



To the Members

July 2009

Dear Sirs,

FINANCIAL UPDATE

At a Board Meeting in Hamburg, on 27th and 28th July 2009, the following developments were reported:

Claims

2008/09 and Prior Years

Overall the years up to and including 2008/09 have continued to develop better than forecast over the first five months of the year, with an improvement of US\$15.3 million in projected net claims, including a reduction of US\$1.8 million in the Club's projected contributions to the Pool for 2008/09.

2009/10 Policy Year

After only five months, it is too early to predict with any accuracy the likely outcome of the current year. On the basis of gross owned claims reported up to 20th July, the number of claims, in the layer up to US\$250,000, appears to be developing a little better than projected and the average size of such claims is currently significantly below that applying in 2008/09 at the same stage. The total value of the claims estimated in excess of US\$250,000 notified to the Club in the first five months is slightly ahead of the level experienced in 2008/09, on a tonnage weighted basis. This is in part attributable to the Club being notified of its first claim, estimated in excess of US\$7 million, for two years.

Investments

With no significant equity exposure remaining, the combined investment portfolio has largely been unaffected by the gyrations of the world equity markets, returning slightly in excess of 3.0% over the first five months of the year. At this stage, bearing in mind the prevailing levels of political and economic uncertainty, the Directors are of the view that it is not possible to make any reliable prediction of the level of investment return to be expected for the year as a whole.

Tonnage

The Directors were pleased to note the continued organic growth in the Association's owned entry which has increased, net of disposals, by 1.5 million GT since the renewal.

Class 1 Mutual Premium

2006/07 Policy Year

The 12.5% Additional Premium levied in respect of the 2006/07 policy year was debited on 20th May;

2007/08 Policy Year

The first instalment of Additional Premium of 7% will be debited on 20th August 2009;

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THE STEAMSHIP MUTUAL UNDERWRITING ASSOCIATION LIMITED
Authorised and Regulated by the United Kingdom Financial Services Authority
(Registered No. 105461 : FSA registration number 202548)

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2008/09 Policy Year

The first instalment of Additional Premium of 10% will be debited on 20th August 2009;

2009/10 Policy Year

The third instalment of Mutual Premium of 25% will be debited on 20th August 2009 in the normal way.

Managers

Following the appointment of Mr Gary Rynsard as Chief Executive Officer of Steamship Insurance Management Services Limited (SIMSL), with effect from 20th August 2009:

- a) Mr Stephen Martin will become the Chief Operating Officer of SIMSL;
- b) Mr Colin Williams will become both overall Head of Claims and Head of the Americas Syndicate;
- c) Mr David Christie will become Head of the Eastern Syndicate; and
- d) Mr Rajeev Philip will become Head of Claims for the Eastern Syndicate.

The Directors wish them well in their new roles.

Yours faithfully,

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