York. The Board may designate one or more Directors as alternative members of any such committee, who may replace any absent or disqualified member or members at any meeting of such committees. Each such committee shall serve at the pleasure of the Board.]

10. Article III, Section 7 of the By-Laws which deals with the qualifications and duties of officers of the Association is amended as follows to expand the duties of the Secretary to keep a record of all meetings including those of the Executive Committee and other committees:

The Secretary shall keep a complete record of the proceedings of all meetings of the Members ~~{and}~~[,] the Directors, **[the Executive Committee and other committees,]** and shall perform generally such other duties as are required by law or by the By-Laws or by the **[Board of]** Directors. He shall keep in safe custody the seal of the Association and when authorized by the Board of Directors, affix it when required to any instrument. If the Secretary is absent or unable to act, the Chairman

shall have power to appoint a person temporarily to exercise the duties and powers of the Secretary.

11. Article IV, Section 2 of the By-Laws which sets forth the duties of the Manager of the Association is amended to delete the last phrase as unnecessary in the By-Laws as it is contained in the Rules of the Corporation.

The Manager, subject to the direction and control of the Board of Directors, shall have power to arrange the terms and conditions of insurance or reinsurance issued or placed by the Association; to undertake the investigation of any occurrence which might develop into a claim against a Member; to undertake the investigation and defense of any claim made against a Member with respect to which such Member shall be or may claim to be insured by the Association; to adjust and direct the payment of losses and claims; to employ and discharge counsel, clerks, agents or other assistants required in the conduct of the business of the Association, or for the investigation or defense of claims or lawsuits, and the Manager shall have such other powers and authority as the Board of Directors may delegate; ~~provided, however, that all expenses incurred during the investigation and/or defense of a claim or anticipated claim against a Member shall be for account of the Member, and such investigation and/or defense shall not be considered as an admission of the Association's liability for such claim or expenses; and the liability of the Association to the Member for any loss, damage or expense shall not be affected by any acts prior to formal presentation to the Association of the Member's claim for reimbursement or indemnity}.~~

12. Article IV, Section 4 of the By-Laws which sets forth the duties of the Manger is amended to add a provision to better comply with §4111(a) of the Insurance Law of New York.

All contracts of insurance shall be issued by the Manager on behalf of the Association, and the Manager shall have the power to issue certificates for and to execute such contracts in the name of the Association. The rate and

amount of premium to be charged on all contracts shall be fixed by the Manager subject to the direction and control of the Board of Directors. **[Every Certificate of Entry issued to a Member of the Association shall clearly state whether or not the insurance is mutual or fixed premium insurance. Certificates of Entry evidencing mutual insurance shall contain a clear statement of the liability of the Member for the payment of his proportionate share of any deficiency as provided by law within the limit provided by the contract of insurance, and shall further state that any premiums and calls shall be for the exclusive benefit of Members who are subject to such a contingent liability.]**

13. Article VI, Section 1 of the By-Laws which sets forth the process of amending the By-Laws is amended as follows to conform closer to §1209(d) of the Insurance Law:

The By-Laws may be amended only by a majority vote of all of the Members who are present in person or by proxy at any annual meeting or other stated meeting or any special meeting duly called for such purpose, except that the Board of Directors may amend the By-Laws as to any provisions which do not impair the Members' rights or enlarge their obligations **[under insurance policies]**. No By-Law or amendment or repeal of any By-Law shall be effective unless and until it shall have been approved in writing by the Superintendent of Insurance of the State of New York.

14. Article VII, Section 1 of the By-Laws which sets forth the date the new By-Laws become effective is amended as follows:

These By-Laws shall become effective and all prior By-Laws of the Association shall become superseded and canceled at Noon, Greenwich Mean Time (GMT), February 20, ~~{1997}~~ **[2004]**.

15. Article VII, Section 2 of the By-Laws which define the first policy year to which the new By-Laws shall be effective is amended as follows to change the date, and substitute the term "policy year" for "insurance year".

The first ~~{insurance year (also referred to herein as "policy year")}~~ **[policy year]** under these new By-Laws shall comprise the period from Noon, GMT, February 20, ~~{1997}~~ **[2004]**, to Noon, GMT, February 20, ~~{1998,}~~ **[2005,]** and subsequent ~~{insurance}~~ **[policy]** years shall continue in like fashion thereafter.

16. That these amendments to the By-Laws are authorized by §1209(d) of the Insurance Law which provides that a domestic mutual insurance corporation may amend its By-Laws as to provisions which do not impair Members' rights or enlarge their obligations under insurance policies by a majority vote of its board of directors.

