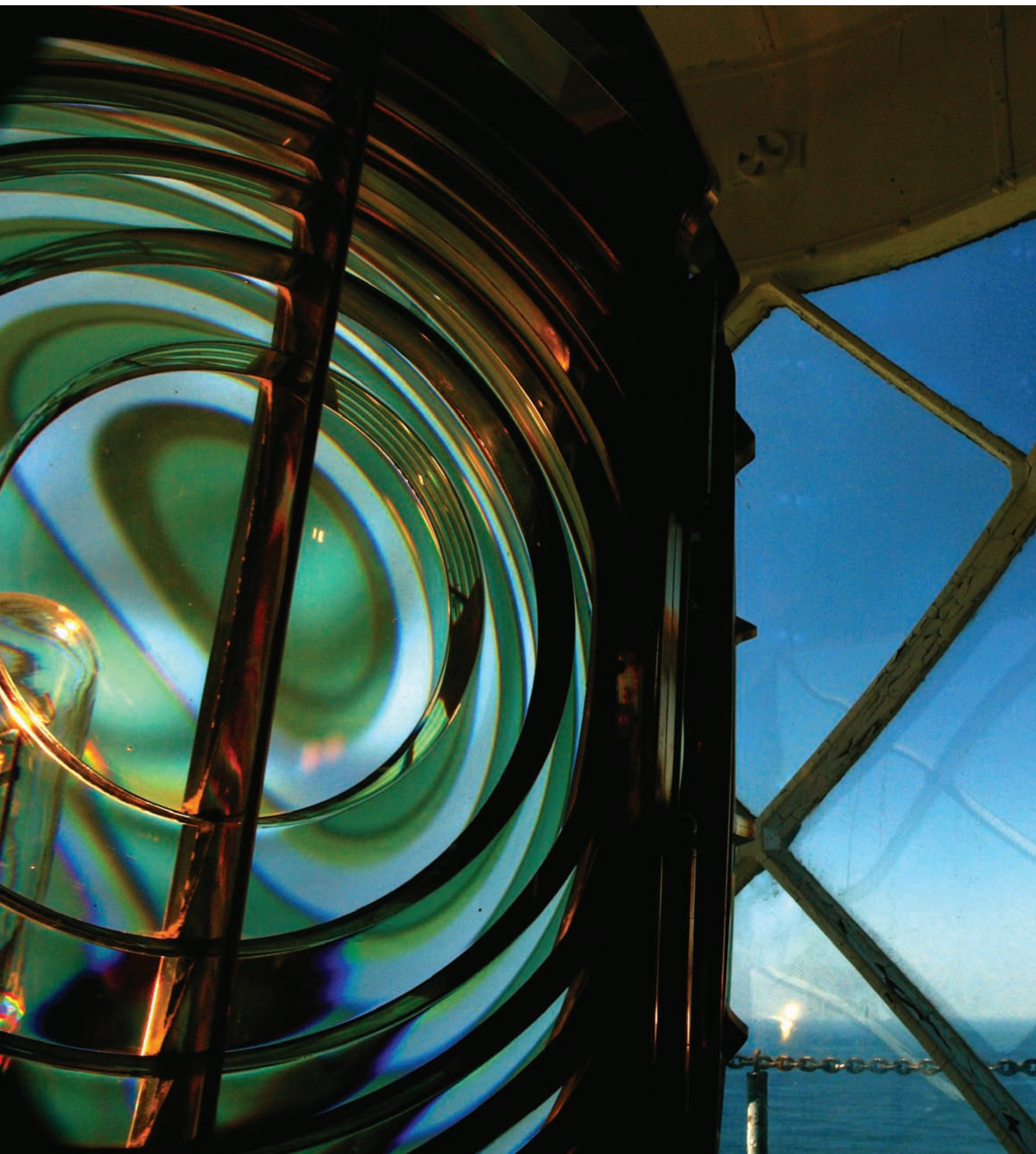
THE AMERICAN CLUB

2010 Annual Report



2010 was a good year for the American Club. Tonnage was stable. Premium rating remained firm. Retained claims declined. Underwriting results continued to improve. Investments performed well. Free reserves grew substantially. Service capabilities were enhanced. A new strategic plan was introduced. Although the business climate remains challenging, the Club is well placed to build upon its past in welcoming the growing opportunities of the future.

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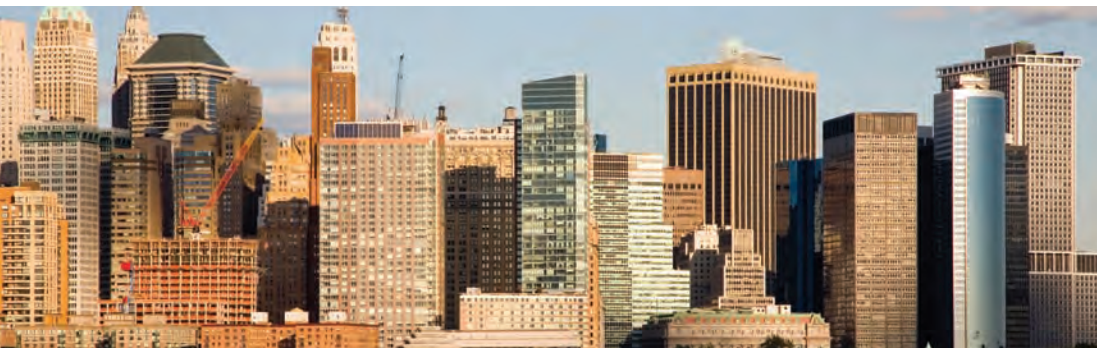
2010 Highlights

- 2010 renewal sees further improvement in fleet risk profile as quality initiatives continue
- Small decline in tonnage is offset by targeted increase in rates and uplift in deductibles
- Tonnage remains stable during the year, rating levels stay firm
- 2007 policy year closed without further call
- Funds under investment grow by 17%: portfolio generates a 7.7% return
- Retained claims emergence for 2010 policy year is exceptionally favorable at early stage
- 2010 Pool claims develop less favorably, but broadly in line with previous years
- ***Partners In Progress*** strategy introduced: establishes vision, mission and plan for continuing success to Club centennial in 2017
- 2% increase in mutual advance calls for P&I risks and 10% for FD&D and fixed premium entries ordered for 2011: forecast supplementary call of 25% as previous year: reinsurance costs conform to expectations
- 2011 sees very small decline in renewing tonnage, but rating levels largely accord with budget
- Free reserves show substantial growth during 2010: year-end statutory and GAAP figures represent new record, the former 50% higher, the latter 32%. Trend continues into first quarter of 2011

Report of the Directors

The Directors of American Steamship Owners Mutual Protection and Indemnity Association, Inc. (the American Club) are pleased to present the Club’s Annual Report and Accounts for the year ended December 31, 2010.



The American Club's principal activity continued to be the insurance of marine Protection and Indemnity and Freight, Demurrage and Defense risks on behalf of its Members, both owners and charterers.

The Annual Meeting of Club Members took place in New York City on June 24, 2010. At that meeting, all the Directors who had presented themselves for re-election were duly re-elected to serve for a further twelve months in accordance with the Club's By-Laws. In addition, the Members elected two further Directors, Mr. Calvin W. S. Cheng of Eastmark Associates, Inc. and Ms. Cigdem Sarioglu Ergut of Sarioglu Shipping & Tourism, Ltd. The re-elected Directors welcomed Mr. Cheng and Ms. Sarioglu to the Board in the expectation of their making a significant contribution to the affairs of the Club over the years ahead.

At the Annual Meeting of the Directors, which took place in succession to that of the Members, Mr. J. Arnold Witte of Donjon Marine Co., Inc. and Mr. Markos K. Marinakis of Marinakis Chartering Inc. were re-elected, respectively, as Chairman and Deputy Chairman of the Board. Mr. Lawrence J. Bowles was re-appointed as General Counsel to the Club and Mr. Joseph E. M. Hughes, Chairman and CEO of the Managers, was re-appointed as Secretary. A full list of the current Directors – and the Secretary – is set out on the inside back cover.

In addition to the Annual Meetings, in conjunction with which a regular meeting of the Board was also held, the Directors met on three further occasions in 2010. Each of the meetings took place in New York, the Directors being of the view, as had been the case in the previous year, that forgoing the customary arrangement of a Board meeting in an overseas location was once again appropriate in order to save costs.

In the course of their meetings, the Directors considered a wide range of matters, including:

- The election of Directors
- Policy year accounts and the closing of relevant years
- The settlement of claims of the Club's Members
- The settlement of International Group of P&I Clubs' Pool claims
- The setting of premium levels for the subsequent policy year
- The monitoring of payments in regard to the settlement of an action seeking a declaratory judgment as to the treatment of unreserved and unreported claims in policy years prior to 1989
- Reinsurance, including developments in the business of the International Group's segregated cell captive reinsurer, Hydra Insurance Company Limited
- Investment policy
- The outcome of renewal negotiations
- The development of the financial position of both closed and open years
- Changes to the Club's Rules
- Reports of the business of the Managers' London, Piraeus and Shanghai offices
- Club publications
- Meetings of managers of the International Group of P&I Clubs and related matters
- Developments in global and national regulations in regard to shipping policy, and the enforcement of other political initiatives

The period under review saw the formal closing of the 2007 policy year, without further call, as of March 31, 2010, the surplus attributable to the year being transferred to the Club's contingency fund in order, inter alia, further to support the Club's overall surplus requirements.

In Club Circular No. 31/10 of November 19, 2010, Members were informed that the forecast call of 25% for the 2010 policy year would be debited as of year-end and made due for payment in two equal installments on July 20 and October 20, 2011.

The release call margin for the 2008 policy year was reduced to 10%, and those for the 2009 and 2010 policy years were maintained at 25%, of the relevant advance calls over and above the then currently estimated total premium for the years in question.

As was also reported last year, it is pleasing to note that no unforecast additional calls were levied for any year during 2010. This reflects the strong recovery of the Club's finances following the fall in the capital markets which started in 2007 and reached its most calamitous stages during the latter half of 2008, and into the early part of 2009.

As recorded elsewhere in this report, funds under investment – and concomitant returns – have grown significantly. Last year it was noted that, although current economic conditions remained fragile, there were nevertheless grounds for cautious optimism that a global recovery was underway, faltering though it would be in many respects.

Against this background, the investment policy adopted by the Club during 2010 conformed to expectations. The Club's commitment to the equities sector (where a gain of 17.3% was obtained) and its continuing reliance upon tax-efficient fixed income securities, meant that an overall return of 7.7% was achieved during the year. Moreover, invested assets grew by some 17% over the period. This is a subject of more detailed comment in the report of the Managers.

