



OCTOBER 22, 2007

CIRCULAR NO. 19/07

TO MEMBERS OF THE ASSOCIATION

Dear Member:

**STANDARD AND POOR'S (S&P): AMERICAN CLUB RATINGS UPGRADE TO BB-**

Your Managers are pleased to advise that Standard and Poor's Ratings Services recently raised its counterparty credit and financial strength ratings on the American Club to BB- from B+. It also removed the ratings from CreditWatch and pronounced a stable outlook for the Club.

In taking this action, S&P referred to the Club's improved capitalization, underwriting performance and risk assessment processes. Its assignment of a stable outlook for the Club reflected an expectation that statutory capital should improve on both an absolute and risk-adjusted basis in the next few years.

S&P is also of the view that the American Club's underwriting performance should continue to see improvement over the years ahead. Recent, independent analysis indicates that the Club's pure underwriting results have significantly outperformed International Group averages over the most recent five and ten year periods, ranking it highly within the market in this respect.

Against this background, S&P's expectation that the Club's technical performance should continue to develop favorably in the future augurs well for both current and prospective Members.

The recent upgrade is an encouraging development for the Club as it moves forward in the achievement of further financial and other goals. If any Member has questions in regard to the foregoing, or generally, the Managers will, as always, be pleased to respond.

Yours faithfully,

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