17. That at a regularly scheduled meeting of the Board of Directors of said corporation duly held on September 11, 2003, at which a quorum was present and due notice given, a majority of the directors present voted in favor of the foregoing amendments to the By-Laws of said corporation, so that the whole thereof will read as follows:

ARTICLE I MEMBERS

Section 1.

Every holder of a Certificate of Entry issued by the Association in respect of a vessel or vessels insured thereunder shall be a Member of the Association during the period for which such Certificate is effective to insure risks and, as such Member, shall be entitled to vote, provided always, however, unless otherwise agreed, that when one party has nominal or beneficial ownership, management or control over one or more vessel(s) insured under one or more Certificate(s), such party shall be the only Member entitled to vote as provided herein and to share in dividends or return of mutual premium as provided in the Association's Rules, notwithstanding that any other party may have been named as a Member on the

relevant Certificate(s) of Entry. No membership shall exist under any contract of reinsurance, unless specifically provided therein, nor under any mortgage clause or loss payable clause of a Certificate of Entry. In these By-Laws, all pronouns shall be understood to include such gender(s) as may be appropriate.

Section 2.

The Members shall assemble in an annual meeting to be held in the City of New York, on a Thursday in June in each year, at a location to be duly announced, the Members and the New York State Insurance Department to receive written notice of the location and date at least thirty days prior to the annual meeting. One-third of the Members shall constitute a quorum for the transaction of business. Any meeting at which there is not a quorum present may be adjourned by those present to a future time and place. Members not present in person may be represented by proxy authorized in writing provided the same be dated and executed not more than three months before the meeting and be filed and recorded with the Secretary before the meeting. No proxy given by a Member to vote at any meeting of the Association shall be valid or effective after the meeting for which it was issued. Each Member shall have one vote, except as provided in Article I, Section 1.

Section 3.

Special meetings of the Members may be called by the Chairman, Secretary or two of the Directors at any time. Special meetings of the Members must be called by the Secretary or by the Manager upon the written request of ten or more Members. Every notice of a special meeting must briefly set forth the purpose or purposes thereof, and no other business may be transacted at any special meeting.

The provisions of the preceding Sections as to quorum, proxies, voting and adjournment shall apply to a special meeting.

Section 4.

Notice of every special meeting of the Members shall be given to each Member by the Secretary or Manager by mailing or delivering the same at least fourteen days before the time fixed for the meeting; provided, however, that should a party become a Member fourteen days or less before the time fixed for the meeting, notice shall be given promptly after the party so becomes a Member. Every Member shall, for all purposes, be deemed to have been duly notified of any meeting if he shall be present thereat in person or by proxy, or shall before or after the meeting file with the Secretary a waiver of the notice thereof.

Section 5.

At each annual meeting of the Members provision shall be made for the appointment of independent auditors.

ARTICLE II DIRECTORS

Section 1.

The business of the Association shall be conducted by a Board of Directors who shall arrange for a suitable principal office for the Association and may provide for such offices elsewhere as they deem necessary, shall fix the compensation of all officers and employees of the Association, shall employ a Manager as hereinafter provided, shall select depositories for the Association's funds, shall adopt a seal for the Association, and shall have all other powers necessary or proper for the management and conduct of the business and affairs of

the Association that are not by law or these By-Laws required to be exercised otherwise.

Section 2.

The Board of Directors shall consist of such number of persons, not less than thirteen and not more than twenty-five, as shall be determined at each annual meeting of the Members. The Directors shall be either Members of the Association or officers of Member corporations, except that up to four Directors need not be either Members or officers of Member corporations. If a government or governmental agency be a Member, any person or persons duly authorized in writing thereby shall be accredited as such Member for purposes of service on the Board of Directors. A majority of the Directors shall be citizens and residents of the United States, and not less than three Directors shall be residents of the State of New York. At least two of the principal officers of the Association shall be members of the Board of Directors. In no case shall as many as a quorum of the Directors be officers or salaried employees of the Association or of the Manager. The Directors shall be elected at the annual meetings of the Members by a majority of the votes cast thereat. A person, to be eligible for election as a Director, must be nominated by a Member other than himself or a corporation of which he is an officer, by written nomination filed with the Secretary at least fifteen days before the meeting at which Directors are to be elected, provided, however, that a Director qualified and serving at the time of the meeting shall be eligible for nomination for reelection without advance notice. The Directors shall hold office until their successors are chosen and have qualified. Vacancies in the Board of Directors occurring in the interval between annual meetings shall be filled by a majority vote of the remaining Directors as soon as possible after the vacancy occurs, and the persons so elected shall hold office until their successors are chosen and have

qualified. In the interval between annual meetings of the Members, the number of Directors (within the above prescribed limits) may be increased, but not decreased, by a three-fourths vote of those present at any meeting of the Board of Directors, but in any event not less than a majority of the entire Board; and vacancies in the Board shall be deemed to exist to the extent of such increase.

