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TO THE MEMBERS

Ref: 2011/05

November, 2011

THE ASSOCIATION'S CALL FOR THE YEAR 20TH FEBRUARY, 2012/13

At their meeting on 10th November, 2011 the Directors considered the Association's premium requirements for the 2012/13 policy year.

The Directors place great importance on the continued financial strength of the Association in order to ensure that it is well placed to assist Members with their claims and to meet its increasing regulatory obligations, in particular future capital requirements under Solvency II.

Following the claims experience in recent years, claims remain at a high level both in terms of number and value. Whilst future claims are difficult to predict, given the considerable uncertainty in the shipping markets, it appears unlikely in the short to medium term that the level of claims will abate.

Having taken all of the above in to account, the Board has decided that there should be a General Increase of 5% in the coming year and this will be applied to the premium rating of Members for the 2012 policy year.

It will also be recalled that in light of the changes to the Association's cover from 20th February, 2008 the Directors agreed that the Association would meet the cost of Insurance Premium Tax ("IPT") for EEA based Members who might be affected by these changes. The Directors have agreed that for the 2012/13 policy year the Association will continue to meet this IPT cost, however Members should be aware that the Directors will be reviewing the position early in the 2012 policy year in order to determine whether and to what extent this should continue in the future.

Yours faithfully

THOMAS MILLER DEFENCE LTD
Managers