

**CIRCULATED TO ALL MEMBERS, BROKERS AND DIRECTORS
ATTENTION INSURANCE DEPARTMENT**

POLICY YEAR 2008/2009

Rule Changes

At the Extraordinary General Meeting of Members held on 9 May 2008 the amendments to the Rules as set out in the Notice to Members dated 14 April 2008 were approved. These amendments will be incorporated into Member's policy conditions for the forthcoming policy year.

Superintendents Allowance

For the 2008/2009 policy year, the Directors have agreed that the allowance for Member's superintendent's costs will remain at £400 or equivalent per day, in addition to provable expenses.

War Risks Cover

Members are reminded of the circular of 14 April 2008 advising that war risk cover for hull and machinery, increased value and Loss of Hire is now available from the company, in respect of any entered ships.

Renewal 1 July 2008

The Board of Directors reviewed the overall financial position of the company which remains strong. However MSMI has been impacted by the significant increase in both the number and value of partial loss claims, which appears to be affecting Marine hull insurers on a global basis. A number of factors have been sighted as causative of the increase in claim numbers and values, including increased trade and high freight markets coupled with a shortage throughout the industry of experienced and qualified seafarers, as well as an increase in prices for spare parts and repair costs generally.

The Directors have therefore decided that in order to maintain the strong financial position of MSMI, that overall premiums and deductible levels should both be increased by 10% at the forthcoming renewal. The Directors have also decided in view of the reduction in capacity of repair yards leading to longer repair periods the deductible periods for Loss of Hire cover will all be increased by 7 days at the forthcoming renewal.

Renewal proposals will be formulated and advised to Members over the next few weeks, at which stage the individual claims experience and the risk profile of Members and their fleets will be assessed.

PA JENNINGS

DEPUTY MANAGING DIRECTOR – North Insurance Management Limited

As managers on behalf of Marine Shipping Mutual Insurance Company Limited