The Club continued to benefit from meetings of the Finance and Audit, Claims and Risk Management, and Safety and Environmental Protection Committees. Under the auspices of the latter, further editions of ***Currents*** – the Club's in-house newsletter – were published, and other important initiatives undertaken.

Loss prevention and claims control information was also disseminated through the Club's web-based Member Alert system and through Circulars, of which 37 were issued during the year. They covered a wide range of subjects. In addition, the Club's scheme for Pre-Employment Medical Examinations (PEMEs) was further developed and refined, and its computer based training (CBT) initiative in regard to MARPOL etc. was also expanded.

On the investment front, and as alluded to above, the Finance and Audit Committee kept the Club's strategy under constant review and received reports from the Club's investment advisors to monitor the commitment of the Club's funds. This was of particular importance in light of the fragile and volatile nature of the capital markets over the period.

The investment returns referred to earlier in this report, coupled with excellent claims trends for the 2010 policy year – and continuingly satisfactory results on policy years in general – have assisted the Club in recording record levels of both statutory and GAAP surpluses as of December 31, 2010. Further comment is supplied in the Managers' Report.

The optimism contained in the Directors' reports of the last two years has proved to be justified. This is despite economic and geopolitical uncertainties which continue to cloud the

business outlook. It is hoped that conditions within the global economy will improve. These conditions drive the freight rates upon which Members rely to generate their own prosperity. It is upon that prosperity that the Club itself ultimately depends.

The Claims and Risk Management Committee met on four occasions during 2010 in order to consider claims development on recent policy years, recent court decisions, the development of International Group Pool claims and other related matters. It is pleasing to note a continuing decline in the incidence of claims during the period, even though individual severities remained broadly constant. Indeed, although the year is immature, the level of incurred claims for the Club's own account is about 34% lower as of April 20, 2011 by comparison with the 2009 year at the same stage of development, 2009 at that time itself being the best of the previous five years.

While attritional claims for the Club's own account remained significantly better than that experienced for a number of years, the International Group Pool results have not developed so favorably for 2010 to date. It is hoped that the year will not be as onerous as 2006 and 2007, and would appear at present broadly to be tracking the 2009 emergence.

At the level of routine claims, the extent to which these favorable trends continue remains to be seen. There would appear to be some correlation between a subdued freight market and a lower level of P&I claims, although sharply rising commodity prices may be expected to have a negative effect over the years ahead. This will require close monitoring as time goes on.

As has long been the case, the Claims and Risk Management Committee was also involved in close liaison with the Safety and Environmental Protection Committee and the Managers' underwriting department, as part of a continuing initiative to achieve superior technical results for 2010 and the years beyond.

Indeed, the Club continues to enjoy steadily improving underwriting results on renewed business year-on-year. It is worth noting that independent analysis has shown that the Club has among the best pure underwriting results in the International Group.

At the end of the year, the Managers presented a new strategy for the period down to the Club's centennial in 2017. Entitled ***Partners in Progress***, this reaffirmed the Club's vision and mission for the future, particularly in light of the excellent progress it has made during the recent past. It was informed by careful analysis of the future shape of both the insurance and shipping industries, and contained carefully-defined goals and an action plan to achieve them.

Your Directors recognize that the Club's vision is dependent upon the support of its Members. With that in mind, and knowing that challenges will endure, not only for the American Club but for the industry as a whole, your Directors wish to thank all the Club's Members and its many other friends for their continuing support.

As always, the American Club remains optimistic as to the future. There are many exciting prospects which lie ahead as it continues to build its position at the forefront of the P&I industry.

Report of the Managers

The global economy continued its slow climb out of recession during 2010. It faced challenges along the way. Among these were political instability in several parts of the globe, the persistent problem of sovereign debt, a number of natural catastrophes, and sharply increasing commodity prices.

Against this background, the freight markets were subdued. Although there were signs of recovery in certain trades, others remained under pressure.

Despite the difficult business environment, the American Club enjoyed a favorable 2010, welcoming 2011 with a larger membership, particularly in some strategically important areas for the future, and with much increased free reserves.

The Club's policy of careful risk selection and risk control continues to benefit its Members. This, in combination with favorable investment returns, resulted in the strengthening of the Club's finances as well as the steady consolidation of its tonnage and premium base.

The strategy underlying this progress was reassessed during the period under review. In consequence, and in affirmation and amplification of the aims established in earlier initiatives, a new plan, entitled ***Partners In Progress***, was introduced in late 2010 as a means of guiding the Club's development over the years to its centennial in 2017, and beyond.

Informing, as they do, the new strategy, the opportunities which lie ahead for the American Club have never been more promising.

Entered Tonnage, Underwriting and Reinsurance

The 2010 renewal featured the continuing appraisal of the Club's underwriting portfolio by reference to vessel and management quality. This conformed to a policy of risk selection which has been in effect for several years.

For 2010, the Board ordered that no general increase should apply to expiring advance calls, but that the forecast supplementary call for the year be 25% of relevant advance calls, rather than the 20% estimated for the previous year. This entailed an increase for 2010 of some 4.2% in estimated total premium over 2009. Increases in deductibles and other variations of insurance conditions were also to be applied where appropriate.

The 2010 renewal featured a small gain in tonnage of about 250,000 gross tons. The year-on-year cash increase in premium on renewing business was about 2.5% compared with the target of just over 4%. Nevertheless, as in the case of other renewals, there was some trading of premium increases against higher deductibles and other restrictions in insurance terms. Broadly speaking, therefore, the overall increase as mandated by the Board was accomplished.

During the year, total tonnage entered for Class I (P&I) risks increased by about 3% while that entered for Class II (FD&D) declined by about 8%, a combined reduction of some 1% year-on-year. This was against a background of significant growth during 2009. In particular, the decline in FD&D business during the period is largely attributable to owners' forgoing cover in consideration of premium savings in response to freight market weakness.

At the commencement of the 2011 policy year, the dry bulk sector, at 59% of the total, remains the largest constituency of the Club's entry by reference to tonnage entered for Class I (P&I) risks. This figure compares with 67% of the total a year earlier. General cargo, passenger, container, and RoRo vessels account for 16% of the total (8% a year earlier) while 23% of the total comprises tankers (22% twelve months ago). The tug, barge and small craft sector, at 2%, is now the smallest part of the total by tonnage, but is much larger by reference to premium and unit numbers. The breakdown of Members' tonnage by vessel type is set out in the charts on page 9.

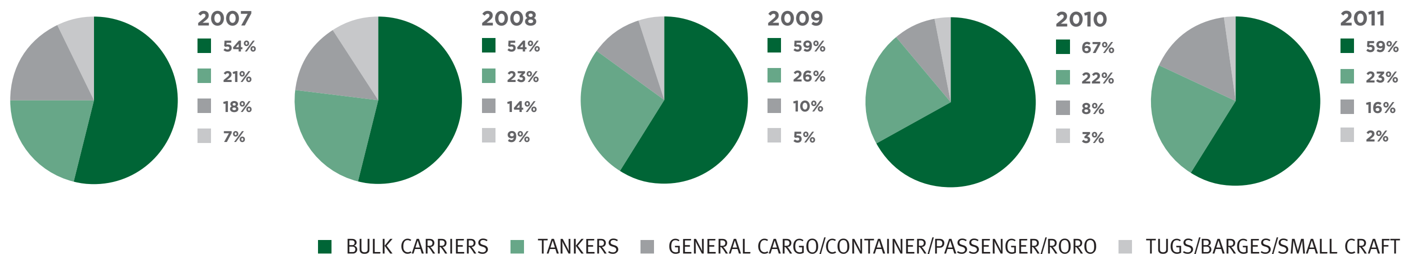
As to domicile of management, Europe remains the largest region by tonnage, at 50% of the total as of February 20, 2011. However, and as was noted last year, there continues to be a significant increase in the proportion of tonnage entered by Asian Members. This rose from 24% at the commencement of 2010 to 33% a year later. The entry of Members from North America – predominantly the United States – has remained relatively constant over the years, the figure for 2011 now being approximately 13% of the total by comparison with 15% a year earlier, with entries from the rest of the world accounting for a further 4%.

The Club's current membership by reference to management domicile is set out on page 11. The proportion of tonnage attributable to owners' and charterers' insurances is set out on page 13.

As was also noted last year, it is encouraging to observe the steadily improving underwriting results of renewed business. During the year to February 20, 2010, the historical loss ratio of premium against claims for the Club's own account on renewed business in the P&I Class improved from 64% to 59%. This trend continued over the subsequent policy year so that, as of February 20, 2011, that figure improved to 57% overall.

For FD&D entries, the figure has improved from 79% to 65% over the last twelve months. Accordingly, on a combined basis, the Club's renewing entries, on a five year "look-back" as of February 20, 2011, enjoy a 54% loss ratio by comparison with 60% a year earlier. This continues to augur well for the future.

Members' Tonnage by Vessel Type



On the reinsurance front, the Club's arrangements during 2010 were broadly unchanged from those of 2009.

Participation in the International Group of P&I Clubs' reinsurance program continued, entailing a retention of $8 million per claim and sharing in the Group Pool for a further $42 million over and above that figure. The lower layer of the Pool remained at $22 million during 2010, the upper tranche (i.e. $20 million excess of $30 million) being reinsured (as has been the case since 2005) by the International Group's Bermuda-based captive, Hydra Insurance Company Limited.

Hydra is a segregated cell captive which reinsures the Group's exposure to claims in the upper layer of the Pool, as well as the 25% vertical co-insurance which the Group retains on the first $500 million of its market protection. Each cell reinsures its respective club for this purpose.

Above the pooling layer, the American Club continued to benefit from the cover afforded by the International Group's commercial reinsurance program. In 2010 its design remained the same as that which had applied during 2009.

For 2011, the arrangements remain substantially the same as those for 2010, with the exception that the upper limit of the Pool, and concomitant attachment point of the International Group's market reinsurance cover, has increased from $50 million to $60 million, reinsurance of the additional layer being ceded into the Hydra arrangements.

