

# AMERICAN CLUB ASSIGNED BBB+ RATINGS

The ratings reflect AMERICAN CLUB'S long, successful performance record, extremely strong capitalization, strong underwriting profitability, and growing franchise.

## OUTLOOK STABLE

Standard & Poor's, the internationally renowned rating agency, has assigned an increased financial strength rating to the American Club which becomes a Standard & Poor's Security Circle Insurer placing it within one of the agency's top four categories for financial security.

Members, their brokers and all of the Club's many other friends will take pleasure in this recognition of the Club's considerable financial strengths, the achievement of its recent strategic goals and the agency's expectation that the Club will continue to grow successfully in the future.

The following press release was issued by Standard & Poor's on Tuesday, January 16, 2001.

NEW YORK (Standard & Poor's CreditWire) January 16, 2001—Standard & Poor's today assigned its triple 'B' plus counterparty credit and financial strength ratings to American Steamship Owners Mutual P&I Assn. Inc. (American Club). The outlook is stable.

The ratings reflect American Club's long, successful performance record, extremely strong capitalization, strong underwriting profitability, and growing franchise. Offsetting these strengths were the Club's modest market position, reduced operating profitability, and challenging competitive environment.

American Club, founded in 1917, is the only mutual protection and indemnity provider in the Americas. Management of the business is under an annual (though longstanding) agreement with the Shipowners Claims Bureau, Inc.

## MAJOR RATING FACTORS:

- Extremely strong capital adequacy. AC's 175% capital adequacy ratio as of December 31, 1999, which is based on Standard & Poor's capital adequacy model, is extremely strong. Reserves are carried within the actuarially determined range for the company's liability.

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Shipowners Claims Bureau, Inc.,  
MANAGER

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# DON MESSICK Addresses Joint Assessment Team



Donald Messick, Vice President of Shipowners Claims Bureau, Inc., was invited to address the January meeting of the Joint Assessment Team (JAT) on "Marine Insurance and the Role of the P&I Club in Natural Resource Damage Assessment (NRDA)."

Under the National Oceanic and Atmospheric Administration (NOAA) Damage Assessment rule (15 CFR Part 990), trustees are required to invite potentially responsible parties (PRP's) to participate if the trustees decide to pursue a natural resource damage assessment. However, since there are no provisions or guidelines to make this potentially cooperative effort work, NRDA's have become adversarial legal battles involving many scientists, attorneys, economists, and managers who struggle through years of duplicative studies and difficult negotiations. In 1996, in an effort to resolve this problem, the Joint Assessment Team (JAT) was formed.

The JAT is a cooperative working group consisting of representatives of several natural resource trustee agencies and several major oil companies doing business on the west coast of North America. Thus far, the team has improved the working relationships among the trustees and oil companies, discussed how each agency and company is organized and the role each plays if an oil spill occurs, reached considerable consensus on how the trustees will interact with a company in the event of a spill, and shared in the review of oil-spill response and damage assessment documents. Its

future goals are to continue to develop the relationships between the groups, develop geography-specific pre-spill Natural Resource Damage Assessment (NRDA) planning exercises, develop written agreements between trustees and industry, and foster joint understanding of the principles and applications of basic restoration methodologies and economic valuation techniques.

The group meets 3 to 4 times a year where it discusses assessment methodology on case specific matters as well as specific restoration needs within the region. Substantial progress has been made in the past in clarifying the roles of the various trustees as they impact the NRDA process and integrating the trustees' concerns with those of the responsible parties. This approach leads to more streamlined and efficient implementation of emergency assessment and restoration activities thus reducing the overall net costs.

The American Club is pleased to have been asked to join this unique association between several state and federal natural resource trustee agencies and several major oil companies for the purpose of improving the effectiveness and efficiency of conducting natural resource injury and damage assessments.

" The American Club is pleased to have been asked to join this unique association..."



## Upcoming Events

### BOARD MEETINGS:

- March 8, 2001 - New York
- September 13, 2001 - New York
- November 8, 2001 - Singapore

### ANNUAL GENERAL MEETING

- June 14, 2001 - New York



## Staff News

Welcome aboard to Jennifer Donato, secretary in the New York office, who joined us in November.

