

20 October 1998

TO ALL MEMBERS

Dear Sirs

**CLASS 5 PROTECTING & INDEMNITY
ADVANCE, SUPPLEMENTARY AND RELEASE CALLS**

At its meeting in Athens on 14 October 1998, the Committee reached the following decisions, which reflect the Association's continuing satisfactory financial position:

1995/96: The Supplementary Call was levied in August 1996 at 30%, compared with the original forecast of 40%. This Policy Year now shows a small surplus, and the Committee has therefore resolved that the year should be closed without further Call.

In accordance with the Association's usual accounting practice, the liabilities and equivalent assets of the year will be passed to the Closed Year Fund at 20 February 1999, and the surplus will be transferred to the Calls Equalisation Account.

1996/97, 1997/98, and 1998/99:

The Committee reaffirmed the decisions reached at their meeting on 29 April 1998 which were advised in the Association's Circular of 6 May 1998 (5:253):

1996/97: The Supplementary Call was levied in August 1997 at 40%, as originally forecast. No further Supplementary Call is anticipated, and the Release Call rate will remain at 10% until the Policy Year is closed in 1999.

1997/98: The Supplementary Call was levied in August 1998 at 30%, compared with the original forecast of 40%. No further Supplementary Call is anticipated and the Release Call rate will remain at 20%.

1998/99: The Release Call rate will continue at 60% and the Supplementary Call estimate remains at 40%. The Supplementary Call will be reviewed in April 1999.

Policy Year 1999/2000

In October last year the Committee advised that there would be no general increase in Advance Calls for 1998/99. As noted above, the Association is in a strong position financially, and in the Committee's view, the level of reserves is now adequate. However, to avoid any erosion of the Association's financial strength, and recognising that claims costs are rising, the Committee has authorised a general Advance Call increase of 5% for 1999/2000.

The Committee has set the Release Call rate for 1999/2000 at 60%, based on an initial estimated Supplementary Call of 40%.

Yours faithfully
A BILBROUGH & CO LTD
(MANAGERS)