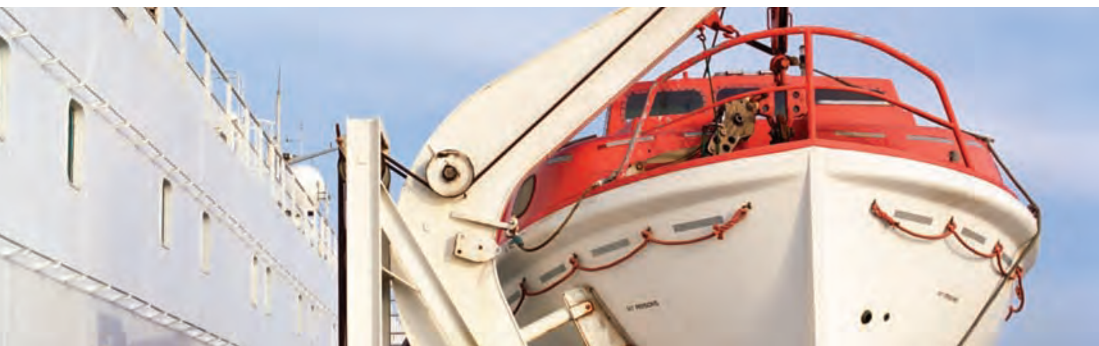
Other than that, and the consequence that the overall ceiling of the Group's market reinsurance cover has increased by a further $10 million, all other arrangements which were in place for 2010 will continue for 2011, including the 25% vertical coinsurance which the Group retains on the first $500 million of its market protection. A schematic of the Group's program is set out on page 13.

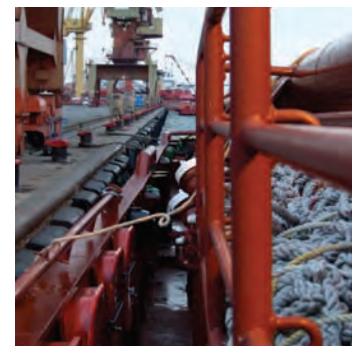
The savings in premium for the International Group's market reinsurance created by these circumstances were passed on directly to Members and varied from a reduction of approximately 8.4% for clean tankers to just over 4% in regard to dry cargo vessels. It should also be noted that the rates for 2011 were favorably affected by an improvement on prior year projected results, particularly as to the outlook for the 2008 to 2010 policy years.

In regard to the Pool, 2009 continues to be less benign than 2008, while 2010 so far appears to be following the pattern of 2009.

As to the protection of the Club's retained exposure, the arrangements for 2010 differed somewhat from those for 2009. Cover was placed 50% with Partner Re and 25% each with Munich Re and Swiss Re. There were different attachment points and AADs in regard to the participants' respective shares, aimed at maximizing cost and cover effectiveness. In the result, the contract price was somewhat lower than that for the previous year, although the Club's absorption increased commensurately.

For 2011, it has proved possible to standardize the attachment point within the retention, although there are small differentials as to AAD absorption. As was the case in 2010, Partner Re has taken a 50% order with syndicates at Lloyd's taking a further 35% and Torus UK the balance of 15%. Bearing in mind a generally lower attachment point, the cost of the insurance has increased, although the Lloyd's and Torus UK placements are subject to a no claims discount. Overall, the program remains competitive and continues to provide a sound basis of protection for the Club.





Finance and Investments

2010 saw the global economy continue its slow recovery. As before, the expansion was patchy and susceptible to a variety of headwinds, including the persistent problem of sovereign debt, although the steady rise of the emerging economies, particularly China, encouraged optimism as to longer term prospects.

Under the influence of continuingly exceptional easing in the United States and elsewhere, interest rates remained at historically low levels, although – with certain exceptions such as Germany – this did little to stimulate employment growth which, together with the housing market, remained a drag on prospects for the developed economies.

Rising commodity prices, notably those of oil and food, also added a negative element to the mix, although this was not a factor appearing to constrain corporate earnings which performed very well over the period and bolstered the outlook for stocks during 2010.

Against this background, the equity markets produced good returns during the year to December 31, 2010. The S&P 500 gained 15%, the DJIA just over 14%, NASDAQ 18% and the EAFE index just over 8%. Although less than that experienced during 2009, the continuing rebound in these indices was encouraging, and the American Club benefited accordingly.

In the fixed income space, the 3-7 year muni index returned some 3.4%, or a little less than half the previous year's gain. Nevertheless, the result was creditable and, given the American Club's significant commitment to this asset class by virtue of its tax effectiveness, this also inured to the Club's benefit.

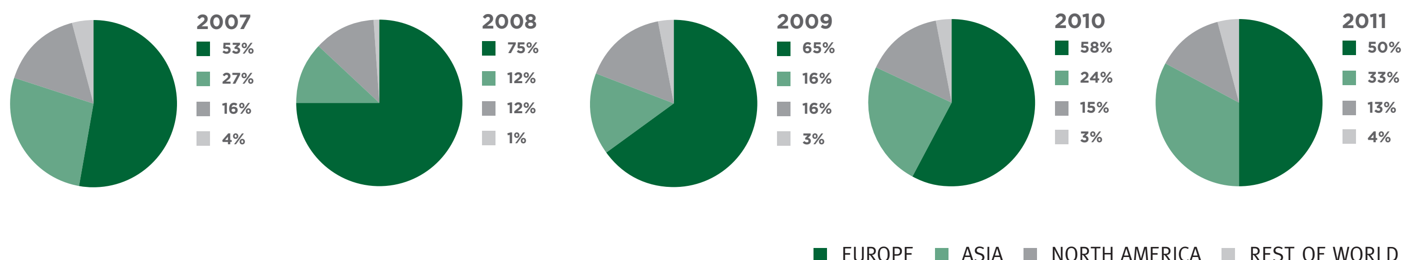
Overall, the Club's portfolio returned just under 7.7% on a combined basis during the twelve months to December 31, 2010. Of this, the fixed income space generated about 2.7% while equities earned 17.3%. In terms of asset allocation, the Club ended 2010 with about 32% in equities, some 62% in fixed income securities and the remainder in cash and cash equivalents. Moreover, total funds under investment grew by some 17% overall during the year.

The markets continue to remain fragile, with particular concern as to the sustainability of the recent rise in equity prices. However, most commentators remain bullish as to the long view, although the risk of some short-term correction remains.

The first quarter of 2011 has shown continuingly favorable development. Despite some pullback in the proportion of assets committed to equities, the Club nonetheless experienced a return of 2.4% overall for the period to March 31, 2011 slightly better than the 2.3% benchmark based on a 30:70 blend of stocks to fixed income securities.

The Club's recent investment results have been a source of strength. They have also contributed to the steady growth of invested funds which, at approximately $240 million, have returned to the level they enjoyed prior to the 2007/2008 crash. As always, they benefit from the close oversight of the Club's investment managers, Finance and Audit Committee and Board.

Members' Tonnage by Management Domicile



Claims

The Club's claims experience during 2010 was very encouraging.

From the perspective of claims for the Club's own account, the 2010 policy year has been most favorable of the past ten years at the twelve-month point of emergence, the total being slightly over $38 million. This figure is $17 million less than 2009, $33 million less than 2008, and $61 million less than 2005 at the same stage.

Significantly, there were only six claims in 2010 that exceeded $1 million, while 98% of all claims fell within the attritional layer of $250,000 or less. This points to a very good retained claims result for the year which, it is hoped, will sustain itself as the year matures.

As is routinely the case, the prevalent claims categories were cargo, collision and injury, illness and death. These collectively accounted for 82% of the Club's total incurred claims by value in 2010.

While the last five policy years have seen a steady decline in the number of cargo incidents per year, 2010 reversed that trend somewhat, with 317 incidents to date, an increase over 2009 (259 incidents) and 2008 (305 incidents). However, and encouragingly, the average cost per claim fell to $28,680. This is the lowest since 2005.

2010 also saw more collision incidents than any of the last six policy years, although the aggregate cost is consistent with prior years. Of the 77 incidents reported in 2010, 14 were open sea collisions, a figure three times larger than in 2009. The remaining 63 involved moored or anchored vessels. These involved low speed impacts and attracted an average cost per incident of $53,500. No American Club-entered vessel, it should be noted, sank due to a collision or otherwise in 2010.

Third party property damage incidents in 2010 were the lowest level since 2005, both in terms of incident count and average cost per incident ($15,885).

There were 401 incidents involving injuries, illnesses and/or death to crew, stevedores or third parties in 2010. This experience is consistent with that of earlier policy years. Such claims, especially those subject to U.S. jurisdiction, remain under close scrutiny, bearing in mind the long period of development which normally accompanies them.

With respect to the Club's Class II, Freight, Demurrage & Defense (FD&D) cover, 2010 featured broadly similar trends to those seen in prior years. The vast majority of FD&D matters in 2010 involved unpaid freight or hire disputes, and vessel performance claims. The Club's total exposure to FD&D claims could fall over time in line with figures seen in policy years 2006 through 2009.

It is expected that the Club will have opened approximately 1,300 claims files (excluding matters opened for precautionary surveys or vessel condition surveys) by the time policy year 2010 is closed. This figure will mirror 2009's count of about 1,300, but will fall far short of figures for 2008 (about 1,500), 2007 (about 1,850), 2006 (about 2,250), and 2005 (about 2,900). These trends are encouraging.

While the Club's experience for its own account in 2010 has been favorable, the same cannot be said, unfortunately, with respect to the claims shared by the International Group of P&I Clubs under the Pooling Agreement to which the American Club is a party.

Major incidents, such as the MSC CHITRA containership collision off Mumbai, the GRAND RODOSI dock damage and collision in Port Lincoln, and the SHEN NENG I grounding and pollution on the Great Barrier Reef, suggest that 2010 will ultimately be a heavy year for the Pool.

Claims cont'd

Five of the last six policy years have entailed high exposures to the Pool with 2006 and 2007 being the heaviest. Likewise, 2010 appears to be following this trend, if not to the same ultimate extent as those two earlier years. It is also worth mentioning that the American Club has not itself experienced a claim in 2010 that will exceed the $8 million pooling threshold.

The American Club continues to commit itself to the provision of timely, innovative, proactive and professional claims service to its Members. The local, real-time effectiveness of the Club's correspondent network around the world is also a vital component of the Club's capabilities.

From the complex personal injury matter in the US, to the unpredictable cargo claim in West Africa, to the collision or casualty in East Asia, the Managers' offices in New York, London, Piraeus and Shanghai each play a vital role in the handling, negotiating, and closing of countless claims matters.

2010 was the third full policy year where all four of these offices have worked together in coordinating efforts to achieve the primary goal of protecting the Club's Members. It is intended that this synergy will grow from strength to strength in the years to come.

Supplementary Calls

The period under review saw the formal closing of the 2007 policy year, without call in excess of recent forecasts, as of March 31, 2010.

The forecast 20% supplementary call for 2009 was levied toward the end of that year and fell due for payment in two equal installments on July 20 and October 20, 2010.

It is gratifying to note that no unforecast additional calls were levied for any year during the course of 2010. This reflects the strong recovery of the Club's finances from the end of 2008, during the closing months of 2009 and, as reported in greater detail elsewhere in this review, during the course of 2010.

