



THE LONDON
P & I CLUB

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11 November 2010

TO ALL MEMBERS

Dear Sirs

CALLS – Class 5 (P&I) and Class 8 (FD&D) - Open Policy Years and 2011/2012 Policy Year

The Committee has recently reviewed the position in respect of open Policy Years as well as Call requirements for the forthcoming 2011/2012 Policy Year and reached the following decisions:

Class 5 (P&I)

2007/2008: The year shall be closed without further Call.

2008/2009: The Deferred and Additional Calls have been levied as previously advised. No further Call is anticipated. The year will be considered for closure by the Committee in October 2011, in the usual way.

2009/2010: The Deferred Call has been levied as previously advised. No further Call is anticipated. The Release Call has been reduced to 20% of the Advance Call.

2010/2011: Two of the three instalments of the Annual Call have been debited. The final instalment will come due on 20 December 2010, as previously advised.

Release Call rates for open years other than 2009/2010 remain unchanged.

The Committee also reached a decision in respect of Call requirements for the forthcoming **2011/2012** Policy Year and did so against the background of the following indications of development of the current year:

The 2010 Annual Report showed that the Association's financial position had strengthened substantially by the beginning of the current year. In regard to the experience since then, the number of claims has been lower than expected, but several Members suffered large casualties in the first few months of the year, serving to demonstrate that overall claims cost can remain high even when the claim numbers moderate. The subsequent period has been more benign, particularly at the attritional level.

In terms of the membership, the Association's owned mutual tonnage has increased by more than 2m gt during the year so far. The Charterers' CSL portfolio has also increased and the Association's total entry stands at nearly 42m gt.

In regard to investment performance, fixed income holdings remain the dominant asset class in the portfolio managed by the quota share reinsurer in Bermuda, reflecting the Committee's risk appetite and tolerance. The year to date return on the Association's investments and cash stood at 3.8% on 31 August 2010. At the same time, investment conditions remain uncertain and a cautious approach in this area continues to be an important part of the Committee's forward planning.

Against this background, the Committee has authorised a general increase in Annual Call rates for the 2011/2012 Policy Year of 5%, before adjustments in respect of individual records. Any adjustment to the cost of the Association's share of the International Group's excess loss reinsurance programme, which has not yet been determined, will also be applied.

The Release Call rate is set at 15% of the Annual Call.

The Committee also considered the question of Member deductibles and concluded that for many Members they remained too low. Accordingly, the Committee determined that there should be a US\$2,000 increase to all deductibles currently below US\$15,000.

Class 8 (FD&D)

2007/2008: The year shall be closed without further Call.

2008/2009: The Deferred and Additional Calls have been levied as previously advised. No further Call is anticipated. The year will be considered for closure by the Committee in October 2011, in the usual way.

2009/2010: The Deferred Call has been levied as previously advised. No further Call is anticipated. The Release Call has been reduced to 20% of the Advance Call.

2010/2011: Two of the three instalments of the Annual Call have been debited. The final instalment will come due on 20 December 2010, as previously advised.

Release Call rates for open years other than 2009/2010 remain unchanged.

The Committee also reached a decision in respect of Call requirements for the forthcoming **2011/2012** Policy Year. FD&D cases often take a considerable amount of time to develop, so their ultimate cost is not usually known with a reasonable amount of certainty until each year is fairly mature. So although there have been some recent signs of claims moderation following the high levels experienced during the earlier of the open Policy Years, it is too early to say that claims cost has stabilised. As noted above, the Investment outlook remains uncertain. Against this background the Committee has authorised a general increase in Annual Call rates for the 2011/2012 Policy Year of 7.5%.

The Release Call rate is set at 15% of the Annual Call.

Payment Instructions

To assist in tracing and accurately allocating all payments received, Members and brokers are requested to quote debit/credit note numbers and ship names for all items being settled each time funds are remitted to the Association. E-mails should be sent to creditcontrol@londonpandi.com. The Managers can provide, on request, an Excel template for the purpose of explaining remittances that have been made.

It is recommended that payments are made electronically using the correct IBAN, as well as the name, address and SWIFT address of the Association's bank as quoted below:

IBAN: GB73 BARC 2000 0068 1263 22
Name: Barclays Bank PLC
Address: 1 Churchill Place
London
E14 5HP
United Kingdom
SWIFT Address: BARCGB22

Yours faithfully
A BILBROUGH & CO LTD
(MANAGERS)