



THE STEAMSHIP MUTUAL
UNDERWRITING ASSOCIATION LIMITED

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To the Members

February 2005

Dear Sirs,

International Group Reinsurances - Policy Year 2005/6

Excess Loss Renewal

The renewal of the International Group's Excess Loss Contract has been negotiated with the same limits and excess points as for the expiring year, and with no change in the overall premium. The Group will continue to retain a 25% coinsurance of the first layer of the contract, from US\$50m to US\$550m each claim. This retention and the top layer of the Pool, from US\$20m to US\$50m each claim, will be reinsured into the Group captive, Hydra Insurance Co. Ltd., with effect from 20th February 2005. All these elements, together with the premium for the Club Excess cover for War Risks (see below) will be consolidated, as they have been for the current year, and the relevant rates are set out below:

DIRTY TANKERS	US\$	0.6385	PER G.T.
CLEAN TANKERS	US\$	0.3041	PER G.T.
DRY CARGO VESSELS	US\$	0.2677	PER G.T.
PASSENGER VESSELS	US\$	0.7476	PER G.T.

US Oil Pollution Surcharge

The system of surcharges for voyages by tankers carrying persistent oil cargoes to the United States will continue. However, the rates of surcharge for such voyages will reduce by 7.5%.

War Risks

War risks remain excluded from regular cover provided under the Rules, but the Club will continue to provide a special extension of cover for War Risks in excess of the War Risk P&I cover provided in most Hull and Machinery War Risk policies. The limit of this cover will increase from US\$400m to US\$500m each vessel any one event. Apart from a small amendment to the "bio-chem" exclusion within the cover, and the phasing out of the special terms relating to the Athens Olympics, the terms are otherwise unchanged.

Bio-Chem Pool

The limit of the supplementary pooled cover for a restricted range of risks covered by the "Bio-chem exclusion" in War Risk policies (see Club Circular L.12) will increase from US\$20m to US\$30m any one event each vessel.

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Charterers' Cover

The reinsurance provided for charterers through the International Group Pool has so far been subject to an overall limit based upon US\$50m in excess of owner's limitation. With effect from 20th February 2005, the limit for charterers' P&I will be a simple US\$350m any one entry any one vessel arising out of any one event. There will be no separate limit in respect of oil pollution. In the rare cases where a charterer affiliated to an owner is entered as a co-assured on that owner's Certificate, the cover will be limited to owner's limitation subject to a maximum of US\$1,000m for claims in respect of oil pollution and US\$300m in respect of other claims. Cover provided to charterers under the Club's Special Chartered Entry terms will not be affected by the above changes.

Yours faithfully,

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