



STEAMSHIP MUTUAL

To the Members

July 2006

Dear Sirs,

FINANCIAL UPDATE

At a Board Meeting in Antwerp on 24th and 25th July 2006 the following developments were reported:

Claims

2005/06 and Prior Years

Overall the years up to and including 2005/06 have continued to develop better than forecast over the first five months of the year, with the pure underwriting surplus on the 2004/05 policy year rising to US\$26.2 million and the pure underwriting surplus on the 2005/06 policy year rising to US\$8.8 million.

2006/07 Policy Year

After only five months, it is too early to predict with any accuracy the likely outcome of the current year. On the basis of gross owned claims reported to date, attritional claims in the layer up to US\$250,000 appear to be developing in line with projections. However the Club has continued to experience an unusually large number of claims estimated in excess of US\$1 million in the first five months of the year. These larger claims follow no detectable pattern and do not appear to be symptomatic of any underlying trend.

Tonnage

The Directors were pleased to note the continued modest organic growth in the Association's owned entry which has increased, net of disposals, by a little over 300,000 GT since the renewal.

Mutual Premium

2004/05 Policy Year - Class 2 – FD&D

The deferred instalment of 20% will be debited on 20th August 2006 in the normal way;

2005/06 Policy Year - Class 1 – P&I

The deferred instalment of Mutual Premium of 15% will be debited on 20th August 2006 in the normal way.

Yours faithfully,

THE STEAMSHIP MUTUAL UNDERWRITING
ASSOCIATION (BERMUDA) LIMITED

B.446