



APRIL 04, 2011

CIRCULAR NO. 15/11

TO MEMBERS OF THE ASSOCIATION

Dear Member:

THE CALIFORNIA BLOCK STOWAGE (CBS) METHOD

It has come to your Managers' attention that some Members have recently been placed under pressure to agree to load steel cargoes using the California Block Stowage (CBS) method.

The CBS method of stowing steel slab cargoes was developed some years ago for the California steel industries' trade between North and South America. It was intended to lower costs through the reduction of cargo handling by stevedores. However, this system of stowage must be carried out under the supervision of those with specialist knowledge of the techniques involved.

The method involves loading semi-finished steel slabs into a free-standing stow. The slabs are loaded fore and aft with minimal dunnage under and between the slabs. The upper tiers of the stow are then bound using steel strapping and metal clips, rather than traditional wire ropes and turnbuckles. The slabs inside the stack essentially remain free-standing. They are held in place only by their own weight, and that of the slabs outside and above them, and by the strapping.

The Club does not recommend the use of the CBS method in circumstances other than the shipping of steel slab cargoes between North and South America.

If any Members find themselves under pressure to agree to the CBS method, they should ensure:

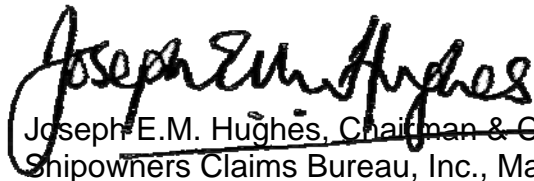
1. That they contact the Managers before agreeing to do so.
2. That the CBS method is only used for loading cargo into "box" shaped holds.
3. That the stow is loaded out to the sides of the hold.
4. That the stow is used only for the trade route for which it was originally intended (see above), and for steel slab cargoes only.
5. That the stow is approved by an experienced third party inspector who has been approved in writing by the Managers.

6. That the Managers are consulted in advance as to wordings or amendments to any draft bill of lading, charter party, letter of indemnity, or other relevant document, in order to best protect the Member's interests.

Further information

For further information, please contact Captain Richard Gayton, Vice President, Principal Surveyor, Survey Compliance Department for Shipowners Claims Bureau, Inc. at tel: +1 212 847 4508, fax: +1 212 847 4596 or surveys@american-club.com, and/or George J. Tsimis, Head of Claims at tel: +1 212 847 4501, fax: +1 212 847 4599 or george.tsimis@american-club.com.

Yours faithfully,

A handwritten signature in black ink that reads "Joseph E.M. Hughes".

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