Activity within the International Group of P&I Clubs

The American Club continued to play an active role in the affairs of the International Group during the period under review. The range of matters falling within the ambit of the International Group's collective consideration continued to grow during 2010 as, indeed, it has for most of the recent past.

In this connection, the role of the International Group Secretariat is vital in coordinating Group activity on those issues which require the consideration of Group Managers in plenary session, reference to club boards where appropriate, and in regard to the wide range of more routine matters which need the input of the many specialist Group Sub-Committees.

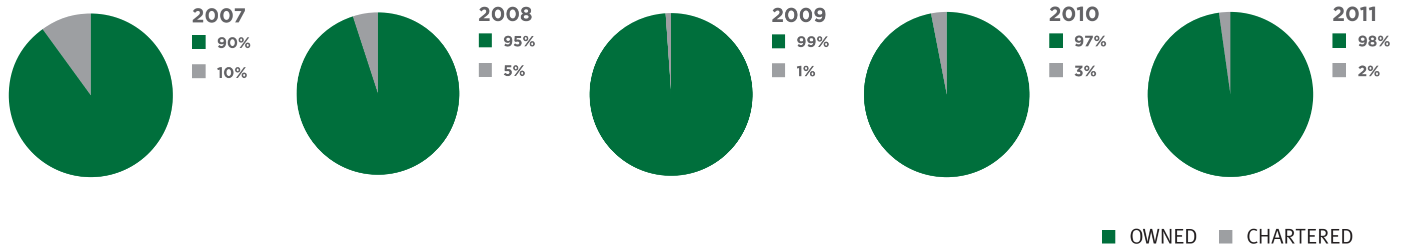
The dominant theme within the Group over the past year has been the investigation of its affairs by the European Commission (in the form of a DGComp case team). Having commenced a formal investigation into the affairs of the Group, particularly as it concerns the charging of release calls and certain elements of the procedure for the transfer of vessels from club to club, the clubs were asked during the period under review to provide answers to an extensive list of questions as to past and current practice. This entailed significant archival support and the preparation of voluminous documentation in support of the answers sought by the Commission.

Much of this was requested – and, in the result, supplied – at the height of the 2011 P&I renewal season and involved the submission of two tranches of information during the course of January 2011.

Happily, all clubs rose to the task, including of course, the American Club. Since that time, or at least at the time of writing, nothing further has been heard from DGComp. Developments were the subject to regular reports to club boards and Members throughout the period, as well as through the International Group's website at www.igpandi.org.

Most recently, the International Group has established a Sub-Committee to consider the ways in which the Group might

Split Between Owned and Chartered Tonnage



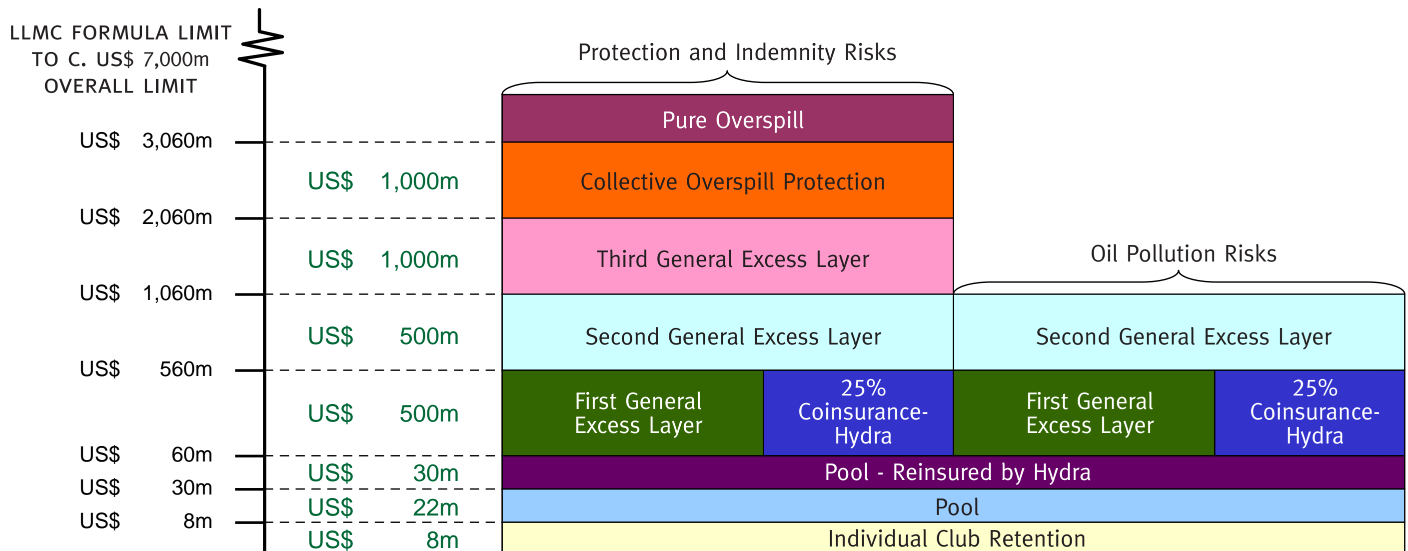
make stakeholders in the maritime industry more aware of its activity and the special benefits which the pooling system and other elements of Group service bring not only to the shipping industry itself but also to victims of maritime accidents. The American Club is represented on this Sub-Committee in which it will take an active role.

The Group continues to take a close interest in a wide variety of operational matters affecting the safety of life and property at sea. Specifically, Circulars were issued in regard to the carriage of nickel ore cargoes and DRI fines during the period. In addition to this, there was also considerable activity in dealing with international oil pollution legislation, particularly new provisions in China and OSRO etc. regulations consequent thereon.

The issue of sanctions, particularly against Iran, generated substantial International Group attention during the year. In addition to new legislation in the United States, being the Comprehensive Iran Sanctions Accountability and Divestment Act of 2010 (CISADA), there was similar legislation introduced within the European Union following United Nations Security Council Resolution 1929 of June 2010. This was subject to extensive comment by both the International Group in general and the American Club in particular. In consequence thereof, new Rules were introduced in respect of CISADA in particular.

Piracy continued to attract the profound concern of the shipping industry and, by extension, of the P&I clubs. The scourge of Somali piracy in a steadily expanding area of the Indian Ocean and the Arabian Sea has engaged Group responses to the problem, and to such matters as the use of armed guards, and the contracts upon which they are employed. These continue under close consideration by the International Group.

International Group of P&I Clubs' Market Reinsurance Program



Safety and Loss Prevention

The development and enhancement of loss prevention initiatives continued to be an American Club priority during 2010.

With respect to surveys, the number of vessel inspections increased by 23% over the course of 2010 by comparison with 2009. A total of 268 surveys were completed during the year. The encouragement of robust technical vessel standards are to the advantage of both individual Members and the American Club in preventing claims. Happily, a widespread spirit of cooperation has led to an increase of 20% in the number of vessels made satisfactory over the period under review.

In September 2010, the Managers completed an analysis of cargo claims attributable to water ingress. Statistics back to 2006, when standardized testing was introduced, were reviewed. The study concluded that, from 2006 to 2010, the number of cargo incidents attributable to water ingress had reduced by 60%. This is significant, given that the overall percentage of the Club's total entry comprising dry bulk carriers increased, over the same period, from 58% to 63%.

The promotion of high standards, and an emphasis on the timely completion of permanent repairs, assisted Members in meeting requisite standards of vessel maintenance and operation. Indeed, the continuing improvement of shipboard standards as tested by the Club is the encouraging result of this policy.

Similarly, the Club's Pre-Employment Medical Examination (PEME) program, begun in 2004, continues to inhibit the development of claims arising from detectible illness among crew. In order to provide more options to Members in 2010, new clinics were added in Cebu, the Philippines; Novorossiysk, Rostov-on-Don and Vladivostok, Russia; and Calcutta, Chennai, Cochin and New Delhi, India.

The Club has also continued its development of the computer based training (CBT) facility ***Clean Seas: Complying with MARPOL 73/78*** in cooperation with IDESS Interactive Technologies, Inc. by completing two additional on-line training modules for MARPOL 73/78 Annexes IV (sewage) and V (garbage). The training program ***Stranger on the Bridge*** on bridge resource management under pilotage was also subsumed into this format in 2010.

Workshops were conducted for Members and their technical and crew managers in 2010 in Greece, the Philippines and the United States. Additional seminars were held for Members in Greece and Turkey on hatchcover maintenance in continuation of successful initiatives in 2009.

Circulars, Member Alerts and the mainstay Club publication, ***Currents***, continued as means to disseminate important information to Members. During 2010, articles in ***Currents*** included a focus on Indian maritime affairs, heart ailments in young seafarers, the dangers of enclosed spaces, and dunnage ventilation. Significant legal cases are also highlighted in the publication's "FD&D Corner", a regular feature of ***Currents***.

A Vision for the Future

The American Club is a full service, internationally-diversified mutual offering a range of products, a global reach, a modus operandi, a depth of professional capabilities and a breadth of market engagement equivalent to those of its colleagues elsewhere within the International Group of P&I Clubs of which it is a proud and committed member.

The development of the Club's current industry position can be traced back to the original ***Vision 2000*** strategy adopted by its Board and implemented by its Managers from 1995 onward. Since then, the American Club has undergone great change. Much of this change has been driven by the new dynamics introduced through succeeding strategic plans designed to enable the Club to meet the challenges of the future with growing confidence and energy.

In 2005, some ten years after the introduction of the ***Vision 2000*** strategy, the Club developed new initiatives. These aimed at the consolidation of the progress which had been achieved during the first half of the decade. It was against this background that, for example, the Club strengthened its risk-selection processes and entrenched its growing market presence in Asia through the opening of its Shanghai office in 2007.

In response to the market changes which have taken place over the interim five year period, the Club has developed a new strategy. This was presented to its Board in September last year.

Based on detailed research as to the likely development of the shipping and insurance industries over the next five to ten years, ***Partners in Progress*** articulates a vision for the American Club focused on its centennial in 2017. The vision is that, on celebrating its centennial, the American Club will remain a first-division marine insurer of a size, diversity, global reach, product range and service capability commanding universal respect within the industry. It will be distinguished by a high reputation for professional integrity, financial strength and customer care. It will be supported by transparent and effective corporate governance with a committed and energetic Board working in close and constructive cooperation with a strong and highly motivated management team.

This vision is supported by the ongoing mission of the American Club which is articulated on page 38, following the Financial Report. The accomplishment of the Club's vision will entail hard work and dedication on the part of all those who serve it. The Club will certainly not lack energy and enthusiasm. These form the enduring core of the its outlook. It will, however, and as always, require the continuing support of the Club's Members and its many other friends throughout the world to whom, in closing, the Managers extend their sincere thanks for making 2010 another successful year of American Club service to the maritime community.

