

4 December 2001

TO ALL MEMBERS

Dear Sirs

CALLS – CLASS 5 – PROTECTING & INDEMNITY

Your Committee has reached the following decisions in respect of Calls for the following policy years:

1998/99: The year should be closed without further Call and the surplus transferred to the Closed Year fund.

1999/2000: The Release Call rate should remain at 20%.

2000/01: The Release Call rate should remain at 20%.

2001/02: The Supplementary Call rate should remain at 40%, with the Release Call rate remaining at 60%.

2002/03: Noting that progressive falls in the global investment markets over the last year have led to a decline in the Association's investment returns below the levels originally estimated, and that the Association has suffered a higher incidence of major claims, the Committee consider that an appropriate increase in premium for the 2002/03 policy year is required.

In addition the Committee has noted that the terrorist attacks in the USA on 11 September have led to a dramatic hardening of rates in the reinsurance markets.

The Committee has therefore decided upon a general increase of 27.5% in the Advance Call but that the initially estimated Supplementary Call should remain at 40%, with the Release Call rate at 60%. This increase does not include the increase in cost of the Association's share of the Group's excess loss reinsurance programme which has not yet been determined, but which will also apply.

The Advance and Supplementary Calls will continue to be levied in instalments.

Yours faithfully
A BILBROUGH & CO LTD
(MANAGERS)