



CIRCULAR

SETTING THE STANDARD FOR SERVICE AND SECURITY

TO ALL MEMBERS

16 December 2010

Dear Sirs

AMENDMENTS TO THE P&I, OFFSHORE AND DEFENCE RULES

This letter and attachments set out proposed amendments to the Association's P&I, Offshore and Defence rules and details of the necessary meetings of members to effect these proposed amendments.

In Appendix A to this letter you will find a notice of a special general meeting of the members of the P&I Class (Class 1) of the Association. This has been called to submit to members amendments to the P&I Rules and the Offshore P&I Rules of the Association. You will find in Appendices B and C details of the proposed amendments together with explanatory notes.

In Appendix D you will find a notice of a special general meeting of the members of the Defence Class (Class 2) of the Association. This has been called to adopt amendments to the Defence Rules of the Association. You will find in Appendix E details of the proposed amendments.

A proxy form for the meeting is enclosed for those who are unable to attend. It is important that the proxy form should be completed correctly and your attention is drawn to the notes at the bottom of the proxy form. A proxy need not be a member but you are reminded that, to be valid, the form, duly completed, must reach the secretary of the Association at the Association's registered office at Burnaby Building, 16 Burnaby Street, Hamilton, Bermuda, not less than 48 hours before the time of the meeting. Completion and return of the proxy form will not prevent you from attending and voting in person if you so wish.

Yours faithfully

Alistair Groom
Chief Executive
Charles Taylor & Co Limited

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The Standard Steamship Owners' Protection and Indemnity Association (Bermuda) Limited

www.standard-club.com

Incorporated in Bermuda No. 01837. Authorised and regulated by the UK Financial Services Authority

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CONSULTING



APPENDIX A

THE STANDARD STEAMSHIP OWNERS' PROTECTION AND INDEMNITY ASSOCIATION (BERMUDA) LIMITED

NOTICE IS HEREBY GIVEN THAT a special general meeting of the members of the P&I Class (Class 1) of the above-named Association will be held at Hotel Le Meurice Hotel, 228 rue de Rivoli, 75001 Paris, on Tuesday, 26 January 2011 at 10.00 am for the purpose of considering and, if thought fit, passing the following Resolutions:

RESOLUTION

THAT, with effect from noon GMT on 20 February 2011, the Rules of the Protection and Indemnity Class of the Association be amended as set out in Appendix B to the letter to the members of the Association dated 16 December 2010.

RESOLUTION

THAT, with effect from noon GMT on 20 February 2011, the Offshore P&I Rules of the Protection and Indemnity Class of the Association be amended as set out in Appendix C to the letter to the members of the Association dated 16 December 2010.

Dated 16 December 2010

By order of the Board

Charles Taylor & Co (Bermuda)
Secretary

Registered Office:
Burnaby Building
16 Burnaby Street
Hamilton
Bermuda

Notes:

1. A member of the Association or a member of the P&I Class entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member.
2. Copies of the Rules and the Offshore Rules of the P&I Class of the Association are available at the company's registered office during normal office hours and at the meeting.



APPENDIX B
P&I CLASS RULES
AMENDMENTS TO THE RULES

1. Directors' power to amend rules to comply with legislation (Extract 1)

This amendment moves the board's ability to amend the rules at any time to comply with any changes in legislation or regulations from the rules themselves to the club's Bye-laws.

2. Scope of cover (Extract 2)

This amendment clarifies that the requirement for managers' approval of contracts and indemnities applies to both owners' and charterers' entries.

3. Value declared on bill of lading (Extract 3)

This amendment reflects a change to the Pooling Agreement and clarifies that the exclusion to cargo cover for ad valorem bills of lading applies to the extent that defences or limitations are lost to the extent such values exceed \$2,500 per piece.

4. Unlawful and hazardous trades (Extract 4)

This amendment clarifies that the exclusion applies to claims arising from an unlawful carriage, trade, voyage or operation.