7

Financial Report

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INDEPENDENT AUDITORS' REPORT

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To the American Steamship Owners Mutual Protection and Indemnity Association, Inc.

We have audited the accompanying consolidated balance sheets of American Steamship Owners Mutual Protection and Indemnity Association (the "Association") as of December 31, 2010 and 2009, and the related consolidated statements of operations and comprehensive income, changes in members' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the Association as of December 31, 2010 and 2009, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

June 13, 2011

2010 CONSOLIDATED BALANCE SHEETS

IN THOUSANDS	NOTE	DECEMBER 31 2010	2009
ASSETS			
Investments	3	**$ 219,268**	$ 190,600
Cash and cash equivalents		**33,580**	25,677
Members' balances receivable		**28,225**	40,027
Reinsurance recoverable	5	**52,041**	95,136
Other assets	4	**9,953**	9,850
Total Assets		**$ 343,067**	$ 361,290
LIABILITIES AND MEMBERS' EQUITY			
LIABILITIES:			
Unpaid losses and allocated loss adjustment expenses	5	**$ 207,897**	$ 251,027
Unreported losses	5	**41,995**	32,127
Unearned premiums		**15,547**	14,803
Reinsurance payable		**2,876**	2,868
Other liabilities	4	**11,140**	12,134
Total Liabilities		**$ 279,455**	$ 312,959
COMMITMENTS AND CONTINGENCIES			
MEMBERS' EQUITY:			
Retained earnings		**54,198**	42,894
Accumulated other comprehensive income		**9,414**	5,437
Total Members' Equity	9, 10	**63,612**	48,331
Total Liabilities and Members' Equity		**$ 343,067**	$ 361,290

See Notes to Consolidated Financial Statements.

2010 CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

IN THOUSANDS	NOTE	DECEMBER 31 2010	2009
INCOME:			
Net premiums and assessments earned	6	**$ 105,269**	$ 103,409
Net investment income		**4,108**	4,656
Realized investment gains (losses)		**5,799**	(1,465)
Total Income		**115,176**	106,600
EXPENSES:			
Losses and loss adjustment expenses incurred	5	**69,236**	75,918
Other operating expenses	7	**34,691**	35,378
Total Expenses		**103,927**	111,296
Income Before Income Taxes		**11,249**	(4,696)
Income tax (provision) benefit		**55**	(201)
Net Income (Loss)		**11,304**	(4,897)
OTHER COMPREHENSIVE INCOME, NET OF TAXES:			
Unrealized gains on investments		**3,977**	17,561
Other comprehensive income		**3,977**	17,561
Comprehensive Income		**$ 15,281**	$ 12,664

2010 CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY

IN THOUSANDS	NOTE	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME	TOTAL MEMBERS' EQUITY
Balance, January 1, 2009		**$ 47,791**	**$ (12,124)**	**$ 35,667**
Net income		**(4,897)**	**—**	**(4,897)**
Unrealized investment gains		**—**	**17,561**	**17,561**
Balance, December 31, 2009		**42,894**	**5,437**	**48,331**
Net loss		**11,304**	**—**	**11,304**
Unrealized investment gains		**—**	**3,977**	**3,977**
Balance, December 31, 2010	9, 10	**$ 54,198**	**$ 9,414**	**$ 63,612**

See Notes to Consolidated Financial Statements.

2010 CONSOLIDATED STATEMENTS OF CASH FLOWS

IN THOUSANDS	DECEMBER 31 2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income (Loss)	**$ 11,304**	$ (4,897)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Amortization of bond premiums	**1,182**	1,003
Realized invesment (gains) losses	**(5,799)**	1,465
Depreciation	**273**	300
	(4,344)	2,768
Changes in operating assets and liabilities:		
Decrease in Members' balances receivable	**11,802**	16,318
Decrease in reinsurance recoverable	**43,095**	1,295
Increase in other assets	**(312)**	(92)
Decrease in unpaid and unreported losses and allocated loss adjustment expenses	**(33,262)**	(33,028)
Increase (decrease) in unearned premiums	**744**	(2,182)
Increase in reinsurace payable	**8**	422
Increase in other liabilities	**1,505**	1,278
	23,580	(15,989)
Net cash provided by (used in) operating activities	**30,540**	(18,118)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales/maturities of investments	**132,693**	120,152
Purchases of investments	**(152,766)**	(108,771)
Purchases of fixed assets	**(64)**	(20)
Net cash (used in) provided by investment activities	**(20,137)**	11,361
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from note payable	**7,500**	12,500
Payment of note payable	**(10,000)**	(12,512)
Net cash used in financing activities	**(2,500)**	(12)
Net change in cash and cash equivalents	**7,903**	(6,769)
Cash and cash equivalents, beginning of year	**25,677**	32,446
Cash and Cash Equivalents, End of Year	**$ 33,580**	$ 25,677
Supplemental Information:		
Income taxes paid	**$ 223**	$ 451
Interest paid	**$ 118**	$ 141

See Notes to Consolidated Financial Statements.

2010 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (IN THOUSANDS)

1. Organization

American Steamship Owners Mutual Protection & Indemnity Association, Inc. ("the Association"), domiciled in New York State, was organized in 1917 to provide protection and indemnity insurance to maritime organizations. Pursuant to the terms of the agreements between the Association and its Member-insureds, the Members are charged premiums and subsequent assessments in amounts adequate to cover the Association's net operating expenses which are its total operating expenses, including net losses, less amounts earned by the Association from investment activities.

Members are charged premiums based on the tonnage of their insured vessels. For the 2010 and 2009 policy years, at December 31, 2010 and December 31, 2009, the gross tonnage insured was 15,967,584 and 14,246,374, respectively.

During 2005, the members of the International Group of P & I Clubs (the "International Group"), of which the Association is a member, created a segregated cell captive insurance company, Hydra Insurance Co. Ltd ("Hydra"). The Association is a minority owner of the general cell and owns 100% of its segregated cell. The results of the Association's segregated cell of Hydra are consolidated with the results of the Association in the consolidated financial statements.

The Association is managed by Shipowners Claims Bureau, Inc. ("SCB"), an unrelated party. SCB provides administrative, underwriting, accounting and claims processing services to the Association for an annual fee.

2. Summary of Accounting Policies

The accompanying consolidated financial statements have been prepared on the basis of accounting principles generally accepted in the United States of America. Intercompany accounts and transactions have been eliminated. Significant accounting policies include the following:

Investments – Debt securities and equity securities with readily determinable fair values that the Association does not intend to hold to maturity are classified as available for sale and are reported at fair value. Unrealized investment gains/(losses) are shown in Members' equity. The Association has no investments in securities classified as held-to-maturity securities. Securities transactions are recorded on the trade date. The Association's investment in the general cell of Hydra is carried at cost.

Other invested assets are reported at fair value. Fair values are determined based on the Association's proportionate share of the underlying equity of the funds.

A review of investments is performed as of each balance sheet date with respect to investments where the market value is below cost. This review involves consideration of several factors including: (i) the significance of the decline in value and the resulting unrealized loss position; (ii) the time period for which there has been a significant decline in value; (iii) an analysis of the issuer of the investment, including its liquidity, business prospects and overall financial position; and (iv) the Association's intent and ability to hold the investment for a sufficient period of time for the value to recover. The Association uses investment portfolio managers to manage the investment portfolio. Such portfolio managers are supervised by the Association and its managers. The identification of potentially impaired investments involves significant management judgment that includes the determination of their fair value and the assessment of whether any decline in value is other than temporary. If the decline in value is determined to be other than temporary, then the Association records a realized loss in the consolidated statements of operations and comprehensive income in the period that it is determined, an the cost basis of that investment is reduced.

Fair Value Measurement – ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value and enhances disclosure requirements for fair value measurements. The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e., the exit price).

Cash Equivalents – Cash equivalents include short-term, highly liquid investments with an original maturity of three months or less.

Computer Equipment – Computer equipment consisting of computer hardware, systems and application software, and associated design, programming and installation costs have been capitalized and are being depreciated using the straight-line method over the estimated useful life of five years.

Liabilities for Losses, Loss Adjustment Expenses and Unreported Losses – The liability for unpaid losses and allocated loss adjustment expenses represents the Association's best estimate of the gross amount of losses and loss expenses to be paid on ultimate settlement and is provided on the basis of management's and counsel's evaluation of claims filed with the Association. The liability for unreported losses represents the Association's best estimate of the gross amount required to ultimately settle losses which have been incurred but not yet reported to the Association as well as an estimate for future development on reported losses. Given the nature of the coverages written and the size of the Association, fluctuations in the liabilities for losses from year to year are likely. All changes in estimates are recognized in income currently within the consolidated financial statements.

Reinsurance – The Association's reinsurance contracts do not relieve the Association of its obligations, and failure of a reinsurer to honor its obligations under a reinsurance contract could result in losses to the Association. The Association evaluates the financial condition of each potential reinsurer prior to entering into a contract to minimize its exposure to losses from reinsurer insolvency.

The Association records, as an asset, its best estimate of reinsurance recoverable on paid and unpaid losses, including amounts relating to unreported losses, on a basis consistent with the reserves for losses and in accordance with the terms of its reinsurance contracts. The Association reduces such reinsurance recoverables for amounts not collectible. Substantially all amounts recoverable from reinsurers are due from underwriters at Lloyds of London, Munich Re, Swiss Re, and other members of the International Group.

Premiums and Revenue Recognition – The statements of operations include those premiums which have been billed in the current year, together with estimates of unbilled assessments, representing an estimate of those assessments expected to be billed during the following calendar year.

Income Taxes – The Association is exempt from income taxes except for Federal and New York State taxes on taxable interest and dividends received. Deferred income tax relating to accrued taxable interest and dividends is recorded. The Company has no uncertain tax positions.

Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Recent Accounting Pronouncements – In October 2010, the FASB issued ASU 2010-26, Accounting for Costs Associated with Acquiring or Renewing Insurance Contracts. ASU 2010-26 modifies the types of costs incurred by insurance entities that are deferred in the acquiring or renewing of insurance contracts. ASU 2010-26 requires that only direct incremental costs related to successful efforts are capitalized. Capitalized costs may include certain advertising costs which are allowed to be capitalized if the primary purpose of the advertising is to elicit sales to customers proven to have responded directly to the advertising and the probable future revenues generated from the advertising are proven to be in excess of expected future costs to be incurred in realizing those revenues. ASU 2010-26 is effective for fiscal years and interim periods beginning after December 15, 2011 and may be applied on a prospective or retrospective basis. The Association is evaluating the effect that the adoption of ASU 2010-26 will have on the consolidated financial statements.

