

13 November 2002

TO ALL MEMBERS

Dear Sirs

CALLS – CLASS 8 – FREIGHT, DEMURRAGE & DEFENCE

The Committee has recently reviewed the position in relation to open years and reached the following decisions:

1999/2000: The year should be closed without further Call and the surplus transferred to the Closed Year fund.

2000/01: No further Calls are anticipated and the Release Call rate should remain at 20%.

2001/02: No further Calls are anticipated and the Release Call rate should remain at 20%.

2002/03: The Supplementary Call rate should remain, as originally estimated, at 30%, with the Release Call rate remaining at 50%.

The Committee also reached the following decision in respect of the forthcoming 2003/04 policy year:

The Association has been able to avoid any general increase in Calls over the past six years, despite the increase in legal costs faced by Members during the same period. Noting that the global investment markets have once again failed to produce the budgeted returns over the last year, the Committee considers that an increase in premium for the 2003/04 policy year is required, in order to reduce the risk of further erosion of reserves.

The Committee has therefore authorised a general increase in Advance Calls of 25%. The estimated Supplementary Call rate has been set at 30%, with the Release Call rate at 50%.

Yours faithfully
A BILBROUGH & CO LTD
(MANAGERS)