5. Sanctions (Extract 5)

This amendment clarifies that following sanctionable conduct by the member then the member will not be entitled to recover from the club any liabilities which are not recovered by the club either under the Pooling Agreement or under any reinsurance.

6. Immediate termination (Extract 6)

These amendments clarify that material information includes any change in a ship's operating area or operation generally.

7. Charterer named as joint entrant or co-assured (Extract 7)

This amendment clarifies that a member cannot warrant as to the extent of cover.

8. Cessation of insurance (Extract 8)

This amendment corrects a typographical error.

9. Effect of cessation of insurance (Extract 9)

This amendment corrects a typographical error.

... / ...



Extract 1 Directors' power to amend rules to comply with legislation

Rule 1.7 – Delete Rule and insert as a new Bye-law as appropriate.

Extract 2 Scope of cover

Rule 2.1 – Delete the last sentence and insert new Rule 2.3 as follows:

“Where such liabilities would not have arisen but for the terms of any contract or indemnity, the contract or indemnity must either correspond to any specific requirements set out in rule 3, or have been approved by the managers.”

Rules 2.3 and 2.4 – Renumber as Rules 2.4 and 2.5 respectively.

Extract 3 Value declared on bill of lading

Rule 3.13, Exclusion (13) – Replace the existing wording with:

“goods carried under a document containing or evidencing the contract of carriage where the value per unit, piece or package has been stated to be in excess of US\$2,500, or the equivalent in any other currency, which may deprive the member of the right to rely on defences or rights of limitation which would otherwise have been available to him, to the extent that such liabilities exceed that sum.”

Extract 4 Unlawful and hazardous trades

Rule 4.8 – Replace the existing wording with:

“No claim is recoverable if it arises out of or is consequent upon the ship blockade running or being employed in an unlawful carriage, trade, voyage or operation, or if the board determines that the carriage, trade, voyage or operation was imprudent, unsafe, unduly hazardous or improper.”

Extract 5 Sanctions

Rule 6.22 – Replace the existing wording with:

“The member shall in no circumstances be entitled to recover from the club that part of any liabilities, costs and expenses which is not recovered by the club from parties to the Pooling Agreement and/or under any reinsurance(s) because of a shortfall in recovery from the parties or reinsurers thereunder by reason of any sanction, prohibition or adverse action against them by a state or international organisation or the risk thereof if payment were to be made by such parties or reinsurers. For the purposes of this rule 6.22 “shortfall” includes any failure or delay in recovery by the club by reason of the parties or reinsurers making payment into a designated account in compliance with the requirements of any state or international organisation.”



Extract 6 Immediate termination

Rule 11.2 – Replace the existing wording of the first sentence with:

“The member is obliged to disclose any change in any material information relating to an entry including, but not limited to, change of: management, flag, classification society, nationality of crew, trading or operating area or nature of trade or operation.”

Extract 7 Charterer named as joint entrant or co-assured

Rule 13.13 – Amend the Rule to read as follows:

“a. Unless otherwise agreed by the managers, where a charterer is named as a joint entrant or co-assured, all insured parties, including such charterer, warrant that the charterer is either:

- (1) an affiliated or associated charterer; or*
- (2) has contracted with the member or a joint entrant for the provision of services to or by the ship and that contract has been approved by the managers*

b. Any charterer named as a co-assured in accordance with rule 13.13 a (2) above is only covered for liabilities which are to be borne by the member or other joint entrant under the terms of the relevant contract and would, if borne by the member or that joint entrant, be recoverable by either from the club.”

Extract 8 Cessation of insurance

Rule 17.2 (4) – Insert “; or” at the end of the sub paragraph

Extract 9 Effect of cessation of insurance

Rule 17.6 – Replace the existing reference to “rule 16.5” with “rule 16.4”.



