



STEAMSHIP MUTUAL

To the Members

July 2011

Dear Sirs,

FINANCIAL UPDATE

At a Board Meeting in Stockholm, Sweden on 25th and 26th July 2011 the following developments were reported:

Tonnage

The Directors were pleased to note the continued growth in the Association's owned entry, 3.1 million tons in the period 20th February to 20th July 2011.

Claims

2011/12 Policy Year

On the basis of gross owned claims reported to date, the number and average size of claims in the layer up to US\$250,000 are both similar to the levels seen in the 2010/11 year. The number of claims estimated in excess of US\$250,000, whilst similar to that of the last three years, includes more in excess of US\$1 million. These larger claims have occurred in the more volatile FFO and pollution categories, and after only five months are not yet indicative of any trend.

2010/11 and Prior Years

Although the 2010/11 year has seen an improvement over the first five months of the year the overall development of prior year claims is higher than forecast. Increased estimates on a relatively small number of claims in older years have affected the projection for ultimate claims in subsequent years. This result is unusual and although it represents the experience of only one quarter, serves as a reminder of the inherent volatility of P&I claims.

Investments

Prospects for global economic recovery appear to have dampened in recent months with higher commodity prices weakening consumer demand and threatening inflation. Fears of a sovereign default in the Eurozone persist despite measures taken by European leaders to address the immediate liquidity issues of some countries. The combined portfolio of the Club and Trust has recorded an overall return of 2.3% for the year to date, slightly above the return achieved in the equivalent period last year.

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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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**Class 1 Mutual Premium
2011/12 Policy Year**

The third instalment of Mutual Premium of 25% will be debited on 20th August 2011 in the normal way.

Yours faithfully,

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