

Explanatory Note

Resolutions proposed at MSMI EGM on 22 June 2011

1. Resolution 1 – Approval of North offer

The purpose of this resolution is to enable the Members of MSMI to consider and, if thought fit, approve the offer made by North to acquire MSMI (in run off).

2. Resolution 2 – Initial changes to MSMI Articles of Association

The purpose of Resolution 2 is to make various changes to the Articles of Association of MSMI to ensure that the current Board and Members of MSMI remain in place with the same voting rights following cessation of underwriting by MSMI on 30 June 2011.

These changes are required regardless of whether the North offer is approved. Therefore, if Resolution 2 is passed the MSMI Articles of Association will be amended to incorporate the proposed changes with immediate effect.

A summary of the relevant changes is set out in the table below.

Article	Proposed Amendment	Reason for Amendment
4	<p>Article 4 shall be amended by inserting a new Article 4A, as follows:</p> <p style="color: red;">4A With effect from 00.00 GMT on 1 July 2011 (the “Effective Time”) Article 2 shall cease to have effect and every person who, pursuant to Article 2, is eligible for membership of the Company and is entitled to be recognised as a Member immediately prior to the Effective Time shall (notwithstanding the fact that they no longer insure any ship or reinsure any risks with the Company after the Effective Time):</p> <p style="color: red;">(a) continue to be eligible for membership of the Company; and</p> <p style="color: red;">(b) continue to be entitled to be recognised as a Member; and</p> <p style="color: red;">(c) continue to have the right under Article 6 to nominate any person qualified to be a Director and remove and replace such person as a Director.</p>	<p>This will ensure that the existing Board and Members of MSMI remain in place upon cessation of underwriting by MSMI.</p>
29	<p>Article 29 shall be amended as highlighted in red:</p> <p>On a show of hands every Member who has entered a ship in the Company and who (being an individual) is present in person or (being a partnership or corporation) is present by a properly appointed representative or proxy not being himself a Member shall have one vote and</p>	<p>This will preserve the current voting rights of the existing MSMI Members upon cessation of underwriting by MSMI.</p>

	on a poll such Member's vote shall be based upon the total insured value of the ship or ships entered by such Member with the Company immediately prior to 00.00 GMT on 1 July 2011.	
41	<p>Article 41 shall be amended as highlighted in red:</p> <p>On a poll the resolution shall be deemed to have been lost unless it be carried by a majority of the insured values of vessels entered immediately prior to 00.00 GMT on 1 July 2011 by Members who are represented at the meeting and entitled to vote on a poll, and the result of such poll shall be deemed to be the resolution of the Company in General Meeting.</p>	This is also necessary to preserve the current voting rights of the existing MSMI Members upon cessation of underwriting by MSMI.
54	<p>Article 54 shall be amended as highlighted in red:</p> <p>Any ultimate loss in respect of the payment of any call or contribution of any ship or ships, together with the costs, charges and expenses incurred by the Company in endeavouring to recover the same, shall be treated as a loss and contributed for accordingly by the Members whose ships or personnel are insured and/or reinsured in the same Fund as the ship or ships or personnel in respect of which ultimate loss is made.</p>	This amendment is necessary to correct a typographical error in this Article.

3. Resolution 3 – Further changes to MSMI Articles of Association

The purpose of Resolution 3 is to provide the Board of MSMI with the ability to make further changes to the MSMI Articles of Association in the event that the North offer is approved and proceeds to completion.

The overall aim of the proposed changes is to provide the Board with the necessary powers to transfer control of MSMI to North by appointing North as the sole member of MSMI.

The proposed changes will only be required if the North offer is approved by the MSMI Members and if MSMI and North enter in to a binding agreement to complete the proposed transaction. Resolution 3 has therefore been drafted so that the relevant changes will not take effect unless and until these two conditions have been fulfilled.

A summary of the relevant changes is set out in the table below.

