



STEAMSHIP MUTUAL

To the Members

January 2013

Dear Sirs,

FINANCIAL UPDATE

At a Board Meeting in Houston, USA on 28th and 29th January 2013 the Directors reviewed a number of matters including the financial position of the Club and they have asked the Managers to bring the Members up to date with developments.

Combined owned entered tonnage rose by a net total of 3.3 million tons to 65.6 million tons in the period 20th February 2012 to 20th January 2013.

At the 11 month stage of the 2012/13 policy year attritional claims, those below US\$250,000, are lower in number but remain 12% higher in average value than at the same point last year. The number of larger claims is lower than the two most recent years' experience but the average severity is 37% higher. As at 20th January there were 14 claims notified by Clubs to the International Group Pool, including two from the Association.

Prior year claims have continued to develop in line with the Board's expectations and a modest release is expected at year end.

The combined total return on the Trust and Clubs' investments for the 11 months to 20th January stood at US\$27.2 million, equivalent to a return of 3.0%, so that as indicated in the Pre Renewal report it is expected that free reserves will be similar to the level at the beginning of the year.

Standard & Poor's affirmed the Clubs' financial strength rating of A- with a stable outlook on 20th December.

Yours faithfully,

THE STEAMSHIP MUTUAL UNDERWRITING
ASSOCIATION (BERMUDA) LIMITED

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Authorised and Regulated by the Bermuda Monetary Authority and the United Kingdom Financial Services Authority
(FSA registration number 202762)

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