



THE STEAMSHIP MUTUAL  
UNDERWRITING ASSOCIATION (BERMUDA) LIMITED

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MANAGERS: STEAMSHIP MUTUAL MANAGEMENT (BERMUDA) LIMITED  
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To the Members

July 2003

Dear Sirs,

**Current Developments**

At a Board meeting on 20<sup>th</sup> and 21<sup>st</sup> July the Directors were pleased to note the following positive developments:

**Investments**

It was reported at the Meeting that the combined total return on investments had risen to in excess of US\$30 million, significantly above the forecast for the year as a whole. In view of this favourable result, the Trustees of The Steamship Mutual Trust had decided, in consultation with their advisors, to take a number of steps to safeguard the returns so far achieved. These steps include the use of indexed options to provide a band of protection against a retracement in the major equity markets and the broadening of their advisors' mandates to reduce the risk of volatility within the portfolio generally.

**The Offshore Oil and Gas Industry**

It was also noted that the decision of the English Court of Appeal in the Lloyd's syndicate reinsurance dispute, referred to in the 2003 Report of the Directors published in May, was handed down on 26<sup>th</sup> June. The decision was favourable on all matters of relevance to the Association. The Court of Appeal denied the reinsurer's application for leave to appeal to the House of Lords. The reinsurer is applying to the House of Lords itself for leave to appeal. The Association's legal advisers continue to take the view that, even if the House of Lords grants leave, the reinsurer is unlikely to win the appeal.

**Mutual Premium**

The Directors reviewed the position in relation to mutual premium for the open years as follows:

2001/2002 Underwriting Year

Class 2 – Freight, Demurrage and Defence

The Directors confirmed that the deferred instalment of 20% should be debited on 20<sup>th</sup> August 2003;

2002/2003 Underwriting Year

Class 1 – Protection and Indemnity

The Directors confirmed that the next instalment of mutual premium of 15% should be debited on 20<sup>th</sup> August 2003.

Yours faithfully,

THE STEAMSHIP MUTUAL UNDERWRITING  
ASSOCIATION (BERMUDA) LIMITED

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