In January 2010, the FASB issued ASU 2010-26, "Improving Disclosures About Fair Value Measurements." ASU 2010-26 requires the separate disclosure of significant transfers into and out of the Level 1 and Level 2 categories; requires fair value measurement disclosures for each class of assets and liabilities; and requires disclosures about valuation techniques and inputs used in Level 2 and Level 3 fair value measurements. These disclosure requirements became effective at the beginning of 2010. In addition, effective in fiscal years beginning after December 15, 2010, ASU 2010-26 also requires Level 3 disclosures of activity on a gross rather than a net basis. The adoption of ASU 2010-26 did not have a material impact on the Association's financial position or results of operations.

In June 2009, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 168 "The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles — a replacement of FASB Statement No. 162," which established FASB Accounting Standards Codification (the "Codification" or "ASC"). The Codification became the single source of authoritative accounting principles in preparation of financial statements in conformity with GAAP. Prospectively, only one level of authoritative GAAP will exist, excluding the guidance issued by the SEC. All other literature will be non-authoritative. The Codification did not change current GAAP, but is intended to simplify user access to all authoritative GAAP by providing all the authoritative guidance, by particular topic, using a consistent structure. The Codification was effective on a prospective basis for periods ending after September 15, 2009. As the Codification did not change existing GAAP, the adoption of the Codification did not have an impact on our financial condition or results of operations. However, the adoption of the Codification did change our references to GAAP accounting standards.

In April 2009, the FASB issued ASC 320-10-65, "Debt and Equity Securities — Transition and Open Effective Date Information" (previously FSP No. FAS 115-2 and FAS 124-2, "Recognition and Presentation of Other-Than-Temporary-Impairments"). ASC 320-10-65 requires entities to separate an other-than-temporary impairment of a debt security into two components when there are credit related losses associated with the impaired debt security for which management believes the Association does not have the intent to sell the security, and it is more likely than not that it will not be required to sell the security before recovery of its amortized cost basis. If management concludes a security is other-than-temporarily impaired, ASC 320-10-65 requires that the difference between the fair value and the amortized cost of the security be presented as an other-than-temporary-impairment charge within earnings, with an offset for any noncredit-related loss component of the other-than-temporary-impairment charge to be recognized in other comprehensive income. In addition, ASC 320-10-65 requires that companies record, as of the beginning of the interim period of adoption, a cumulative effect adjustment to reclassify the noncredit component of a previously recognized OTTI loss from retained earnings to other comprehensive

income if the company does not intend to sell the security before anticipated recovery of its amortized cost basis. ASC 320-10-65 became effective for annual periods ending after June 15, 2009. The adoption of ASC 320-10-65 did not have a material impact on the Association's financial position or results of operations.

In May 2009, the FASB issued ASC 855 "Subsequent Events" (previously SFAS No. 165 "Subsequent Events"), which establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. ASC 855 became effective for financial statements issued for fiscal years and interim or annual reporting periods ending after June 15, 2009. The Association has adopted ASC 855 and evaluated events subsequent to December 31, 2010 and through the financial statement issuance date of June 13, 2011. There were no subsequent events that

3. Investments

All of the Association's investments are classified as available-for-sale. Such investments are publicly traded; accordingly, fair values have been determined using quoted market prices, except other invested assets that are value based on the value provided by the funds through the investment advisor.

	COST OR AMORTIZED COST	GROSS UNREALIZED GAINS	GROSS UNREALIZED LOSSES	FAIR VALUE
December 31, 2010:				
US Treasury and obligations of other US government corporations and agencies	$ 7,807	$ 3	$ —	$ 7,810
Obligations of states and political subdivisions	115,800	985	2,329	114,456
Industrial and Micellaneous Bond	5,047	78	—	5,125
Common stocks	72,714	11,862	1,289	83,287
Preferred stocks	61	36	—	97
Other invested assets	8,425	138	70	8,493
Total	**$ 209,854**	**$ 13,102**	**$ 3,688**	**$ 219,268**

	COST OR AMORTIZED COST	GROSS UNREALIZED GAINS	GROSS UNREALIZED LOSSES	FAIR VALUE
December 31, 2009:				
US Treasury and obligations of other US government corporations and agencies	$ 311	$ —	$ —	$ 311
Obligations of states and political subdivisions	115,468	3,111	266	118,313
Industrial and Micellaneous Bond	3,006	6	—	3,012
Common stocks	56,512	7,909	4,645	59,776
Preferred stocks	133	94	—	227
Other invested assets	9,733	—	772	8,961
Total	$ 185,163	$ 11,120	$ 5,683	$ 190,600

Gross unrealized gain and losses are determined by a purchase lot specific basis as opposed to an individual security basis.

The following summarizes unrealized investment losses by class of investment at December 31, 2010 and 2009.
The Association considers these investments to be only temporarily impaired.

	LESS THAN 12 MONTHS		12 MONTHS OR MORE		TOTAL	
	COST OR AMORTIZED COST	UNREALIZED LOSSES	COST OR AMORTIZED COST	UNREALIZED LOSSES	COST OR AMORTIZED COST	UNREALIZED LOSSES
December 31, 2010:						
Obligations of states and political subdivisions	$ 60,673	$ (1,957)	$ 6,993	$ (372)	$ 67,666	$ (2,329)
Common stock	34,409	(1,045)	4,821	(244)	39,230	(1,289)
Other invested assets	3,391	(70)	—	—	3,391	(70)
	$ 98,473	**$ (3,072)**	**$ 11,814**	**$ (616)**	**$ 110,287**	**$ (3,688)**

	LESS THAN 12 MONTHS		12 MONTHS OR MORE		TOTAL	
	COST OR AMORTIZED COST	UNREALIZED LOSSES	COST OR AMORTIZED COST	UNREALIZED LOSSES	COST OR AMORTIZED COST	UNREALIZED LOSSES
December 31, 2009:						
Obligations of states and political subdivisions	$ 13,180	$ (141)	$ 4,691	$ (125)	$ 17,871	$ (266)
Common stock	13,680	(2,125)	9,254	(2,520)	22,934	(4,645)
Other invested assets	9,733	(772)	—	—	9,733	(772)
	$ 36,904	$ (3,038)	$ 13,945	$ (2,645)	$ 50,849	$ (5,683)

The fair value and amortized cost of available-for-sale debt securities at December 31, 2010 by contractual maturity are shown below. Expected maturities may differ from stated maturities because borrowers may have the right to call or prepay certain obligations with or without pre-payment penalties.

	AMORTIZED COST	FAIR VALUE
Due in one year or less	$ 17,253	$ 17,333
Due after one year through five years	39,446	39,752
Due after five years through ten years	51,197	50,013
Due after ten years	20,758	20,293
Total	**$ 128,654**	**$ 127,391**

Proceeds from sales of investments and gross realized gains and losses on such sales are shown below:

	2010	2009
Proceeds form sales and maturities of investments	$ 132,693	$ 120,152
Gross realized gains	9,761	6,596
Gross realized losses	3,962	8,061

There were no realized losses from investments being other-than-temporarily impaired recorded for the years ended December 31, 2010 and 2009.

At December 31, 2010 and 2009, United States Government Treasury notes in the amount of $310 thousand and $311 thousand par value, respectively, were deposited with regulatory authorities as required by law.

Fair Value Hierarchy

In accordance with Fair Value Measurement Accounting Guidance, the Association has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded on the Balance Sheet are categorized based on the inputs to the valuation techniques as follows:

Level 1 Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Association has the ability to access (examples include most U.S. Government and agency securities).

Level 2 Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include the following:

a) Quoted prices for similar assets or liabilities in active markets;
b) Quoted prices for identical or similar assets or liabilities in non-active markets;
c) Pricing models whose inputs are observable for substantially the full term of the asset or liability; and
d) Pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means for substantially the full term of the asset or liability.

Level 3 Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability and long-dated equity derivatives.

As required by Fair Value Measurement Accounting Guidance, when the inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following table presents the Association's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31, 2010:

FAIR VALUE MEASUREMENTS ON A RECURRING BASIS AS OF DECEMBER 31, 2010

	TOTAL FAIR VALUE	LEVEL 1	LEVEL 2	LEVEL 3
US Treasury and obligations of other US government corporations and agencies	$ 7,810	$ 7,810	$ —	$ —
Obligations of states and political subdivisions	114,456	—	114,456	—
Industrial and Miscellaneous Bond	5,125	5,125	—	—
Common stocks	83,287	83,267	—	20
Preferred stocks	97	97	—	—
Other invested assets	8,493	—	—	8,493
Total Investments	**$ 219,268**	**$ 96,299**	**$ 114,456**	**$ 8,513**

Restatement of leveling classification – Subsequent to the issuance of the Association's 2009 financial statements it was determined that $118,313 of Obligations of states and political subdivisions as of December 31, 2009, which were previously disclosed as level 1 in the fair value hierarchy table, should have been classified as level 2. The 2009 amounts in the table below have been restated to appropriately reflect these investments as level 2. This correction had no effect on the fair value of these investments.

FAIR VALUE MEASUREMENTS ON A RECURRING BASIS
AS OF DECEMBER 31, 2009

	TOTAL FAIR VALUE	LEVEL 1	LEVEL 2	LEVEL 3
US Treasury and obligations of other US government corporations and agencies	$ 311	$ 311	$ —	$ —
Obligations of states and political subdivisions	118,313	—	118,313	—
Industrial and Miscellaneous Bond	3,012	3,012	—	—
Common stocks	59,776	59,756	—	20
Preferred stocks	227	227	—	—
Other invested assets	8,961	—	—	8,961
Total Investments	$ 190,600	$ 63,306	$ 118,313	$ 8,981

The following is a reconciliation of the beginning and ending balance of financial instruments using significant unobservable inputs (Level 3) for the year ended December 31, 2010 and 2009.