Section 3.

The Directors shall receive for their services each year such compensation as shall be determined by the Members at their annual meeting. Each Director shall, in addition, be entitled to be reimbursed for any expense incurred by him in connection with his duties as Director.

Section 4.

The Board of Directors shall hold an annual meeting immediately following the Members' annual meeting and such further regular meetings (not less than three per annum) at such times, places, and at such intervals as may be fixed by resolution of the Board of Directors; and the Chairman, Secretary or two Directors shall have power to call a special meeting of the Directors upon two days notice. Every Director shall, for all purposes, be deemed to have been duly notified of any meeting if he shall be present thereat in person, or shall before or after the meeting file with the Secretary a waiver of the notice thereof. One meeting of the Board of Directors shall be held within the State of New York and the other three regular meetings may be held elsewhere. A majority of the Directors shall constitute a quorum for the transaction of business and the concurrence of a majority of the Directors present shall be sufficient for any action except as may be otherwise provided herein or in the Association's Charter or in law. If a quorum be not present those in attendance may adjourn the meeting to a future time and place.

Any action required or permitted to be taken by the Board of Directors or any committee thereof may be taken without a meeting if all Members of the Board of Directors or committee consent in writing to the adoption of a resolution authorizing the action.

Section 5.

No Director shall act upon any claim against the Association in which he, or any corporation of which he is an officer, director, employee or stockholder, is interested.

Section 6.

The Board of Directors shall cause the accounts of the Association to be audited every fiscal year by the auditor appointed by the Members, and such audited accounts shall be presented to the Board of Directors at the annual meeting each year.

Section 7.

The Board of Directors, by resolution adopted by a majority of the entire Board, may designate from among its members an Executive Committee and other committees, each consisting of one or more directors, and each of which, to the extent provided in the resolution and permitted by the Charter or By-Laws, shall have all the authority of the Board, consistent with the laws of the State of New York. The Board may designate one or more Directors as alternative members of any such committee, who may replace any absent or disqualified member or members at any meeting of such committees. Each such committee shall serve at the pleasure of the Board.

ARTICLE III OFFICERS

Section 1.

At each annual meeting of the Board of Directors, they shall elect from their number a Chairman and a Deputy Chairman, and shall appoint a Secretary who need not be a Member.

Section 2.

The Board of Directors may appoint such other officers, agents and employees as they shall deem necessary who shall have such authority and shall perform such duties as from time to time shall be prescribed by the Board of Directors.

Section 3.

The salaries of all officers of the Association shall be fixed by the Board of Directors.

Section 4.

The officers of the Association shall hold office until removed or until their successors are chosen and qualify in their stead. Any officer elected or appointed by the Board of Directors may be removed at any time by the affirmative vote of a majority of the Directors. If the office of any officer becomes vacant for any reason, the vacancy shall be filled by the Board of Directors.

Section 5.

The Chairman shall be the chief executive officer of the Association, shall preside at all meetings of the Members and Directors, and shall have general charge and oversight of the business of the Association and its affairs.

Section 6.

The Deputy Chairman in the absence or disability of the Chairman, shall perform the duties and exercise the powers of the Chairman, and shall perform such other duties as may be conferred or imposed upon him by the Board of Directors.

Section 7.

The Secretary shall keep a complete record of the proceedings of all meetings of the Members, the Directors, the Executive Committee and other committees, and shall perform generally such other duties as are required by law or by the By-Laws or by the Board of Directors. He shall keep in safe custody the seal of the Association and when authorized by the Board of Directors, affix it when required to any instrument. If the Secretary is absent or unable to act, the Chairman shall have power to appoint a person temporarily to exercise the duties and powers of the Secretary.

ARTICLE IV MANAGER

Section 1.

The Board of Directors shall appoint and fix the terms of employment and the compensation of a Manager who may be an individual, a partnership or a New York corporation, but who shall have a principal business office within the State of New York.

Section 2.

The Manager, subject to the direction and control of the Board of Directors, shall have power to arrange the terms and conditions of insurance or reinsurance issued or placed by the Association; to undertake the investigation of any

occurrence which might develop into a claim against a Member; to undertake the investigation and defense of any claim made against a Member with respect to which such Member shall be or may claim to be insured by the Association; to adjust and direct the payment of losses and claims; to employ and discharge counsel, clerks, agents or other assistants required in the conduct of the business of the Association, or for the investigation or defense of claims or lawsuits, and the Manager shall have such other powers and authority as the Board of Directors may delegate.

