

5 November 2003

TO ALL MEMBERS

Dear Sirs

CALLS - CLASS 5 - PROTECTING AND INDEMNITY

The Committee has recently reviewed the position in respect of open years and reached the following decisions:

2000/2001: The year should be closed without further call and the surplus transferred to the Closed Year Fund.

2001/2002: The Release Call rate should remain at 20%.

2002/2003: The Release Call rate should remain at 20%.

2003/2004: The Supplementary Call rate should remain, as originally estimated, at 40% with the Release Call uplift remaining at a further 20% as for all recent years.

The Committee also reached the following decision in respect of the forthcoming **2004/2005** Policy Year:

It considered that despite the modest increase in the Club's reserves which has been achieved, it is important to reduce the risk of erosion in the future. Various forecasts using modelling techniques to project the likely outcome for claims were also considered together with the prevailing uncertainty of future investment returns.

The Committee has therefore authorised a general increase in the Advance Call of 15% for the 2004/05 Policy Year. The estimated Supplementary Call rate has been set at 40% with the Release Call uplift being a further 20%, as for all recent years. Any increase in the cost of the Association's share of the Group's excess loss reinsurance programme, which has not yet been determined, will be applied.

The Committee also decided that the collection of the Advance Call should revert to two instalments, the first being payable at the end of March 2004 and the second on 20 August 2004. The estimated Supplementary Call will be levied on 20 October 2005. However, the Committee determined that for the 2004/05 Policy year and thereafter, the estimated Supplementary Call, as determined at the outset of each year, will be known as the "Deferred Call", thereby more clearly signifying that it represents a part of the Estimated Total Call as originally budgeted.

Yours faithfully
A BILBROUGH & CO LTD
(MANAGERS)