



MAY 25, 2010

CIRCULAR NO. 12/10

TO MEMBERS OF THE ASSOCIATION

Dear Member:

**THE SUBMISSION OF CLAIMS REIMBURSEMENT REQUESTS TO THE CLUB:
MEMBER GUIDELINES**

The prompt settlement of Members' requests for claims reimbursements is a cornerstone of Club service. However, such reimbursements are sometimes delayed where the Managers are presented with incomplete supporting documents or information. In such instances, your Managers will normally be in immediate contact with Members to obtain the additional details required. Nevertheless, even where this occurs, the turnaround time for the Club in the processing of Member reimbursements is inevitably, and needlessly, extended.

In order to ensure the swift settlement of reimbursement requests, and to eliminate delays in payment by the Club, your Managers thought it would be helpful to communicate basic guidelines to assist Members in complying with the Club's requirements in this respect.

The guidelines described in the remainder of this Circular are not meant to be exhaustive. They are intended to establish a basic standard for what your Managers require in order to swiftly and properly process a reimbursement request, and what Members should expect will be needed to support such requests.

Accordingly, each request for reimbursement of amounts recoverable under a P&I or FD&D entry with the Club should include, at a minimum, the following items.

1. A covering letter from the Member

Members are asked to submit a covering letter with their claims for reimbursement. This letter should:

- be addressed to the adjuster handling the claim; and
- provide the name of the vessel involved, the American Club claim reference number, basic claim details (if the matter involves an illness, injury or death claim, the full name of the seaman or third party should be provided); and
- contain a breakdown of the amount(s) to be reimbursed; and
- identify the full name of the entity or company which is to receive payment from the Club via wire transfer or check.

2. Supporting documentation and information

Members are asked to attach, in as organized a manner as possible (consistent with the listed order of reimbursable amounts as set out in the covering letter), full and complete copies of all invoices, vouchers, receipts, and other relevant supporting documents reflecting the expenses incurred by the Member in connection with the P&I or FD&D claim in question.

If a Member is seeking reimbursement for the payment of an invoice issued by a law firm, Club correspondent, expert witness/surveyor, or other third party service provider, care should be taken to ensure that, prior to remitting payment for such services, the invoice is in compliance with Club Circular No. 3/05 of February 10, 2005 (addressing invoice requirements for services rendered in conjunction with the handling of claims, etc.).

In the context of stowaway, repatriation, illness, injury or death-related matters, Members are asked to take care to support each and every expense incurred and/or paid through the vessel's local agent, or Club correspondent.

3. Settlement payments, or the satisfaction of judgments or awards

In the context of a request for reimbursement regarding the payment of a settlement, or the satisfaction of a court judgment or arbitration award, Members are asked to provide a full copy of the executed receipt & release/settlement agreement, and/or a copy of the relevant final decision issued by the court or tribunal in question.

4. Proofs of payment

As an indemnity insurer, the American Club is obliged to require full and proper proof that payments for which reimbursement is being requested have already been discharged by the Member prior to the authorization of reimbursement to the Member by the Club.

Accordingly, proper proof of payment by the Member must be provided with any request for reimbursement. Examples of such sufficient or acceptable proof of payment include the following:

- wire transfer or SWIFT confirmations from the Member's bank; or
- cancelled check(s), including the front and back faces thereof, indicating the bank's cashing/processing of same; or
- subject to prior agreement with the Managers, such proof of payment deemed acceptable under the accounting standards for the State of New York.

Your Managers regret to say that an executed receipt & release alone is insufficient proof of payment.

Again, in the context of stowaway, repatriation, illness, injury or death related matters, Members should make special efforts to include appropriate and accepted proofs of



payment to correlate and correspond to the amount(s) paid to the vessel's local agent or Club correspondent where such payment has taken place.

If a Member fails to comply with the proof of payment guidelines outlined above, the Club must regrettably reserve its right to withhold settlement for such amount or amounts that have not been properly substantiated.

5. Member's banking details

The Member's covering letter to which reference is made above should also specifically identify to whom the reimbursement should be made and provide the designated beneficiary's full name, style, and banking details. The designated recipient of the remittance should also be a named insured on the contract of insurance with the Club (normally, of course, the Certificate of Entry or an Endorsement thereto) to which the claim relates.

6. Exchange rate issues

All Member reimbursements are made by the Club in US Dollars based on the prevailing exchange rate on the date the Member effected payment. If the Member has used funds from a US Dollar bank account to settle an invoice in a foreign currency, the Club should be provided with documentary evidence of the exchange rate used by the Member's relevant bank in that transaction. If such information is not provided, the Club reserves the right to use the prevailing exchange rate for the date on which the Member paid the invoice or settlement in question.

7. Current status of Member's account

As in the context of a request for security, the Member is required to be fully up-to-date and current with respect to all payments of premium and non-premium items due under all applicable policy years. If a Member is not current, the Club reserves the right to withhold payment of any amounts to be reimbursed until all outstanding amounts are settled in full. Finally, the Member, in a reimbursement request, should refrain from offsetting, withholding, or deducting any amounts to be reimbursed against any amounts owed to the Club.

Your Managers hope that these guidelines will assist Members by eliminating confusion as to what is expected of them when they seek settlement of claims-related expenses.

As always, your Managers remain available at any time to discuss questions which Members may have on this subject, or generally.

Yours faithfully,

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