



STEAMSHIP MUTUAL

To the Members

July 2010

Dear Sirs,

FINANCIAL UPDATE

At a Board Meeting in County Wicklow, Ireland on 26th and 27th July 2010 the following developments were reported:

Claims

2009/10 and Prior Years

The overall development of prior year claims over the first five months of the year continues to be better than forecast, with an improvement of US\$11.0 million in projected net claims.

2010/11 Policy Year

After only five months, there is considerable scope for volatility in the claims for the current policy year so the Directors have continued to take a prudent approach to forecasting the IBNR reserve at this stage of the year. On the basis of gross owned claims reported to date, the number and average size of claims in the layer up to US\$250,000 have both reverted to the levels seen in the 2008/09 year, in contrast to a much lower experience in the 2009/10 year at the same stage. This is balanced by the total value of claims estimated in excess of US\$250,000 notified to the Club in the first five months being well below the level experienced in 2009/10, on a tonnage weighted basis.

Investments

In recent months investment markets have been troubled by increased fears of a double-dip recession, risks of sovereign bond defaults in the eurozone and signs that growth in the Chinese economy may be slowing. The combined portfolio of the Club and Trust, which comprises a high quality bond portfolio matching claims liabilities, and a surplus portfolio which is being implemented in line with the risk appetite of the Club, has stood up well to these challenges recording an overall return of 2.1% for the year to date. With interest rates likely to remain low for an extended period and the potential for short term movements in response to the many issues facing markets, the return for the remainder of the year is highly uncertain.

Tonnage

The Directors were pleased to note the continued growth in the Association's owned entry, 2.6 million tons in the period 20th February to 20th July 2010 which has comfortably exceeded the Board's business strategy target at this stage of the year.

B.520

THE STEAMSHIP MUTUAL UNDERWRITING ASSOCIATION (BERMUDA) LIMITED

Registered Office: Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda

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

MANAGERS: STEAMSHIP MUTUAL MANAGEMENT (BERMUDA) LIMITED

WASHINGTON MALL I, PO BOX HM 447, HAMILTON HM BX, BERMUDA

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Class 1 Mutual Premium

2007/08 Policy Year

The second instalment of Additional Premium of 7% was debited on 20th May 2010;

2008/09 Policy Year

The second instalment of Additional Premium of 10% will be debited on 20th August 2010;

2010/11 Policy Year

The third instalment of Mutual Premium of 25% will be debited on 20th August 2010 in the normal way.

Yours faithfully,

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