YEAR ENDED DECEMBER 31, 2010

	COMMON STOCK	OTHER INVESTED ASSETS	TOTAL
Opening balance January 1, 2010	$ 20	$ 8,961	$ 8,981
Total Gain or Losses included in earnings: (realized/unrealized)			
Realized (losses)	—	(357)	(357)
Change in fair value of other invested assets	—	840	840
Purchanse or (sales):			
Purchase	—	3,604	840
Sales	—	(4,555)	(4,555)
Transfer in (out) of Level 3	—	—	—
Ending balance, December 31, 2010	**$ 20**	**$ 8,493**	**$ 8,513**

YEAR ENDED DECEMBER 31, 2009

	COMMON STOCK	OTHER INVESTED ASSETS	TOTAL
Opening balance January 1, 2009	$ 20	$ 6,289	$ 6,309
Total Gain or Losses included in earnings: (realized/unrealized)			
Realized gains (losses)	—	679	679
Change in fair value of other invested assets	—	(907)	(907)
Purchanse or (sales):			
Purchase	—	6,733	6,733
Sales	—	(3,833)	(3,833)
Transfer in (out) of Level 3	—	—	—
Ending balance, December 31, 2009	$ 20	$ 8,961	$ 8,981

4. Other Assets and Liabilities

		2010		2009
Other Assets				
Computer equipment and software - net of accumulated depreciation of $5,756 and $5,483, respectively	$	441	$	650
Receivable for securities sold		946		137
Accrued interest receivable		1,514		1,483
Income tax recoverable		449		154
Prepaid reinsurance premiums		1,107		1,185
Management fee receivable		1,140		1,059
Other assets		4,356		5,182
	$	**9,953**	$	9,850
Other Liabilities				
Accrued expenses		753		912
Liability for securities purchased		2,870		1,180
Note payable		7,511		10,042
Income tax payable		6		—
	$	**11,140**	$	12,134

An unbilled assessment in the amount of $3.9 million and $4.7 million at December 31, 2010 and 2009, respectively, was recorded as a result of the Association's asbestos-related claims settlement agreement.

On December 31, 2010 and 2009 the Association owed $7.5 million and $10 million, respectively on a demand line of credit from Deutche Bank Trust Company America ("credit facility"). During 2010, the Association paid off the $10 million line of credit and borrowed an additional $7.5 million. Interest on the credit facility is calculated using a 3 month LIBOR plus 1 percent, which was stated at a rate of 1.284 at December 31, 2010. Interest accrued at December 31, 2010 and 2009 was $11 thousand and $42 thousand, respectively. Interest expense for the years ended December 31, 2010 and 2009 was $87 thousand and $172 thousand, respectively.

5. Unpaid Losses and Reinsurance Recoverable

Activity in the liability for unpaid losses and allocated loss adjustment expenses and unreported losses is summarized as follows:

	2010	2009
Gross balance at January 1	$ 283,154	$ 316,182
Less reinsurance recoverables	76,964	91,267
Net Balance at January 1	**206,190**	224,915
Incurred related to:		
Current year	61,440	69,243
Prior years	7,796	6,675
Total Net Incurred	**69,236**	75,918
Paid related to:		
Current year	6,296	11,950
Prior years	68,415	82,693
Total Net Paid	**74,711**	94,643
Net balance at December 31	**200,715**	206,190
Plus reinsurance recoverables	49,177	76,964
Gross Balance at December 31	**$ 249,892**	$ 283,154

In 2010, loss emergence for prior years increased by $7.8 million. The increase reflects an emergence of $11.8 million for the 2009 policy year, which turned out to be better than the expected emergence of $11.3 million from the balance of the 2009 policy year ended February 20, 2010. In addition, there was favorable emergence of $4 million for policy years 2008 and prior.

In 2009, loss emergence for prior years increased by $6.7 million. The increase reflects an emergence of $10 million for the 2008 policy year, which turned out to be better than the expected emergence of $10.8 million from the balance of the 2008 policy year ended February 20, 2009. In addition, there was favorable emergence of $3.4 million for policy years 2007 and prior.

	2010	2009
Reinsurance recoverable on unpaid losses	$ 49,177	$ 76,964
Reinsurance recoverable on paid losses	2,864	18,172
	$ 52,041	$ 95,136

The Association assumes losses from the International Group Pool and cedes direct and assumed losses to reinsurers to limit its exposures. The components of incurred losses are as follows:

	2010	2009
Direct	$ 55,389	$ 139,933
Assumed	11,978	9,778
Ceded	1,869	(73,793)
	$ 69,236	$ 75,918

6. Premiums and Assessments

		2010		2009
Premiums written and billed assessments	$	118,032	$	114,986
Change in unbilled assessments		(827)		427
Return premiums		(1,752)		(2,019)
Reinsurance premiums ceded		(9,362)		(12,282)
Net premiums and assessments written		**106,090**		101,112
(Increase) decrease in unearned premiums		**(822)**		2,397
Net Premiums and Assessments Earned	**$**	**105,269**	$	103,409

In December 2010, an assessment of $19.8 million was levied for the 2010 policy year and is due in two separate installments on July 20 and October 20, 2011, respectively. An unbilled assessment at December 31, 2010 in the amount of $3.9 million was recorded as a result of the Association's asbestos-related claims settlement agreement.

In December 2009, an assessment of $15.6 million was levied for the 2009 policy year and is due in two separate installments on July 20 and October 20, 2010, respectively. An unbilled assessment at December 31, 2009 in the amount of $4.7 million was recorded as a result of the Association's asbestos-related claims settlement agreement.

7. Other Operating Expenses

		2010		2009
Management fee	$	13,359	$	12,709
Bad debts		4,848		7,509
Brokerage		10,528		10,557
Other		5,956		4,603
Total Operating Expenses	**$**	**34,691**	$	35,378

8. Commitments and Contingencies

Letters of Credit – At December 31, 2010, the Association had outstanding letters of credit for $54 million, $5.5 million of which is a designated reserve that is required by the International Group Pooling Agreement.

Exposure to Asbestos-related and Environmental Claims – Since the early 1980's industry underwriting results have been adversely affected by claims developing from asbestos-related coverage exposures. The majority of such claims allege bodily injury resulting from exposure to asbestos products.

		2010		2009
Asbestos-Related Claims				
Aggregate gross losses paid to date at December 31	$	9,130	$	8,330
Loss reserves - reported		1,141		1,304
Loss reserves - unreported		2,714		3,378

In February 2002, a former Member commenced legal action against the Association claiming increased coverage in asbestos-related illness cases applying only one deductible per claim, rather than one deductible per insurance policy year, the Association's long-standing discretionary practice for policy years prior to February 20, 1989.

In May 2004, the Association's Board of Directors resolved to terminate the prior discretionary practice of paying unreported, unreserved or under reserved occupational disease claims on closed policy years prior to February 20, 1989.

In June 2004, the Association filed a Declaratory Judgment Action in Federal Court against all of its pre-February 20, 1989 members (the "former members" or "defendants") seeking a judicial declaration that the Association was entitled to terminate a prior practice of indemnifying those former members with respect to asbestos related and other occupational disease claims against them arising from occurrences (exposure) in the pre-February 20, 1989 years (the "Closed Years Claims"). The basis for the complaint was that, before the accounts for the pre-February 20, 1989 years were closed, the former members had never paid assessments to cover what were then unknown claims. The Association commenced this action because of its concern that the costs of the Closed Year Claims against its former members were being improperly shifted to the Association's current members, without their consent and in violation of the principles of mutuality.

On February 5, 2008, the Association entered into a Settlement Agreement with its former members/defendants ending the Declaratory Judgment action. The Settlement Agreement resolved all of the disputed factual and legal issues raised in the litigation. While the Association will now provide coverage to its former members for their Closed Year Claims, the Association's payment of those claims is subject to an annual limit of $800 thousand, regardless of the aggregate value of the former members' Closed Year Claims, and the former members have agreed to continue to absorb multiple deductibles in calculating the value of their indemnity claims. In effect, the Association's accumulated surplus generated by the former members Closed Years is expected to generate sufficient investment income to fund the annual cap amount requiring little or no contribution from current or future members.

As a result of the Settlement Agreement, the Association recorded additional reserves of approximately $7 million at December 31, 2007. Pursuant with the terms of the Settlement Agreement, the Association has made $3.3 million in payments as of December 31, 2010. This represents a one time $900 thousand payment related to 2006 as well as three payments of $800 thousand related to the 2007 through 2009 years. Additionally, the Association has made another $800 thousand payment in January 2011 related to 2010.

With respect to environmental liability, the Association's only exposure arises out of sudden and accidental pollution caused by the escape of polluting substances (primarily oil) from oceangoing or inland river vessels which are capable of navigation.

Other Contingencies – From time to time, asserted and unasserted claims are made against the Association in the ordinary course of business. Management of the Association does not believe that the outcome of any such proceedings will have a material adverse effect on the Association's financial position or result of operations.

9. Statutory Filings

The Association is required to report the results of its operations to the Insurance Department of the State of New York ("Insurance Department") on the basis of accounting practices prescribed or permitted by the Insurance Department ("statutory accounting practices"), which differ in some respects from accounting principles generally accepted in the United States of America. The principal differences affecting the Association are described below:

Premiums and Revenue Recognition – Under statutory accounting practices, the Association may only record those premiums which are billed at the balance sheet date plus those that are unbilled for which either a letter of credit is held or which may be offset by unpaid losses. Unbilled and unsecured assessments are not reflected in the statutory financial statements, except that the Association is permitted by the Insurance Department to reflect as an admitted asset future assessments up to the difference between the ultimate and present values of unpaid losses. Such amount has been recorded as a direct credit to statutory surplus. The Association has calculated the future assessment consistent with the methods used in prior years. However, the Insurance Department is currently reviewing the calculation methodology.

Nonadmitted – Under statutory accounting practices, certain assets, principally premiums receivable over 90 days past due, are not reflected in the statutory statement of assets, liabilities and surplus. Such nonadmitted assets are charged directly against surplus. Under accounting principles generally accepted in the United States of America, such amounts are recorded as assets, net of an allowance for doubtful accounts.

Computer Equipment, Furniture & Supplies – Under statutory accounting practices, the Association is not permitted to capitalize costs relating to applications software, consultants' fees, and furniture and supplies.

Provision for Unauthorized Reinsurance – Under statutory accounting practices, the Association may take credit for reinsurance coverage from reinsurers who are "unauthorized" in New York State where letters of credit or funds are held by the Association as of the balance sheet date, or are qualified for additional credit pursuant with Part 125.4(e) & (f) of Title 11 of the Rules and Regulations (11 NYCRR), also referred to as Regulation 20. Additionally, the Association may not take credit for reinsurance recoverables from authorized reinsurers where such amounts are overdue. Such unsecured and overdue balances are reflected as a liability charged directly against surplus. Under accounting principles generally accepted in the United States of America, such amounts are recorded as assets, net of an allowance for uncollectible reinsurance.

A reconciliation of statutory surplus as reported to the Insurance Department to Members' equity on the basis of accounting principles generally accepted in the United States of America is as follows:

	2010	2009
Statutory surplus, as reported	$ 72,204	$ 48,164
Future assessments receivable up to difference between ultimate and present value of losses	(18,074)	(19,037)
Unbilled assessments, net	3,855	4,682
Nonadmitted assets	4,506	11,767
Carrying value of applications software and consultants' fees	346	576
Provision for unauthorized reinsurance	189	181
Allowance for doubtful accounts	(743)	(4,350)
Unrealized (losses) gains on available-for-sale securities	(1,263)	2,850
Statutory ULAE Adjustment	3,032	3,172
Hydra consolidation adjustment	(440)	326
Members' Equity on the Basis of Accounting Principles Generally Accepted in the United States of America	**$ 63,612**	$ 48,331

State insurance statutes require the Association to maintain a minimum statutory surplus of $250 thousand, and permit the Insurance Department to specify a higher amount at its discretion. The Insurance Department has specified $7.5 million as the minimum surplus to be maintained by the Association.

