



CIRCULAR

SETTING THE STANDARD FOR SERVICE AND SECURITY

TO ALL MEMBERS

11 October 2010

Dear Sirs

FINANCIAL POSITION OPEN POLICY YEARS RENEWAL 2011

The board reviewed the club's financial position, the open policy years and the requirements for the 2011 renewal at its meeting on 8 October.

FINANCIAL POSITION

At 20 August 2010, free reserves were projected to be \$277m, up from \$243m at 20 February this year. This increase reflects positive results from both underwriting and investments.

OPEN POLICY YEARS

P&I CLASS

Claims in all open policy years remain in line with expectations and no call in addition to the Estimated Total Premium is expected.

The board reviewed the level of release calls for the open policy years and determined that the rates should be: 5% for 2008/09, 10% for 2009/10 and 15% for 2010/11.

DEFENCE CLASS

Claims in all open policy years remain in line with expectations and no call in addition to the Estimated Total Premium is expected.

The board determined that the release calls for all open policy years should be 10%.

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The Standard Steamship Owners' Protection and Indemnity Association (Bermuda) Limited

www.standard-club.com

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CHARLES TAYLOR
CONSULTING



RENEWAL 20 FEBRUARY 2011

P&I CLASS

The board also reviewed the club's premium requirements for the 2011/12 policy year.

As explained above, the club's finances are in good shape. However, while the general level of claims is within expectations, large claims continue to increase in cost. In addition, investment conditions remain uncertain.

The board is keen to ensure that the club maintains its financial strength so that it can continue to provide the stability which it has provided to members to date. Accordingly, the board has determined that there will be a 3.5% general increase in premium rates. As in previous years, members with adverse records should expect to see their premiums further increased and rates will also be adjusted for any increase in the International Group's general excess loss reinsurance programme.

The board continues to believe that deductibles are too low in many cases, and deductibles below \$10,000 will be increased by \$1,000.

DEFENCE CLASS

Claims have moderated from their high levels of the last two years, but activity is still high. The board determined that there will also be an increase of 3.5% in Defence class call rates.

A further update will be issued in due course in relation to other renewal matters, such as any possible changes in relation to the club's reinsurances, war and terrorism risks, US voyage surcharges for tankers and limits on cover.

Yours faithfully

Alistair Groom
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