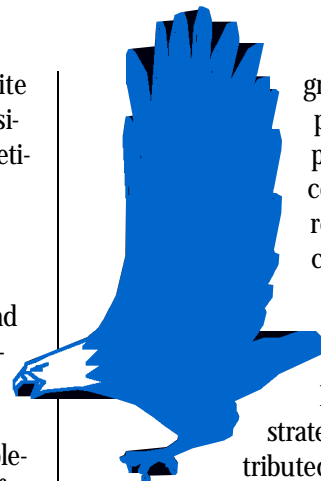
- Successful track record with good strategic planning. American Club has operated successfully for more than 80 years, but unlike many other insurers, it has launched and successfully implemented a solid plan to build on that legacy. The Vision 2000 plan has spurred American Club to gain market presence, improve the diversification of its entered tonnage, and position itself competitively for the future.
- Strong operating profitability. Though lower in 1999 and 2000, American Club has a strong record of underwriting profitability despite its U.S. domicile, which is one of the most strictly regulated operating environments. With a five-year average combined ratio of 102.8%, American Club has achieved an enviable track record despite a relative lack of economies of scale and a soft market environment.
- Modest market position. American Club is among the smaller protection

and indemnity providers, and despite a period of rapid growth and diversification, it remains a smaller competitor within its peer group.

- Reduced operating profitability. American Club's operating performance has deteriorated in 1998 and 1999 because of weak market conditions and the cost of building market share within difficult markets. Rate increases have been implemented across the board in each of the past two renewals, and the deterioration in underwriting results is expected to be short term.
- American Steamship Owners Mutual P&I Assn. Inc. is a Security Circle insurer, which means that it voluntarily underwent Standard & Poor's most comprehensive analysis and was assigned ratings in one of the top four categories for financial security.

**OUTLOOK: STABLE**

American Club has been aggressive in launching a strategic plan for diversified



growth during a period of weak pricing and high competition, with a resulting drag on current earnings. However, as a mutual, Standard & Poor's believes the

strategy has contributed to a stronger franchise with greater free reserves, an improved market position, and better prospects. American Club is expected to continue growing successfully, with higher pricing and a return to heightened profitability as market conditions improve, Standard & Poor's said. CreditWire.

**CREDIT PROFILE:  
NEW RATINGS**

American Steamship Owners Mutual Protection and Indemnity Assn. Inc.

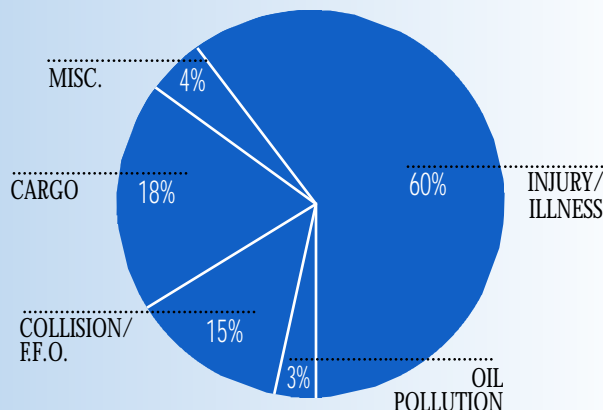
Counterpart credit rtg: B+/Stable

Financial strength rtg: BBB+

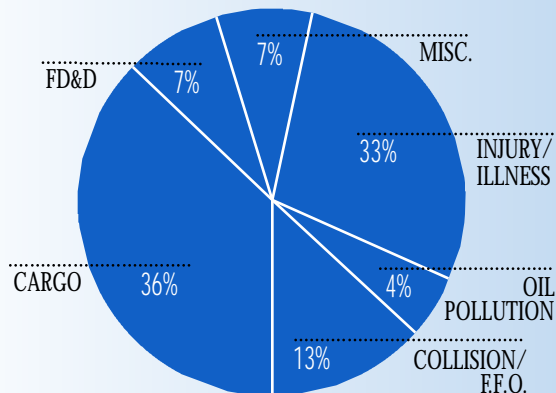
## ANALYSIS OF REPORTED CLAIMS

The following charts represent an analysis of claims reported to the Club in the 1900-1994 vs 1995-2000 policy years. It is interesting to note that the percentage of personal injuries has fallen from 60 to 33%, whereas cargo claims have risen from 18 to 36%. Most of this is probably attributable to the Club's growth internationally since 1994.

