



All correspondence should be addressed to the Managers

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23 November 2011

TO ALL MEMBERS

Dear Sirs

Class 5 (P&I) and Class 8 (FD&D) Open Policy Years

2012/2013 Policy Year - Calls

The Committee has recently reviewed the position in respect of open Policy Years as well as Call requirements for the forthcoming 2012/2013 Policy Year and reached the following decisions:

Class 5 (P&I)

2008/2009: The year shall be closed without further Call.

2009/2010: The Deferred Call has been levied as previously advised. No further Call is anticipated. The year will be considered for closure by the Committee in October 2012, in the usual way. The Release Call rate remains 20% of the Advance Call.

2010/2011: The three instalments of the Annual Call have been debited. No further Call is anticipated. The Release Call rate remains 15% of the Annual Call.

2011/2012: Two of the three instalments of the Annual Call have been debited. The final instalment will come due on 30 November 2011, as previously advised. The Release Call rate remains 15% of the Annual Call.

The Committee also reached a decision in respect of Call requirements for the forthcoming **2012/2013** Policy Year and did so against the background of the following indications of development in the current year:

Members will be aware from the 2011 Annual Report that the Association's financial position had further strengthened moving into the current year and that planning involves the targeting of a more robust technical performance. In regard to the development of retained claims, although there are signs of increased activity in the US\$100,000-US\$1m band, claims at the attritional and the more expensive ends of the spectrum are running at lower levels than in recent years. At the same time, the cost of Pool claims remains within expectations. However, the longer term trend upwards in liabilities and therefore claims is expected to persist. Members will also appreciate that the potential uncertainties, especially those associated with random, substantial claims, are such that there is scope for the current picture to change significantly before the year end.

In terms of membership, the Association's owned mutual tonnage has increased steadily, by more than 1.5m gt during the year so far. The Charterers' CSL portfolio has also continued to grow and the Association's total entry stands at 44.3m gt. In regard to investments, fixed income holdings remain the dominant asset class in the Association's portfolio. The year to date return on the Association's managed portfolio stood at 1.2% on 31 August. A cautious approach to planning for the part to be played by investment contributions is required in the current uncertain climate.

The depressed market conditions being encountered by Members in many shipping sectors were also considered and, in all the circumstances, the Committee has authorised a general increase in Annual Call rates for the 2012/2013 Policy Year of 5%.

Attention will also be given, as usual, to the adjustment of rating levels for individual Members, where their record and/or exposure to risk requires it.

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 gave further consideration to deductible levels against the background referred to above and determined that there should be a US\$2,000 increase applied to all deductibles currently below US\$15,000.

Class 8 (FD&D)

2008/2009: The year shall be closed without further Call.

2009/2010: The Deferred Call has been levied as previously advised. No further Call is anticipated. The year will be considered for closure by the Committee in October 2012, in the usual way. The Release Call rate remains 20% of the Advance Call.

2010/2011: The three instalments of the Annual Call have been debited. No further Call is anticipated. The Release Call rate remains 15% of the Annual Call.

2011/2012: Two of the three instalments of the Annual Call have been debited. The final instalment will come due on 30 November 2011, as previously advised. The Release Call rate remains 15% of the Annual Call.

The Committee also reached a decision in respect of Call requirements for the forthcoming **2012/2013** Policy Year. Although there were signs of some moderation to the claims cost in the 2010/2011 Policy Year (particularly in comparison to the high levels seen in 2008/2009 and 2009/2010) the year is still developing and there has been an increase in the frequency of claims in the current year. As noted above, the investment outlook is uncertain. Against this background, the Committee has authorised a general increase in Annual Call rates for the 2012/2013 Policy Year of 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)