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TO ALL MEMBERS

Dear Sirs

CALLS - CLASS 5 - PROTECTING & INDEMNITY

The Committee has recently reviewed the position in respect of open Policy Years and reached the following decisions in respect of Deferred Calls as follows:

- 2003/2004:** The year shall be closed without further call.
- 2004/2005:** The Deferred Call having been levied, no Additional Call is anticipated.
- 2005/2006:** The estimated Deferred Call having been levied, no Additional Call is anticipated.
- 2006/2007:** The estimated Deferred Call rate shall remain, as originally estimated, at 40% of the Advance Call.

Release Call rates for open years remain unchanged.

The Committee also reached a decision in respect of call requirements for the forthcoming **2007/2008** Policy Year and did so against the following background:

Net incurred claims for the 2005/2006 Policy Year are running at a considerably lower level than in any previous year, principally as a result of the Association not having experienced any individual major claim. The current year is not, however, progressing as favourably, with major claims once again being incurred, although attritional claims are developing normally. In addition, claims brought by other Clubs on the International Group Pool are being reported at a high level.

It is therefore apparent that the Association cannot be complacent about the future cost of claims; and the Committee wishes also to minimise the risk of eroding the existing comfortable position in relation to the requirements of its financial regulator. Accordingly, the Committee has authorised a general increase in Advance Calls of 7.5% for the 2007/2008 Policy Year, before adjustments in respect of individual records. Any adjustment to the cost of the Association's share of the Group's excess loss reinsurance programme, which has not yet been determined, will also be applied.

The estimated Deferred Call for 2007/2008 has been set at 40% of the Advance Call.

Yours faithfully
A BILBROUGH & CO LTD
(MANAGERS)