



Marine Shipping Mutual
Insurance Company Limited

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CIRCULAR REF: MSMI 2009/004

**CIRCULATED TO ALL MEMBERS, BROKERS AND DIRECTORS
ATTENTION INSURANCE DEPARTMENT**

**MAY 2009
PAJ/JI**

POLICY YEAR 2009/2010

Changes to the Memorandum and Articles of Association

At the Extraordinary General Meeting of Members held on 8 May 2009 the amendments to the Memorandum and Articles of Association as set out in the Notice to Members dated 14 April 2009 were approved.

Rule Changes

Members will be aware of the increased incidences of piracy around the world and in particular off the coast of Somalia and in the Gulf of Aden. It is the view of the Directors that these are risks more appropriately covered by war risks policies and, in light of this increased exposure and, in common with other marine hull and machinery markets, the Directors have decided that, from 1 July 2009, Piracy and Violent Theft will be excluded from the risks covered by the Company, but that Barratry will remain a risk covered by the Company if so required by Members. Members are advised to check with their War Risks provider to ensure that these risks will now be covered under that policy.

In addition, the Directors have noted an anomaly between the effects of rule 22(iv) and rule 29(b). In order to clarify the position, the Directors have decided that rule 29(b) will be deleted.

For the forthcoming policy year, all of these amendments will be incorporated into Member's policy conditions by way of endorsement.

Superintendents Allowance

For the 2009/2010 policy year, the Directors have agreed that the allowance for Member's superintendent's costs will remain at £400 or equivalent per day, in addition to provable expenses.

Ship Values

Members are reminded that they should keep the insured values of their ships under review to ensure that they are appropriately insured and the Managers will request confirmation that values have been reviewed as part of the renewal process.

Laying-up Ships

Members are reminded of the Company's Circular No 2009/003 and the requirements in respect of any entitlement to laid up returns, and in particular, that ships should be laid up in a safe port approved by the Managers. In addition, the Managers must be advised in advance of any ship preparing to leave a period of lay-up as the ship may be required to undergo survey in accordance with the Company's survey requirements.

War Risks Cover

Members are reminded that war risk cover for hull and machinery, increased value and loss of hire is now available from the Company in respect of any Entered Ships. As Piracy and Violent Theft have now been excluded from the marine Hull and Machinery cover provided by the Company, cover for these risks will now be provided by this war risk cover. Those Members who place their war risks insurance elsewhere are advised to check with their brokers or underwriters to ensure that they have cover under that policy.

Renewal 1 July 2009

The Board of Directors have reviewed the overall financial position of the Company which continues to be strong. However MSMI has not been immune from the global economic events of the last 12 months or so, which have impacted on the investment results and the overall financial performance of the Company. Along with most Hull insurers globally, MSMI has experienced poor results, and this coupled with increased requirements from reinsurers, means that in common with other Hull insurers, MSMI will also find it necessary to increase overall premium levels.

The Directors have therefore decided that at the forthcoming renewal, overall premiums should be increased by 15%, and that deductible levels should be increased by 10%. Renewal proposals will be formulated and advised to Members over the next few weeks, at which stage the individual claims experience and the risk profile of Members and their fleets will be assessed.

The Directors are confident that these measures will enhance the financial strength of MSMI and ensure that the Company is well positioned to continue to deliver a quality service to the membership.

Paul Jennings

Deputy Managing Director - North Insurance Management Limited

As Managers on behalf of the Marine Shipping Mutual Insurance Company Limited