Article	Proposed Amendment	Reason for Amendment
4	<p>Article 4 shall be amended as highlighted in red:</p> <p>In addition to the persons eligible for membership by virtue of insurance or reinsurance in accordance with the foregoing provisions the Board may admit to membership of the Company any persons who, in the opinion of the Board, it is desirable to admit to membership. Any persons admitted to membership under the provisions of this Article shall not be entitled to vote at any General Meeting of the Company.</p>	<p>This will ensure that North shall have the ability to vote at general meetings of MSMI once it has been appointed as the sole Member of MSMI.</p>
4A	<p>Article 4A shall be amended as highlighted in red:</p> <p>4A Subject to Article 4D, with effect from 00.00 GMT on 1 July 2011 (the "Effective Time") Article 2 shall cease to have effect and every person who, pursuant to Article 2, is eligible for membership of the Company and is entitled to be recognised as a Member immediately prior to the Effective Time shall (notwithstanding the fact that they no longer insure any ship or reinsure any risks with the Company after the Effective Time):</p> <ul style="list-style-type: none"> (a) continue to be eligible for membership of the Company; and (b) continue to be entitled to be recognised as a Member; and (c) continue to have the right under Article 6 to nominate any person qualified to be a Director and remove and replace such person as a Director; <p>until such time as their membership of the Company is terminated by the Board in accordance with Article 4C.</p>	<p>This will enable the Board to remove the existing Members of MSMI upon completion of the proposed transaction.</p>
4	<p>Article 4 shall be amended by inserting a new Article 4B, as follows:</p> <p>4B The Board may admit to membership of the Company any persons who, in the opinion of the Board, it is desirable to admit to membership. Any persons admitted to membership under the provisions of this Article 4B shall be entitled to vote at any General Meeting of the Company.</p>	<p>This provides the Board with the power to appoint North as a Member of MSMI upon completion of the proposed transaction.</p>

4	<p>Article 4 shall be amended by inserting a new Article 4C, as follows:</p> <p>4C The Board may, at its absolute discretion, terminate the membership of any Member or any group of Members at any time.</p>	<p>This provides the Board with the power to remove the existing Members of MSMI upon completion of the proposed transaction.</p>
4	<p>Article 4 shall be amended by inserting a new Article 4D, as follows:</p> <p>4D In the event that the Board terminates the membership of any person who is a Member by virtue of Article 4A:</p> <p>(a) that person shall, for the purposes of Article 4A, cease to be eligible for membership of the Company and shall cease to be entitled to be recognised as a Member; and</p> <p>(b) any person nominated by that Member as a Director pursuant to Article 6 shall, unless he has also been nominated as a Director by any other person who continues to be a Member or if the Board resolves otherwise, cease to be eligible to be a Director and the office of that Director shall be vacated immediately pursuant to Article 12 (e).</p>	<p>This enables the Board to remove the existing Members of MSMI upon completion of the proposed transaction.</p>
6	<p>Article 6 shall be amended by inserting a new Article 6A, as follows:</p> <p>6A Notwithstanding the provisions of Article 6, any person who is willing to act as a Director, and is permitted by law to do so, may be appointed to be a Director by a decision of the Directors. Any Director appointed pursuant to this Article 6A shall not be subject to retirement in accordance with Article 7 from his office as a Director by rotation and shall hold his office as Director until it is vacated pursuant to Article 12.</p>	<p>This enables North to appoint directors to the Board of MSMI once the proposed transaction has completed.</p>
37	<p>Article 37 shall be amended as highlighted in red:</p> <p>37 No business shall be transacted at any General Meeting unless a quorum of Members shall be present at the commencement of such business. Six Members present in person or by proxy shall</p>	<p>This enables North to act as the sole Member of MSMI following completion.</p>

	be a quorum save that, if and for so long as the Company has only one Member, one member present in person or by proxy shall be a quorum.	
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