APPENDIX C
STANDARD OFFSHORE P&I CLASS RULES
AMENDMENTS TO THE RULES

1. Directors' power to amend rules to comply with legislation (Extract 1)

This amendment moves the board's ability to amend the rules at any time to comply with any changes in legislation or regulations from the rules themselves to the club's Bye-laws.

2. Scope of cover (Extract 2)

This amendment clarifies that the board will have discretion to determine whether claims arise from one or more events.

3. Pollution fines and pollution from wreck of unit (Extract 3)

This addition imposes a two year time limit, unless the board decides otherwise, in respect of liabilities and fines in respect of pollution emanating from the wreck of the unit. This amendment makes such liabilities subject to the two year time limit applicable to other wreck liabilities.

4. Pollution from subsea systems (Extract 4)

This amendment clarifies that the exclusion in respect of pollution from subsea or subsurface systems does not apply to those systems which are part of the unit as defined.

5. Blow-out and control of well (Extract 5)

These changes confirm the exclusion of liabilities following a blow-out.

6. Wreck removal of drill string (Extract 6)

This amendment clarifies the extent of wreck removal cover in respect of a drill string.

7. Member to indemnify club for payments under CLC or Bunkers Convention which are outside club cover (Extract 7)

These amendments clarify that the club's agreement to make certain payments under CLC or Bunkers Convention certificates is conditional on the member's agreement to indemnify the club to the extent that any such payments are not covered by the club.

8. Unlawful and hazardous trades (Extract 8)

This amendment clarifies that the exclusion applies to claims arising from an unlawful carriage, trade, voyage or operation.

.. / ...



9. Specialist operations, underwater vehicles and divers (Extract 9)

This amendment corrects a typographical error.

10. Downhole equipment (Extract 10)

This amendment clarifies the definition of downhole equipment.

11. Sanctions (Extract 11)

This amendment clarifies that following sanctionable conduct by the member then the member will not be entitled to recover from the club any liabilities which are not recovered by the club under any reinsurance.

12. Immediate termination (Extract 12)

These amendments reflect the terminology used in the offshore industry.

13. Charterer named as joint entrant or co-assured (Extract 13)

This amendment clarifies that a member cannot warrant as to the extent of cover.

14. Premium (Extract 14)

This amendment corrects a typographical error.

15. Definition of unit (Extract 15)

These amendments clarify the definition of the unit for the purpose of club cover.

16. Definition of wellhead (Extract 16)

This amendment clarifies the definition of wellhead.

17. Definition of well control equipment (Extract 17)

This amendment clarifies the definition of well control equipment.



Extract 1 Directors' power to amend rules to comply with legislation

Rule 1.7 – Delete Rule and insert as a new Bye-law as appropriate.

Extract 2 Scope of cover

Rule 2.1 – Add the following to the end of the Rule:

“The board may determine whether claims shall be deemed to have arisen out of one or more events and when such events shall be deemed to have occurred.”

Extract 3 Pollution fines and pollution from wreck of unit

Rule 3.6 – Add the following exclusion to Rules 3.6.4 and 3.6.5:

“Exclusion to rules 3.6.4 and 3.6.5

Unless the board otherwise determines, there shall be no recovery in respect of any liability incurred more than two years after the unit became a wreck.”

Extract 4 Pollution from subsea systems

Rule 3.6 – Amend the exclusions to 3.6 to read as follows:

“Exclusions to rule 3.6

There shall be no recovery in respect of:

...

(2) liabilities including fines and any consequential losses arising therefrom which arise out of:

a) pollution from the hole or well or subsea or subsurface operation in respect of which the unit is employed or utilised other than pollution from the unit and measures taken to avert or minimise such liabilities;

b) subsea or subsurface or underground pollution other than pollution from the unit;

c) the discharge or escape of any substance from any riser, flowline, umbilical, floating hose, buoyancy float or tank or mooring system connected to the unit or out of measures to avert or minimise such liabilities unless such riser, flowline, umbilical, floating hose, buoyancy float or tank or mooring system is part of the unit as defined”

Extract 5 Blow-out and control of well

Rule 3.6 – Delete exclusion (2) d.