10. Open and Closed Years and Contingency Fund

The Association maintains separate accounting for each policy year, which runs from February 20 through February 20, and keeps policy years open until the Board of Directors resolve to close the year. Years are closed after the ultimate liabilities for that year are known with a high degree of probability. The 2007/08 policy year was closed on March 31, 2010, without further calls.

The Association accounts for premiums, assessments and paid and incurred losses by policy year on a specific identification basis. Other amounts, such as investment income, gains and losses and expenses are allocated to policy years in a systematic and rational manner, so as to maintain equity between policy years.

In 1996 the Board of Directors resolved to create a contingency fund from the closed policy years' surplus and investment income of the Association. The purpose of the contingency fund would be to moderate the effect of supplementary calls in excess of those originally forecast for a particular policy year by reason of claims for that year having exceeded originally expected levels.

DEVELOPMENT OF OPEN POLICY YEARS

	2008–09	2009–10	2010–11
INCOME:			
Calls and premiums – net	$ 94,338	$ 99,519	$ 91,780
Supplementary calls debited	20,493	—	—
Capital calls	—		
Provision for estimated future calls	—	—	—
Investment income	4,571	2,935	1,719
Total Income	**119,402**	**102,454**	**93,499**
EXPENSES:			
Net paid losses	47,661	25,214	5,700
Net pending losses	26,950	44,288	31,776
Undiscounted IBNR	2,171	9,234	23,368
Reinsurance premiums	9,506	10,868	9,105
Other operating expenses	21,782	20,387	18,851
Total Expenses	**108,070**	**109,991**	**88,800**
RETAINED EARNINGS	**11,332**	**(7,537)**	**4,699**
MEMBERS' EQUITY: OPEN YEARS	**$ 11,332**	**$ (7,537)**	**$ 4,699**

(a) A 10% assessment in each of the following open policy years would generate the following net income for the Association (in thousands):

2008/09	$ 6,861
2009/10	$ 7,074
2010/11	$ 7,579

(b) For the 2010/11 policy years calls and premiums are stated on an earned basis to December 31, 2010. Expenses are stated on an accrued basis for the same period.

CLAIMS OUTSTANDING (INCLUDING IBNR) - OPEN YEARS

	2008–09	2009–10	2010–11
Gross outstanding claims			
Members' claims	$ 34,118	$ 55,636	$ 46,543
Other Clubs' Pool claims	1,074	11,281	9,985
	35,192	**66,917**	**56,528**
Pending reinsurance recovery			
From the Group excess of loss reinsurance	8	—	—
From the Pool	2	8,100	—
Other reinsurers	6,060	5,296	1,384
	6,070	13,396	1,384
Net Outstanding Claims	**$ 29,122**	**$ 53,521**	**$ 55,144**

DEVELOPMENT OF CLOSED POLICY YEARS AND CONTINGENCY FUND

	2010	2009
Closed Years' Balance, January 1	$ —	$ —
Total income earned	**4,013**	(949)
Net paid losses	**30,895**	44,508
Net pending losses	**(29,383)**	(38,807)
Unreported losses (IBNR)	**(2,864)**	(1,884)
Reinsurance premiums	**(36)**	684
Other operating expenses	**4,804**	3,703
Total expenses incurred	**3,416**	8,204
Unrealized investment gains	**3,977**	17,560
Transfer from closed policy year 2007/08	**15,395**	12,130
Transfer from closed policy year 2006/07	**—**	—
Net change	**19,966**	20,537
Transfer to contingency fund	**(19,966)**	(20,537)
Closed Years' Balance, December 31	$ —	$ —
Contingency Fund Balance, January 1	$ **35,149**	$ 14,612
Transfer from closed policy years	**19,969**	20,537
Contingency Fund Balance, December 31	**55,118**	35,149
Open Policy Years' Equity		
2007/08	**—**	14,365
2008/09	**11,332**	8,053
2009/10	**(7,537)**	(9,236)
2010/11	**4,699**	—
Total Members' Equity	$ **63,612**	$ 48,331
Claims Outstanding (including IBNR) – Closed Years		
Gross pending losses		
Members' claims	$ **78,640**	$ 93,808
Other Clubs' Pool claims	**12,615**	12,078
	91,255	105,886
Pending reinsurance recovery		
From the Group excess of loss reinsurance	**375**	375
From the Pool	**14,198**	24,901
Other reinsurers	**13,754**	14,556
	28,327	39,832
Net Pending Losses	$ **62,928**	$ 66,054

(a) All amounts are reported in nominal dollars and do not give effect to any discounts.

11. Leases

On July 1, 2006, the Association entered into a noncancellable operating lease for its occupied offices that is due to expire April, 1, 2017.

On January 1, 2002, the Association assumed the noncancelable operating lease for its previously occupied offices that expired on August 1, 2010. On August 1, 2006, the Association entered into a sublease agreement with a subtenant. The sublease called for a monthly rental amount of approximately $27 thousand until July 31, 2007, $28 thousand until July 31, 2008 and $29 thousand until July 31, 2009 and 2010 respectively.

Rental expense for 2010 was approximately $682 thousand. Future minimum rental payments, excluding any sublease income, are as follows:

YEAR	AMOUNT
2011	$ 779
2012	795
2013	795
2014	795
2015	795
Thereafter	993
Total	**$ 4,952**

12. Average Expense Ratio

In accordance with Schedule 3 of the International Group Agreement 1999, the Association is required to disclose its Average Expense Ratio, being the ratio of operating expenses to income, including premium and investment income, averaged over the five years ended December 31, 2010.

The operating expenses include all expenditures incurred in operating the Association, excluding expenditures incurred in dealing with claims. The premium income includes all premiums and calls. The investment income includes all income and gains whether realized or unrealized, exchange gains and losses less tax, custodial fees and internal and external investment management costs. The relevant calculations entail adjustments to calls and premiums to reflect policy years rather than accounting periods. Adjustments are also required for transfers from operating costs to internal claims handling costs and internal investment management costs.

For the five years ended December 31, 2010 the ratio of 16.5% has been calculated in accordance with the schedule mentioned above and the guidelines issued by the International Group. This compares with a ratio of 15.3% recorded for the five years ended December 31, 2009, an increase of 1.2%, due mostly to a decrease in premium written during 2010.

UNAUDITED SUPPLEMENTAL SCHEDULES

Statement of Operations and Comprehensive Income Year's Ended December 31, 2010 and 2009

	P&I		FD&D	
IN THOUSANDS	2010	2009	2010	2009
INCOME:				
Net premiums and assessments earned	**$ 99,677**	$ 97,927	**$ 5,592**	$ 5,482
Net investment income	**3,890**	4,409	**218**	247
Realized investment gains (losses)	**5,491**	(1,387)	**308**	(78)
Total Income	**109,058**	100,949	**6,118**	5,651
EXPENSES:				
Losses and loss adjustment expenses incurred	**65,711**	71,863	**3,525**	4,055
Other operating expenses	**32,848**	33,503	**1,843**	1,875
Total Expenses	**98,559**	105,366	**5,368**	5,930
Income Before Income Taxes	**10,499**	(4,417)	**750**	(279)
Provision for income taxes	**52**	(190)	**3**	(11)
Net Income (loss)	**10,551**	(4,607)	**753**	(290)
OTHER COMPREHENSIVE INCOME, NET OF TAX:				
Unrealized gains on investments	**3,766**	16,630	**211**	931
Other comprehensive income	**3,766**	16,630	**211**	931
Comprehensive Income	**$ 14,317**	$ 12,023	**$ 964**	$ 641

P&I – represents Protection and Indemnity insurances for Class I Owners' risk and Class III Charterers' risk.

FD&D – represents Class II Freight, Demurrage and Defense insurance.

UNAUDITED SUPPLEMENTAL SCHEDULES
Losses and Reinsurance Recoverable Years Ended December 31, 2010 and 2009

IN THOUSANDS	2010	2009
NET CLAIMS PAID		
Gross claims paid:		
Members' claims	$ 94,615	$ 174,297
Other Clubs' Pool claims	6,013	8,443
	100,628	182,740
Recoveries on claims paid:		
From the Group excess of loss reinsurance	2,286	184
From the Pool	16,922	80,214
Other reinsurers	6,709	7,699
	25,917	88,097
Net Claims Paid	$ 74,711	$ 94,643
CHANGE IN NET PROVISION FOR CLAIMS		
Claims outstanding:		
Members' claims	$ 214,937	$ 254,163
Other Clubs' Pool claims	34,955	28,991
	249,892	283,154
Reinsurance recoverables:		
From the Group excess of loss reinsurance	383	3,592
From the Pool	22,301	46,045
Other reinsurers	26,493	27,327
	49,177	76,964
Net claims outstanding at December 31	200,715	206,190
Net claims outstanding at January 1	206,190	224,915
Change in Net Provision for Claims	$ (5,475)	$ (18,725)

The Mission of the American Club

The American Club's mission is to provide its Members with a broad and financially secure range of P&I and related insurance services which most effectively meet the imperatives of their day-to-day business and which are delivered in an attentive, efficient, courteous and focused manner. Specifically, the American Club seeks to:

- Foster the development of a broadly-based, diverse and high quality membership by reference to vessel-type, trade and domicile of management;

- Provide insurance services which are carefully tailored to individual Members' needs at a cost which is competitive, yet fully reflects a responsible approach to the financial well-being of the Club as a whole;

- Apply best industry practice to issues of loss prevention and risk control;

- Handle claims in an energetic and practical manner aimed at minimizing costs both to individual Members and to the Club as a whole;

- Ensure that the financial transactions of Members and others who deal with the Club are accomplished with efficiency, accuracy and fairness;

- Develop and maintain cordial and constructive relationships with regulators, the Club's International Group co-venturers, the broking community, reinsurers, the Club's correspondents and other professional service providers, rating agencies and all other business associates and counterparties in every sphere in which it operates;

- Exhibit in the conduct of its corporate governance exemplary standards of transparency, being alert to the needs of, and accountable to, Club Members at large.

In accomplishing its mission, the American Club seeks to exceed expectations in all that it does, justifying its status as a first division marine insurer with a reputation for professional integrity, financial strength and customer care commanding universal respect within the industry.

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As of June 1, 2011

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