

CIRCULAR

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CIRCULAR NO. 18/05

TO MEMBERS OF THE ASSOCIATION

Dear Member:

CLOSING OF THE 2001 POLICY YEAR. DEVELOPMENT OF OPEN POLICY YEARS.

Closure of the 2001 Policy Year

At its meeting in New York yesterday, your Board resolved formally to close the 2001 policy year without further call with effect from March 31, 2005. This was done in accordance with the terms of Circular No. 16/04 of June 18, 2004 where the due for payment date of the additional call for 2001 (being March 31, 2005) was also to be, for accounting purposes, its effective date of closure.

In closing 2001, a transfer from the Club's contingency fund has been made in the sum of \$3.517 million. This has been credited to the year at closure, creating a zero balance for the year itself, being overall surplus neutral for the Club as a whole, but having the concomitant effect of reducing the contingency fund by an equivalent amount.

Development of the 2002 Policy Year

The 2002 policy year is intended for closure as of September 30, 2005, again without further call. As was the case for 2001, this was also foreshadowed in Circular No. 16/04 of June 18, 2004 mentioned above.

Development of Other Open Policy Years

The 2003, 2004 and 2005 policy years are currently developing within expectations. No calls in excess of current forecasts are anticipated. The development of relevant years can be reviewed in detail by reference to the Club's latest Annual Report and Accounts.

The subject will be revisited in greater detail later in the year, but – as mentioned above – overall results remain much as expected at the present time.

Yours faithfully,

A handwritten signature in black ink, appearing to read "Joseph E.M. Hughes". The signature is written over a horizontal line that extends across the page.

Joseph E.M. Hughes, Chairman & CEO
Shipowners Claims Bureau, Inc., Managers for
THE AMERICAN CLUB