Rule 5.11 – Change heading to read “Blow-out and control of well”, delete paragraph (3) and replace with:

“blow-out, cratering, or any other uncontrolled flow, discharge or escape of oil, gas or any other substance from holes, wells or reservoirs including any flow, discharge or escape thereof from the unit.”

.. /...



Extract 6 Wreck removal of drill string

Rule 3.8.3 – Amend the Rule to read as follows:

“Liabilities for or incidental to the raising, removal, destruction, lighting or marking of the drill string, blowout preventer, blowout preventer stack, diverter or marine riser or any part thereof owned or leased by the member which has been lost or deposited on the seabed as a result of a casualty and which is not in or connected to any hole or well.

Exclusion to rule 3.8.3

There shall be no recovery in respect of loss of or damage to any property belonging to or the legal responsibility of any person employing the unit pursuant to any contract and any other party having an owning interest in the concession, prospect or field in respect of which the unit is employed or utilised where the liability arises in connection with a hole or well or subsea or subsurface operation in respect of which the unit is employed or utilised.”

Extract 7 Member to indemnify club for payments under CLC or Bunkers Convention which are outside club cover

Rule 4.4 – Replace the first sentence of this Rule as follows:

“Notwithstanding the exclusions in rule 4.3, 4.7 and 4.8, the club will discharge on behalf of the member liabilities arising under a demand made pursuant to the issue by the club on behalf of the member of:”

Rules 4.6 and 4.7 – Delete these Rules and replace them with new Rules 4.5 and 4.6:

“4.5 The member shall indemnify the club to the extent that any payment under any such guarantee, undertaking or certificate is not recoverable from the club for any reason whatsoever.

4.6 The member agrees that any payment by the club under any such guarantee, undertaking or certificate shall, to the extent of any amount recovered under any policy of insurance or additional cover provided by the club, be by way of loan and there shall be assigned to the club to the extent and on the terms the managers determine to be practicable, all the rights of the member under any other insurance and against any third party.”

Rule 4.5 – Renumber as Rule 4.7.

.. /...



Extract 8 Unlawful and hazardous trades

Rule 4.9 – Replace the existing wording with:

“No claim is recoverable if it arises out of or is consequent upon the unit blockade running or being employed in an unlawful carriage, trade, voyage or operation, or if the board determines that the carriage, trade, voyage or operation was imprudent, unsafe, unduly hazardous or improper.”

Extract 9 Specialist operations, underwater vehicles and divers

Rule 5.9 4 (a) – Replace the “and” at the end of the sub paragraph with “or”.

Extract 10 Downhole property

Rule 5.12 – Replace the existing wording with:

“Any liabilities or losses in respect of loss of or damage to or recovery or replacement of any drill string, casing, tubing, cementing or well intervention or other downhole equipment, whether or not in the sea, which is in or connected to any hole or well in respect of which the unit is employed or utilised or which is owned by the member, and the consequences thereof.”

Extract 11 Sanctions

Rule 6.16 – Replace the existing wording with:

“The member shall in no circumstances be entitled to recover from the club that part of any liabilities, costs and expenses which is not recovered by the club under any reinsurance(s) because of a shortfall in recovery from reinsurers thereunder by reason of any sanction, prohibition or adverse action against them by a state or international organisation or the risk thereof if payment were to be made by such reinsurers. For the purposes of this rule 6.16 “shortfall” includes any failure or delay in recovery by the club by reason of the reinsurers making payment into a designated account in compliance with the requirements of any state or international organisation.”



Extract 12 Immediate termination

Rule 11.2 – Replace the existing wording of the first sentence with:

“The member is obliged to disclose any change in any material information relating to an entry including, but not limited to, change of: management, flag, classification society, nationality of crew, trading or operating area or nature of trade or operation.”