Analysis of Claims 1990-1994



Analysis of Claims 1995-2000



# LIFEBOAT

## St. Luke's Providing Emergency Care for Locally Owned Ship Fleet

The American Club's Safety Committee has been looking at how Members deal with illness and personal injuries onboard vessels at sea and in foreign ports. One Member, Sabine Transportation Company of Cedar Rapids, Iowa has chosen to ally itself with the local hospital, which not only provides emergency service, but also conducts all crew pre-employment physicals. All crew medical records are held by St. Luke's Hospital, where they are immediately available when emergency advice is required. The following article is by Guest Columnist Jeffrey Haag, Public Relations Specialist, St. Luke's Hospital, Cedar Rapids, Iowa:

The cliché that the world has never been smaller is exactly that for the men and women aboard 11 far-flung cargo ships owned by Sabine Transportation of Cedar Rapids.

Sailing the world's oceans and waterways for months at a time not only creates a tremendous sense of isolation, but also carries with it the inherent risk that ordinary health concerns may develop into something potentially dangerous - especially when not diagnosed and treated quickly and effectively.

"This is a very risky business and a lot can go wrong," says Christine Carden, Claims Manager for Sabine of Cedar Rapids. "Knowing we can count on St. Luke's is also consistent with our philosophy of supporting our community when the opportunity arises."

Christine says St. Luke's "great reputation" was a selling point for her company. "We believed working with them guaranteed us the highest-quality equip-

ment, services and staff. And, the truth is, they've exceeded our expectations."

Sabine's vessels, no matter where they are in the world, can contact St. Luke's at any time using cell phones, e-mails, faxes or telexes. The ships even carry digital cameras, which permit almost real-time images to be exchanged.

Each day, Stickle e-mails the positions of all its vessels around the world—as close to home as the Gulf of Mexico or as far away and the Indian Ocean—to Laura Sagers, St. Luke's Emergency Department manager. By design, there are no middlemen.

"There is a level of comfort dealing with St. Luke's as a single source," says Christine. "We don't have to worry so much about our crewmembers being stranded without medical assistance or reinvent the wheel with a new hospital or physician each time we need them. When that beeper goes off, all the technicalities are behind us and St. Luke's knows the route it has to take."

The hospital meanwhile, maintains detailed medical records for all Sabine crewmembers. "The ships contact us and explain the symptoms someone might be suffering from," says Laura. "Based on what we know about the condition and patient, we then advise on procedures. We can usually treat the situation with medications already onboard or, worst case, we may suggest diverting the ship to a port as soon as possible."

Although the majority of cases St. Luke's deals with are fairly routine, there have been occasions where ships have been directed to port and crewmembers hospitalized—sometimes in extremely remote locations. In one memorable case, emergency physician Donald Linder, DO, flew from Cedar Rapids to Djibouti, a city on the barren deserts of the eastern coast of Africa, to

escort a crewmember back to his home in Portland, Oregon.

Because the Coast Guard requires mandatory drug screenings for all sea-going personnel, Sabine also contracts with St. Luke's Employee Assistance Program to provide laboratory drug testing, and if the need arises, counseling.

For its part, St. Luke's has been aggressive in modifying its services to fit the demands of this unique situation. "The charge nurses and ER physicians are extremely prompt responding to calls," Christine says. "They've also helped us stock and update the medical inventory we have onboard each ship and have even recommended supplements to the World Health Organization list of medicines in each ship's medicine chest."

Laura believes St. Luke's extraordinary relationship with Sabine positively reflects the dedication the hospital has to the communities it serves on dry land. "There are no defined boundaries when it comes to providing quality healthcare," she says. "We're always looking at new ways of serving those who need us, including non-traditional patients who might be half a world away."

Christine agrees: "It's hard to find the kind of personal care we've received from St. Luke's. We are extremely appreciative of the personal commitment of the entire staff and the quality of care they've provided."

