



FEBRUARY 18, 2003

CIRCULAR NO. 6/03

TO MEMBERS OF THE ASSOCIATION

Dear Member:

HULL INSURANCE: A NEW INITIATIVE BETWEEN EAGLE OCEAN & ARCH INSURANCE

As Members will be aware, Shipowners Claims Bureau, Inc. (SCB), is part of the Eagle Ocean Group of companies. Eagle Ocean Management, LLC, SCB's parent, was established at the beginning of 2002 to acquire SCB following its demerger from Marsh, Inc.

Since that time, Eagle Ocean has both expanded and rationalized its activity. For example, management of the American Club is now the exclusive mission of SCB while its service activity for other principals is conducted by SCB's sister companies, Atlantic Marine Associates in New York and Pacific Marine Associates in Oakland, California.

In August 2000, the Club reached an informal understanding with the American Hull Insurance Syndicate (AHIS). This was aimed at synergizing the natural market dynamics intrinsic to the interface between Hull and P&I insurance. Unfortunately, so long as the Club's Managers were owned by a third-party broker, the scope to progress this initiative was limited by the constraints of conflicting priorities. Moreover, notwithstanding the greater flexibility created by the demerger of Club management from Marsh in January 2002, it subsequently became clear that the outlook of AHIS was essentially different from the Club's vision underpinning its support of Eagle Ocean's interest in the Hull sector.

Accordingly, the Club has now withdrawn from its arrangement with AHIS. This has also been made necessary by reason of Eagle Ocean's new link with the Arch Insurance Group (Arch), described in greater detail in the attached copy press release issued at the end of last week. In passing on news of the relationship with Arch, your Board and your Managers take this opportunity of thanking AHIS for their interest in a joint marine strategy in the past, and of wishing AHIS a successful future.

The new strategy in conjunction with Arch has exciting implications for the Club's Members both collectively and individually. From a collective standpoint, the relationship further enhances the Club's profile within the global business community and creates new avenues of opportunity for future cooperation with a large capital provider and insurance carrier.

For Members individually, the existence of a new and dynamic market here in the United States is of itself a positive development. Although Arch will maintain an entirely independent underwriting policy, the linkage between P&I and Hull created by related management activity through Eagle Ocean sister companies will, it is hoped, add a unique dimension to capabilities in both sectors.

P.T.O.

Members will no doubt be receiving further news of this new initiative from a variety of sources over the weeks and months to come. Many will wish to contact their Hull and Machinery intermediaries for further information and advice. For their own part, your Managers will continue to keep Members informed of developments in this area - and in others where new opportunities for the enhancement of service provision may arise in the future.

Yours faithfully,

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

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Attachment (Arch Press Release)



News Release

FOR IMMEDIATE RELEASE
February 13, 2003

Contact:	Jay McGuire Managing Director Arch Insurance Group +1 (646) 746-8219	Joe Hughes Chairman and CEO Eagle Ocean Services, Inc. +1 (212) 847-4504
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Arch Insurance Group Joins Forces with Eagle Ocean Group to Provide Insurance Products for the Global Shipping Industry

Jay McGuire Joins Arch to Head the New International Marine Operation

New York, NY – Arch Insurance Group, a division of Arch Capital Group Ltd., announced today they have entered into a marketing and servicing agreement with Eagle Ocean Services, Inc., a member of the Eagle Ocean Group of Companies.

Working in close cooperation, Arch and Eagle Ocean will respectively underwrite and provide marketing, claims handling and other services for the insurance of bluewater hulls on a worldwide basis. The new facility will be based in New York and will offer a full range of hull and related insurance products for the global shipping industry.

Jay McGuire, managing director, Arch Insurance Group, recently joined Arch from the Navigators Management Company, Inc., to oversee the new operation.

“Jay has more than 26 years of U.S. domestic and international marine insurance underwriting and management experience. His addition to the Arch team is a great asset to our company. We are very excited, as well, about the prospect of working with Eagle Ocean, a distinguished member of the marine insurance community. Additionally, we look forward to serving our clients’ needs as well as contributing further to world commerce,” said Vincent Liotta, senior vice president of Global Marine and Energy, Arch Insurance Group.

Joe Hughes, chairman and CEO of the Eagle Ocean Group, said, “We are delighted at having established this relationship with Arch. It is certain to be a great success. The strength of Arch Capital provision, the expertise of Jay McGuire and his team, and the global network which Eagle Ocean Companies enjoy – not least through Shipowners Claims Bureau, Inc., managers of the American P&I Club – provide a remarkable confluence of positive factors. This initiative will create a new marine insurance dynamic both here in the United States and elsewhere in the world.”

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The Eagle Ocean Group traces its lineage to 1927 when the Shipowners Claims Bureau, Inc. was founded to manage the American P&I Club, a leading shipowners' mutual. More recently, Eagle Ocean Management, LLC was formed to acquire ownership of SCB and its related companies. Under the banner of Eagle Ocean Services, Inc., the Group caters to a wide range of international customers under unified strategic control.

Arch Insurance Group is a division of Arch Capital Group Ltd., a Bermuda-based company, which provides insurance and reinsurance on a worldwide basis through its wholly owned subsidiaries. Arch Insurance Group's principal insurance subsidiaries - Arch Insurance Company, Arch Specialty Insurance Company, and Arch Excess & Surplus Insurance Company - are rated A- (Excellent) by A.M. Best.

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