



STEAMSHIP MUTUAL

To the Members

July 2007

Dear Sirs,

FINANCIAL UPDATE

At a Board Meeting in Seattle on 23rd and 24th July 2007 the following developments were reported:

Claims

2006/07 and Prior Years

Overall the years up to and including 2006/07 have continued to develop better than forecast over the first five months of the year, with a net improvement of US\$ 13.1 million, despite an increase of US\$ 6.0 million in the Club's projected contributions to the Pool for 2006/07.

2007/08 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 to date, attritional claims in the layer up to US\$ 250,000 appear to be developing in line with projections. The Club has experienced a significant reduction in the number and value of claims estimated in excess of US\$ 250,000 notified in the first five months of the year when compared to 2006/07 at the same stage. These larger claims continue to follow no detectable pattern.

Tonnage

The Directors were pleased to note the continued organic growth in the Association's owned entry which has increased, net of disposals, by 2.0 million GT since the renewal.

Mutual Premium

2005/06 Policy Year - Class 2 – FD&D

The deferred instalment of 20% will be debited on 20th August 2007 in the normal way;

There are no other deferred instalments of Mutual Premium outstanding for any policy year.

2007/08 Policy Year - Class 1 – P&I

The third instalment of Mutual Premium of 25% will be debited on 20th August 2007 in the normal way.

Yours faithfully,

THE STEAMSHIP MUTUAL UNDERWRITING
ASSOCIATION LIMITED

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