

# CIRCULAR

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**JANUARY 20, 2004**

**CIRCULAR NO. 2/04**

**TO MEMBERS OF THE ASSOCIATION**

**Dear Member:**

## **US TERRORISM RISK INSURANCE ACT**

Under the terms of the US Terrorism Risk Insurance Act (TRIA), the Club is required – for the second year in succession – to set aside the current exclusion of cover for terrorist acts and provide cover for vessels:

- which fly the US flag; or
- which trade, or may trade, to the United States or within the US Exclusive Economic Zone; or
- which trade to any US mission.

The additional premium for this insurance up to the full limits of Club cover will be \$4.00 million per vessel and this Circular shall be considered the debit note therefore, subject to the remarks contained in the penultimate paragraph below.

Since you should already have cover for terrorist acts, as part of the war risks cover purchased with your Hull and Machinery policies, **and** additional cover up to \$400 million (excess of proper hull value) through your Club entry, you may wish to request reinstatement of the exclusion and leave your existing cover unchanged.

You should be aware that the entire membership, without exception, chose to reinstate the exclusion prior to the 2003/4 renewal last year.

We therefore ask all Members operating vessels falling into any of the above categories who do not wish to have cover under TRIA and pay the additional premium for the 2004/5 policy year, to authorize reinstatement of the exclusion of cover for terrorist acts as soon as possible. The attached form should be completed individually for each vessel/member which may be subject to these circumstances or collectively by a manager on behalf of all.

It should also be noted that if payment of the US \$4.00 million per vessel set out above is not received within 30 days of the date of this Circular, Members shall be deemed to have elected to reinstate the terrorism exclusion and thus to rely on the existing structure of cover for such risks as will continue to apply for 2004.

If any Member has any further questions regarding the foregoing, the Managers will, as always, be pleased to respond.

Yours faithfully,

A handwritten signature in black ink that reads "Joseph E.M. Hughes". The signature is written in a cursive style and is positioned above a horizontal line.

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

Attachment

January 20, 2004

**URGENT NOTICE – US TERRORISM RISK INSURANCE ACT**

***Please complete and return as soon as possible to Fax No: +1-212-847-4599:***

To: The Managers, American Steamship Owners Mutual Protection and Indemnity Association, Inc.

We \_\_\_\_\_ (*Member's name*), the insured member / manager / agent acting on behalf of all vessels / members (*delete as applicable*) entered by us, hereby authorize the Managers of American Steamship Owners Mutual Protection and Indemnity Association, Inc., to reinstate the exclusion of cover for 'any act of terrorism' under Rule 3, Section 1 (1) of the Club's By-Laws & Rules of Class I 2004-2005 with immediate effect, in respect of all vessels entered for our account which are US-flagged or operated within US territorial waters, as allowed under the Terrorism Risk Insurance Act 2002 Section 7 (1).

We understand that reinstatement of this exclusion will not affect the excess War Risks P&I cover provided by the Association, as set out in Circular 2/03 of January 30, 2003.

Signed: \_\_\_\_\_

Position: \_\_\_\_\_ Date: \_\_\_\_\_