

TO ALL OWNERS AND MEMBERS

2 November 2015

Dear Sirs

FINANCIAL POSITION OPEN POLICY YEARS RENEWAL 2016

The board reviewed the club's financial position, the open policy years and the requirements for the 2016 renewal at its meeting on 30 October 2015.

FINANCIAL POSITION

The club's finances are strong and the current forecast is for the reserves to be nominally increased at the end of the financial year in line with the growth of the club. Overall, the underwriting result is expected to be at breakeven or at a small surplus but investment returns are not expected to make any material contribution.

OPEN POLICY YEARS

P&I class:

2013/14 and 2014/15: Claims in these years have improved, and no call in addition to the Estimated Total Premium is expected. The 2013/14 policy year is expected to be closed in May 2016.

2015/16: Whilst this year is yet to finish, the year is expected to be close to breakeven. No call in addition to the Estimated Total Premium is expected.

.. / ...

Release calls:

The board continues to have a high degree of confidence in the financial strength of the club and future call stability. It wishes this to be evident to owners/members and the board has therefore agreed to set release calls that are amongst the lowest in the P&I market. Release call percentages have been set at 2%, 3% and 7% of estimated total premium for the three open policy years of 2013/14, 2014/15 and 2015/16.

Defence class:

This class is performing satisfactorily. No call in addition to the Estimated Total Premium is expected. The board determined that the release call margins should be at the same low level as the P&I class – 2% for 2013/14, 3% for 2014/15 and 7% for the 2015/16 policy year.

RENEWAL 20 FEBRUARY 2016**P&I class:**

The board is aiming to maintain a balanced underwriting position, and views this as particularly important in the current challenging investment environment. The club's experience is that there is average claims inflation of between 5% and 6% each year, requiring some premium growth to offset this.

As a result, the board has determined that a general increase of 2.5% should be applied to all owners'/members' premiums. This is below the level of claims inflation, reflecting the expected lower rate of increase of non-claims costs, the improving operating quality of the club's fleet and the financial strength of the club.

As in previous years, the board has asked the managers to agree bespoke renewal terms with owners/members whose claims and risk profile are out of line with their premiums. The club remains open to owners/members bearing a greater share of their risk through increases in deductibles to mitigate the necessary premium increases. The club aims to agree mutually acceptable renewal terms with all its owners/members.

Any increase in the International Group's reinsurance costs will be reflected in owners'/members' premium.

In recent years, the club has increased the proportion of the final instalment, to benefit owners'/members' cash flow and the instalment pattern of premium payments will remain as for the current policy year.

Deductibles:

The board has determined that deductibles should be increased by 10%, with deductibles below \$20,000 increased by \$2,000.

Defence Class:

No general increase will apply.

The board appreciates the continuing support given by owners/members to the club, particularly when trading conditions for shipowners remain challenging. The board is encouraged to note that the club continues to grow year on year, and has asked the managers to continue to target selective, high-quality growth in tonnage. As in previous years, a further update will be issued in due course in relation to other renewal matters.

Yours faithfully



Jeremy Grose
Chairman
Charles Taylor Mutual Management (Asia) Pte Limited

Direct Line: +44 20 3320 8835
E-mail: jeremy.grose@ctplc.com