Section 3.

The Manager, subject to the direction and control of the Board of Directors, shall collect and receive and account for all the monies, funds and securities of the Association; shall keep full and accurate books of account and records of all transactions and of all sums owing to or by the Association and of all receipts and payments made for or by it; and shall have power to sign and to endorse checks in the name of the Association. The books of account and records of the Association shall, at all reasonable times, be open to the inspection of any Director or Member. The Manager shall furnish to the Members at the annual meeting, and to the Board of Directors whenever requested, a statement truly exhibiting the financial condition of the Association.

Section 4.

All contracts of insurance shall be issued by the Manager on behalf of the Association, and the Manager shall have the power to issue certificates for and to execute such contracts in the name of the Association. The rate and amount of premium to be charged on all contracts shall be fixed by the Manager subject to the direction and control of the Board of Directors. Every Certificate of Entry issued

to a Member of the Association shall clearly state whether or not the insurance is mutual or fixed premium insurance. Certificates of Entry evidencing mutual insurance shall contain a clear statement of the liability of the Member for the payment of his proportionate share of any deficiency as provided by law within the limit provided by the contract of insurance, and shall further state that any premiums and calls shall be for the exclusive benefit of Members who are subject to such a contingent liability.

ARTICLE V INDEMNIFICATION

Section 1.

Subject to the laws of the State of New York, every Director and every officer of the Association and the Manager (as defined by Section 2 of this Article) shall be indemnified by the Association against, and it shall be the duty of the Directors to pay out of the funds of the Association, all losses, costs and expenses which any such Director or officer or the Manager may incur or become liable to pay by reason of any contract entered into, or any act or thing done in any other way by him, as such Director or officer or Manager, as the case may be, in carrying out his duties as Director or officer or Manager, respectively.

Section 2.

For the purposes of this Article, "the Manager" means the Manager and all officers, servants and agents of the Manager to whom duties of the Manager have been entrusted.

ARTICLE VI AMENDMENTS TO BY-LAWS

Section 1.

The By-Laws may be amended only by a majority vote of all of the Members who are present in person or by proxy at any annual meeting or other stated meeting or any special meeting duly called for such purpose, except that the Board of Directors may amend the By-Laws as to any provisions which do not impair the Members' rights or enlarge their obligations under insurance policies. No By-Law or amendment or repeal of any By-Law shall be effective unless and until it shall have been approved in writing by the Superintendent of Insurance of the State of New York.

ARTICLE VII EFFECTIVE DATE AND TRANSITION

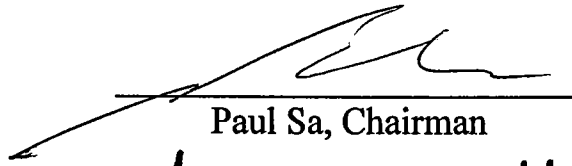
Section 1.

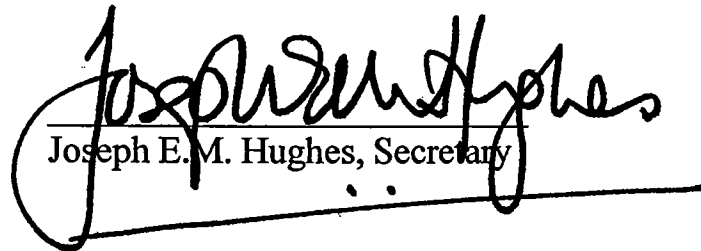
These By-Laws shall become effective and all prior By-Laws of the Association shall become superseded and canceled at Noon, Greenwich Mean Time (GMT), February 20, 2004.

Section 2.

The first policy year under these new By-Laws shall comprise the period from Noon, GMT, February 20, 2004, to Noon, GMT, February 20, 2005, and subsequent policy years shall continue in like fashion thereafter.

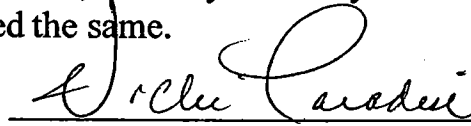
IN WITNESS WHEREOF, we have made, subscribed and acknowledged
this Certificate this 11th day of September, 2003.


Paul Sa, Chairman


Joseph E.M. Hughes, Secretary

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On this 11th day of September, 2003, before me personally came Paul Sa and Joseph E.M. Hughes to me known and known to me to be the persons described in and who executed the foregoing Certificate, and they severally and duly acknowledged to me that they executed the same.


Notary Public

VICKI A. PARADISE
Notary Public, State of New York
No. 24-4836161
Qualified in Nassau County
Commission Expires October 31, 10/31/2005