

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

POLICY YEAR 2006/2007

Rule Changes

At the Extraordinary General Meeting of the Members held on 11 May 2007 the amendments to the Rules as set out in the Notice to Members dated 5 April 2007 were approved. These amendments and earlier amendments and changes to policy terms will now be incorporated into the updated Rules which will be printed and issued for the forthcoming policy year.

Superintendents Allowance

For the 2007/2008 policy year, the Directors have agreed that the allowance for Members superintendents costs will remain at £400 or equivalent per day, in addition to provable expenses.

Renewal 1 July 2007

The financial requirements of the Club at the forthcoming policy year have been reviewed by the Club's Directors. Whilst the overall financial position remains strong, the Club has not been immune to the industry wide increase in both the number and value of partial loss claims. A number of factors have been cited as causative of the increase in claims numbers, including booming freight markets, increased trade, as well as an industry wide shortage of experienced and qualified seafarers. An increase in claims costs is influenced by increased prices for spare parts, steel, salvage and a reduction in capacity of repair yards.

One immediate consequence of the current claims climate for the Club will inevitably be increased reinsurance costs. The Directors have therefore decided that in order to maintain the financial strength of the Club, overall premiums should be increased by 7.5% for the forthcoming policy year.

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

PA JENNINGS

DEPUTY MANAGING DIRECTOR - North Insurance Management Limited

As managers on behalf of Marine Shipping Mutual Insurance Company Limited