Rule 17.2 (4) – Insert “; or” at the end of the sub paragraph

Rule 17.2 (5) – Replace the existing wording with:

“the unit is employed by the member in a carriage, trade or operation or on a voyage which will thereby in any way howsoever expose the club to the risk of being or becoming subject to any sanction, prohibition or adverse action in any form whatsoever by any state or international organisation, unless the managers shall otherwise determine.”

Extract 13 Charterer named as joint entrant or co-assured

Rule 13.13 – Amend the Rule to read as follows:

“a. Unless otherwise agreed by the managers, where a charterer is named as a joint entrant or co-assured, all insured parties, including such charterer, warrant that the charterer is either:

- (1) an affiliated or associated charterer; or*
- (2) has contracted with the member or a joint entrant for the provision of services to or by the unit and that contract has been approved by the managers*

b. Any charterer named as a co-assured in accordance with rule 13.13 a (2) above is only covered for liabilities which are to be borne by the member or other joint entrant under the terms of the relevant contract and would, if borne by the member or that joint entrant, be recoverable by either from the club.”

Extract 14 Premium

Rule 18.2 – Replace the word “if” with “unless” so that the Rule reads as follows:

“Where, for any reason, a return of premium is due, then unless a member notifies and submits his claim for reimbursement in writing within three months, no allowance or return shall be made unless the managers otherwise determine.”

.. /...



Extract 15 Definition of unit

Rule 23 – Amend the definition of “unit” to read as follows:

*“**The unit:** a mobile offshore production or drilling unit which has been entered in the club for insurance, including the risers, flowlines and umbilicals (provided such risers, flowlines and umbilicals are not separated from the unit by any wellhead or well control equipment), floating hoses, buoyancy floats or tanks and mooring systems, or any other description of unit noted in the certificate of entry, but always excluding any wellhead, well control equipment, downhole equipment, or any part thereof whether or not on board or connected to the unit and any property below the drill floor or rotary table. For the purpose of club cover a drilling unit shall end immediately below the drill floor or rotary table, and any other unit shall end at the unit side of the point of connection with the wellhead or the well control equipment closest to the unit.”*

Extract 16 Definition of wellhead

Rule 23 – Replace the definition of wellhead with the following:

“any wellhead, Christmas Tree, template, flowbase, manifold, or any other wellhead structure, wherever situated.”

Extract 17 Definition of well control equipment

Rule 23 – Replace the definition of well control equipment with the following:

“any blowout preventer, blowout preventer stack, diverter, control device, subsurface isolation valve or any other equipment used for control of well, wherever situated.”



APPENDIX D

THE STANDARD STEAMSHIP OWNERS' PROTECTION AND INDEMNITY ASSOCIATION (BERMUDA) LIMITED

NOTICE IS HEREBY GIVEN THAT a special general meeting of the members of the Defence Class (Class 2) of the above-named Association will be held at Le Meurice Hotel, 228 rue de Rivoli, 75001 Paris on Tuesday, 26 January 2011 at 10.00 am for the purpose of considering and, if thought fit, passing the following Resolution:

RESOLUTION

THAT, with effect from noon GMT on 20 February 2011, the Rules of the Defence Class of the Association be amended as set out in Appendix E to the letter to the members of the Association dated 16 December 2010.

Dated 16 December 2010

By order of the Board

Charles Taylor & Co (Bermuda)
Secretary

Registered Office:
Burnaby Building
16 Burnaby Street
Hamilton
Bermuda

Notes:

1. A member of the Association or a member of the P&I Class entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member.
2. Copies of the Rules of the Defence Class of the Association are available at the company's registered office during normal office hours and at the meeting.



