



**THE LONDON**  
STEAM-SHIP OWNERS'  
MUTUAL INSURANCE ASSOCIATION LIMITED

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18 November 2005

**TO ALL MEMBERS**

Dear Sirs

**CALLS - CLASS 8 - FREIGHT, DEMURRAGE & DEFENCE**

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

- 2002/2003:** The year shall be closed without further call.
- 2003/2004:** The estimated Supplementary Call having been levied, no further call is anticipated.
- 2004/2005:** The estimated Deferred Call having been levied, no Additional Call is anticipated.
- 2005/2006:** The estimated Deferred Call shall remain, as originally estimated, at 30% 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 **2006/2007** Policy Year and did so against the following background:

Despite the Association's efforts to contain the cost of litigation involving its Members, it grows relentlessly. The primary factors are the continuing upward escalation in lawyers' hourly charging rates, combined with the effect of devaluation of the dollar against sterling, the currency in which most of the cost is incurred.

The Association has been able, over the past decade, to protect Members to a significant degree against the increase in FD&D insurance cost that has occurred generally in this sector, but the Committee considers that it must continue taking measures to safeguard the reserves from erosion by the continuing cost pressures.

The Committee has therefore authorised a general increase in Advance Calls of 15% for the 2006/2007 Policy Year, before any adjustments in respect of individual records.

The estimated Deferred Call rate has been set at 30%.

Yours faithfully  
A BILBROUGH & CO LTD  
(MANAGERS)

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