

**TO THE MEMBERS**

**Ref: 2008/05**

19th November, 2008

Dear Sirs,

**THE ASSOCIATION'S CALL FOR THE YEAR 20TH FEBRUARY, 2009/10**

At their meeting on 6th November, 2008 the Directors considered the Association's premium requirements for the 2009/10 policy year.

The Directors recognise that the shipping markets have entered a period of considerable upheaval. This upheaval has brought with it not only uncertainty but also a significant increase in the number and value of claims. This level of claims has not been seen for many years and is set to continue for the foreseeable future. The turmoil in the financial markets also means little reliance can be placed on investment returns for some period to come.

As a stand-alone provider of FD&D cover the Directors are committed to ensuring that the Association remains financially strong and is comfortably able to meet current and future solvency requirements.

With these factors in mind the Board decided that there should be a General Increase of 12.5% in the coming year. As in previous years the Association's General Increase will be applied 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.

It will also be recalled that given the changes in the Association's cover from 20th February, 2008 the Directors agreed that the Association would meet the costs of Insurance Premium Tax ("IPT") for EEA based Members who might be so affected by these changes to the cover. Given the current market conditions the Directors have agreed that for the 2009/10 policy year the Association will continue to meet this IPT cost. In respect of future years beyond the 2009 policy year the Directors agreed that this would be reviewed at a future meeting of the Board.

Yours faithfully

**THOMAS MILLER DEFENCE LTD**

Managers