



STEAMSHIP MUTUAL

To the Members

August 2008

Dear Sirs,

FINANCIAL UPDATE

At a Board Meeting in Copenhagen on 28th and 29th July 2008 the following developments were reported:

Claims

2007/08 and Prior Years

Overall the years up to and including 2007/08 have continued to develop better than forecast over the first five months of the year, with an improvement of US\$10.2 million in projected net claims, despite a further increase of US\$1.0 million in the Club's projected contributions to the Pool for 2006/07.

2008/09 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, the number of claims, in the layer up to US\$250,000, appears to be developing in line with projections. However the average size of such claims continues to increase in line with inflationary pressures. The total value of the claims estimated in excess of US\$250,000 notified to the Club in the first five months is midway between the experience of 2006/07 and 2007/08 at the same stage and such claims continue to follow no detectable pattern. As yet no Club has notified any claim, estimated in excess of US\$7 million, to the Pool.

Investments

Fall out from the credit crisis and the threat of rising inflation, driven by weakening economic growth and rising commodity prices, has undermined investor confidence and made the outlook highly uncertain. At this stage, the Directors are of the view that it is not possible to make any reliable prediction of the level of investment return to be expected for the year as a whole.

Tonnage

The Directors were pleased to note the continued organic growth in the Association's owned entry which has increased, net of disposals, by 2.4 million GT since the renewal.

Mutual Premium

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

2008/09 Policy Year - Class 1 – P&I

The third instalment of Mutual Premium of 25% will be debited on 20th August 2008 in the normal way.

Yours faithfully,

THE STEAMSHIP MUTUAL UNDERWRITING
ASSOCIATION (BERMUDA) LIMITED

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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
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