

APPENDIX A

AMENDMENTS TO THE RULES AND BYE-LAWS

TO BE CONSIDERED BY THE MEMBERS OF THE ASSOCIATION AT THE ANNUAL GENERAL MEETING OF THE ASSOCIATION TO BE HELD IN BERMUDA ON 20th OCTOBER, 2003

RULES

RULE 2, SECTION 10 – COLLISION LIABILITIES

Add a new sub-paragraph (vi) to paragraph B of Section 10, by addition of the words indicated in bold type below:

B Four fourths of the liabilities arising out of the collision for or relating to

i....

.....

vi remuneration paid, pursuant to the Special Compensation P&I Club (SCOPIC) Clause, or any revision thereof, in respect of the salvage of a ship with which the entered ship is in collision.

RULE 2, SECTION 16 – QUARANTINE

Amend Section 16 by addition of the words in bold type below:

Additional expenses incurred by the Owner of an entered ship as a direct consequence of an outbreak, **or the suspicion thereof**, of infectious disease on that ship, including quarantine and disinfection expenses and the net loss to the Owner (over and above such expenses as would have been incurred but for the outbreak) in respect of the cost of fuel, insurance, wages, stores, provisions and port charges.

RULE 5(B) – LIMITATION OF THE ASSOCIATION'S LIABILITY

Delete, wherever they occur within the proviso to Rule 5(B), the following words:

“and/or the Group Excess Reinsurance Policies”.

RULE 5(K) - CLASSIFICATION AND STATUTORY REQUIREMENTS

Add to sub-paragraph (vi) of Rule 5(K) the words indicated in bold type below:

K The Owner must comply with all statutory requirements of the state of the ship's flag relating to the construction, adaptation, condition, fitment, equipment and manning of the entered ship and must at all times maintain the validity of such statutory certificates as are issued by or on behalf of the state of the ship's flag in relation to such requirements and in relation to the International Safety Management (ISM) Code **and the International Ship and Port Facility Security (ISPS) Code.**

EXPLANATORY NOTES

RULE 2, SECTION 10 – COLLISION LIABILITIES

Paragraph B of Rule 10 provides cover for certain collision liabilities normally excluded from the scope of the liabilities insured under the Running Down Clause in a hull policy. The purpose of the additional wording is to ensure that the scope of cover includes liability for remuneration paid under a SCOPIC clause in respect of the salvage of a ship with which the entered ship is in collision, insofar as such liability is excluded from coverage under the entered ship's hull policy.

RULE 2, SECTION 16 – QUARANTINE

The purpose of the proposed amendment is to ensure that if an entered ship is quarantined or disinfected because it is suspected that there is an outbreak of infectious disease onboard, the resulting additional expenses will be recoverable even if the suspicion of disease is found ultimately to be in error.

RULE 5(B) – LIMITATION OF THE ASSOCIATION'S LIABILITY

The proviso to Rule 5(B) provides for certain limitations of the Association's liability to be applied to an aggregate of relevant claims insured by the Association and by any other insurer that is a party to or participates in “the Pooling Agreement and/or the Group Excess Reinsurance Policies”.

As the insurers (Clubs) protected by the Group Excess Reinsurance Policies are all parties to the Pooling Agreement, it suffices to identify them by the latter term alone.

RULE 5(K) - CLASSIFICATION AND STATUTORY REQUIREMENTS

The proposed amendment will oblige the Owner to maintain valid certification in compliance with flag state requirements in respect of the International Ship and Port Facility Security (ISPS) Code.

The Code will come into force on 1st July 2004. Claims arising during a period when the Owner does not maintain valid ISPS Code certification will be recoverable only at the discretion of the Directors.

RULES

RULE 12 – CERTIFICATE OF ENTRY AND ENDORSEMENT SLIP

Add to paragraphs A and B of Rule 12 the words indicated in bold type below:

A As soon as reasonably practical after accepting an application for the entry of a ship for insurance in the Association **and at the commencement of each subsequent policy year during which such entry continues**, the Managers shall issue to the Owner of such ship a Certificate of Entry in such form as may from time to time be prescribed by the Managers but so that such Certificate of Entry shall state the date of the commencement of the period of insurance **or the policy year as the case may be** and the terms and conditions on which the vessel has been accepted for insurance.

B If at any **other** time or from time to time the Managers and the Owner of any ship entered for insurance shall agree to vary the terms relating to the entered ship, the Managers shall, as soon as reasonably practical thereafter, issue to the Owner of such ship an Endorsement Slip stating the terms of such variation and the date from which such variation is to be effective.

BYE-LAWS

BYE-LAW 17 – DIRECTORS

Amend Bye-Law 17 as indicated in bold below:

17 The Directors may delegate any of their powers to committees consisting of two or more of the Directors, **or to an Audit Committee consisting of such Directors or other persons (not being Directors) as the Directors may think appropriate**, but every such committee, **including any Audit Committee**, shall conform to such direction as the Directors shall impose on it.

EXPLANATORY NOTES

RULE 12 – CERTIFICATE OF ENTRY AND ENDORSEMENT SLIP

The Association's past practice in relation to the renewal of a continuing entry of a ship has been to issue an Endorsement Slip, rather than to issue an updated Certificate of Entry. This can cause difficulties if a Member wishes to provide evidence of insurance to regulators or other third parties unfamiliar with the Association's terminology. The purpose of the proposed amendment is to assist Members by a new practice of issuing an updated Certificate of Entry at each renewal, while continuing to use Endorsement Slips only for any variations agreed between renewals.

EXPLANATORY NOTES

BYE-LAW 17 – DIRECTORS

The purpose of the proposed amendment is to ensure that the Board can delegate powers to the Audit Committee which contains independent representatives who are not Directors.