APPENDIX E
DEFENCE CLASS RULES
AMENDMENTS TO THE RULES

1. Exclusion of claim in respect of loss of or damage to the ship (Extract 1)

This amendment confirms that Defence cover only responds in respect of the member's hull deductible and now includes a deeming provision where that deductible does not reach \$100,000.

Extract 1 Exclusion of fees in respect of loss of or damage to the ship

Rule 3.5 – Replace the existing exclusion to Rules 3.4 and 3.5 with:

“The club will only cover a member for costs in relation to a claim within any franchise or deductible under a hull policy if and to the extent that such franchise or deductible does not or is deemed not to exceed US\$100,000 in respect of each incident.”



**THE STANDARD STEAMSHIP OWNERS' PROTECTION AND
INDEMNITY ASSOCIATION (BERMUDA) LIMITED**

Form of Proxy

The undersigned, a member of The Standard Steamship Owners' Protection and Indemnity Association (Bermuda) Limited, hereby appoints the chairman of the meeting or _____ to be the undersigned's proxy in the order named to vote on behalf of the undersigned at the special general meeting of the members of the said company to be held on 26 January 2011, and every adjournment thereof.

FOR	AGAINST	
		The Resolution to amend the Protection and Indemnity Class Rules of the Association
		The Resolution to amend the Protection and Indemnity Class Offshore Rules of the Association

AS WITNESS the hand of the undersigned this _____ day of _____ 201__

FOR (NAME OF MEMBER IN CAPITALS) _____

By _____

(Office) _____

Notes:-

- 1) If you wish any person other than the chairman to act as your proxy, please insert the name of your proxy in the space provided. If no name is inserted you will be deemed to have appointed the chairman of the meeting. A proxy need not be a member.
- 2) Please indicate with an X in the appropriate space how you wish your vote to be cast in respect of the Resolutions. On receipt of this form duly signed but without any specific direction how you wish your vote to be cast, the proxy will vote in favour of the Resolutions.
- 3) In the case of a corporation this form should either be under its seal or be signed by an authorised officer of the corporation, who should state in the line below his office (eg, company secretary, director).
- 4) To be valid at the special general meeting referred to, this form must be completed, signed and deposited with the secretary of the Association, Burnaby Building, 16 Burnaby Street, Hamilton, Bermuda not less than 48 hours before the time of the meeting. Completion and return of this form will not prevent you from attending and voting in person if you so wish.



**THE STANDARD STEAMSHIP OWNERS' PROTECTION AND
INDEMNITY ASSOCIATION (BERMUDA) LIMITED**

Form of Proxy

The undersigned, a member of The Standard Steamship Owners' Protection and Indemnity Association (Bermuda) Limited, hereby appoints the chairman of the meeting or _____ to be the undersigned's proxy in the order named to vote on behalf of the undersigned at the special general meeting of the members of the said company to be held on 26 January 2011, and every adjournment thereof.

FOR	AGAINST	
		The Resolution to amend the Defence Class Rules of the Association

AS WITNESS the hand of the undersigned this _____ day of _____ 201_

FOR (NAME OF MEMBER IN CAPITALS) _____

By _____

(Office) _____

Notes:-

- 1) If you wish any person other than the chairman to act as your proxy, please insert the name of your proxy in the space provided. If no name is inserted you will be deemed to have appointed the chairman of the meeting. A proxy need not be a member.
- 2) Please indicate with an X in the appropriate space how you wish your vote to be cast in respect of the Resolution. On receipt of this form duly signed but without any specific direction how you wish your vote to be cast, the proxy will vote in favour of the Resolution.
- 3) In the case of a corporation this form should either be under its seal or be signed by an authorised officer of the corporation, who should state in the line below his office (eg, company secretary, director).
- 4) To be valid at the special general meeting referred to, this form must be completed, signed and deposited with the secretary of the Association, Burnaby Building, 16 Burnaby Street, Hamilton, Bermuda not less than 48 hours before the time of the meeting. Completion and return of this form will not prevent you from attending and voting in person if you so wish.