



JANUARY 29, 2007

CIRCULAR NO. 03/07

TO MEMBERS OF THE ASSOCIATION

Dear Member:

Reference is made to Circular No. 01/07 of January 2, 2007 in which it was noted that the potential limits on cover for passenger and crew claims then being discussed might require that the General Limitations part of Class I, Rule 1, Section 4 be amended or amplified for the 2007 policy year.

In the result, an International Group consensus has emerged to the effect that a limit on cover for such claims will apply with effect from February 20, 2007.

In order not to delay the timely publication of next year's Rule Book, the new limits on cover for claims in respect of passengers and crew will be incorporated in Certificates of Entry for 2007 by way of the following standard endorsement which will apply to all mutual P&I insurances for the forthcoming policy year:

CLAIMS IN RESPECT OF PASSENGERS AND SEAMEN

- I. For the purposes of this endorsement and the provisos it contains, and both notwithstanding and without prejudice to, as the case may be, anything else contained in these Rules, a "Passenger" shall mean a person carried onboard an insured vessel under a contract of carriage or who, with the consent of the carrier, is accompanying a vehicle or live animals covered by a contract for the carriage of goods and a "Seaman" shall mean any other person onboard an insured vessel who is not a Passenger.***

- II. Unless otherwise limited to a lesser sum, the Association's aggregate liability arising under any one Member's entry shall not exceed***
 - (1) in respect of liability to Passengers US\$2,000,000,000 any one accident or occurrence; and***

 - (2) in respect of liability to Passengers and Seamen US\$3,000,000,000 any one accident or occurrence.***

Provided always that:

Where there is more than one Member's entry in respect of the same insured vessel in the Association and/or as provided by any other insurer which participates in the Pooling Agreement

- (a) the aggregate of claims in respect of liability to Passengers recoverable from the Association and/or such***

other insurers shall not exceed US\$2,000,000,000 any accident or occurrence and the liability of the Association shall be limited to such proportion of that sum as the claims recoverable by such persons from the Association bear to the aggregate of all such claims otherwise recoverable from the Association and all such other insurers;

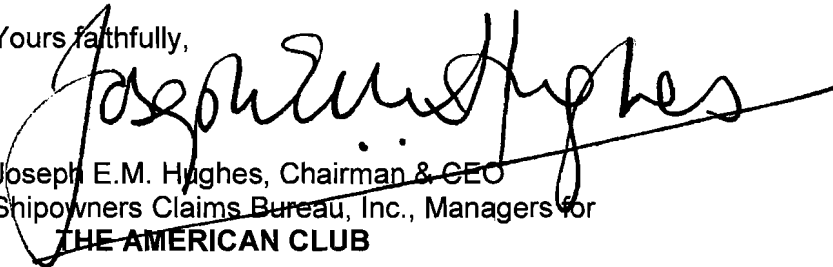
(b) the aggregate of all claims in respect of liability to Passengers and Seamen recoverable from the Association and/or such other insurers shall not exceed US\$3,000,000,000 any one accident or occurrence and the liability of the Association shall be limited:

- (i) where claims in respect of liability to Passengers have been limited to US\$2,000,000,000 in accordance with proviso (a) to such proportion of the balance of US\$1,000,000,000 as the claims recoverable by such persons in respect of liability to Seamen bear to the aggregate of all such claims otherwise recoverable from the Association and all such other insurers; and**
- (ii) in all other cases, to such proportion of US\$3,000,000,000 as the claims recoverable by such persons in respect of liability to Passengers and Seamen bear to the aggregate of all such claims otherwise recoverable from the Association and all such other insurers.**

Members are requested to note their records accordingly.

If there are any further questions in regard to this particular issue or generally, the Managers, of course, will be pleased to respond.

Yours faithfully,



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