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TO THE MEMBERS

Ref: 2007/4

November, 2007

Dear Sirs,

**THE ASSOCIATION'S CALL
FOR THE YEAR 20TH FEBRUARY 2008/09**

At their meeting on 8th November, 2007, the Directors reviewed the Association's finances and premium requirements for the 2008/9 policy year.

The Association continues to be affected by the further weakness of the US Dollar relative to Sterling. As a large proportion of the Association's premium income is received in US Dollars and its claims expenditure is largely in Sterling, this has an effect on the Association's underlying financial position. In November, 2006 the US Dollar was trading in a range of \$1.87-\$1.89 whereas 12 months later the US\$/£ exchange rate currently trades in the order of \$2.10.

The Directors are also mindful of the increase in the cost of claims over recent years and that this trend will undoubtedly continue to increase in the future.

With these factors in mind the Board considers that a 10 % General Increase should be applied for the 2008/9 policy year, to each Member's current rating and, if appropriate, a further adjustment made, to take account of the individual Member's record and other relevant underwriting factors.

Yours faithfully,

THOMAS MILLER DEFENCE LTD.

Managers