[Other emergency medical advisory systems recommended by Club Members are:](#)

The George Washington University Medical Center, Washington, D.C. (202) 994-6000

International Radio-Medical Centre (C.I.R.M.), Rome, Italy 39 06-592-3331-2

Maritime Health Services, Inc., Seattle, WA. (206) 781-8770

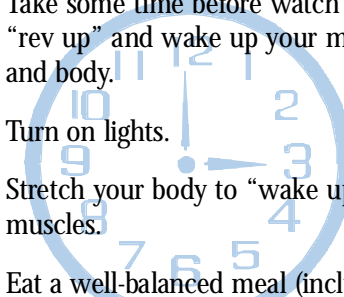
Medical Telecommunications Protocols, Washington, D.C. (410) 257-9504

# STAY ALERT FOR SAFETY!

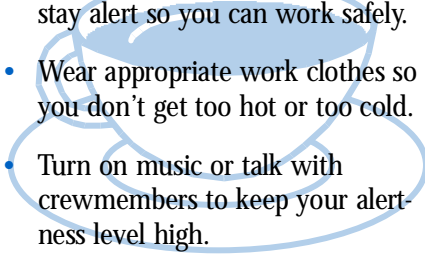
In a round-the-clock business like marine transportation, working safely means **STAYING ALERT!**

...HERE ARE SOME TIPS you can use, on the boat and off, to protect yourself and stay alert for safety.

## Before Watch

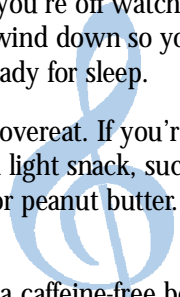
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- Take some time before watch to “rev up” and wake up your mind and body.
  - Turn on lights.
  - Stretch your body to “wake up” muscles.
  - Eat a well-balanced meal (include meats, breads, fruits, and vegetable, but avoid too many sweets).

## On Watch

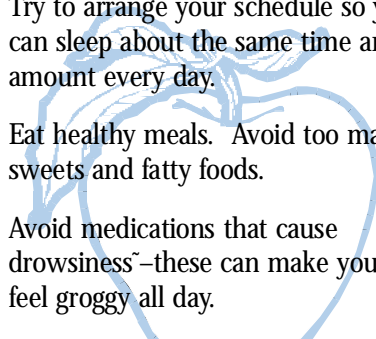
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- It's important to be fully rested and stay alert so you can work safely.
  - Wear appropriate work clothes so you don't get too hot or too cold.
  - Turn on music or talk with crewmembers to keep your alertness level high.
  - Keep moving/walk around. Even shifting your weight from one foot to another helps keep you alert.

**IMPORTANT:** Caffeine (in sodas and coffee) and nicotine (in cigarettes) may make you feel more awake and alert, but the effects wear off after a couple of hours. Cutting down on caffeine and nicotine 3-4 hours before bed will help you sleep much better.

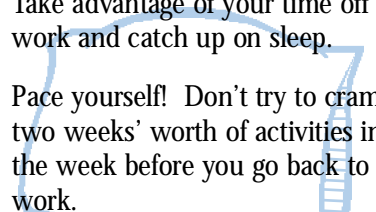
## Before Sleep

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- Once you're off watch, let your body wind down so you're relaxed and ready for sleep.
  - Don't overeat. If you're hungry, have a light snack, such as cereal, fruit, or peanut butter. Avoid spicy foods.
  - Drink a caffeine-free beverage like water, warm milk or hot herbal tea.
  - Relax—read or listen to music. Dim lights.

## Be Good To Your Body

- 
- Try to arrange your schedule so you can sleep about the same time and amount every day.
  - Eat healthy meals. Avoid too many sweets and fatty foods.
  - Avoid medications that cause drowsiness—these can make you feel groggy all day.
  - Exercise at least 30 minutes 3-4 days a week.

## At Home

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- Take advantage of your time off work and catch up on sleep.
  - Pace yourself! Don't try to cram two weeks' worth of activities into the week before you go back to work.

This foregoing was reprinted with permission from a brochure jointly produced as part of the Coast Guard-AWO Safety Partnership.

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[www.uscg.mil/hq/g-m/nmc/ptp/ptp-part/awo.htm](http://www.uscg.mil/hq/g-m/nmc/ptp/ptp-part/awo.htm)

