





Underwriting

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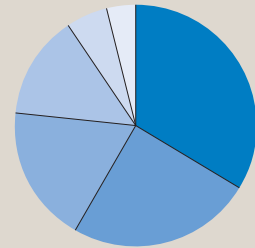
“Another very positive year, with significant growth combined with a continuation of very good underwriting results.”

During the course of the year commencing 20th February 2010, and over the 2011 renewal, owned entered tonnage increased from 52.8 million GT to 57.9 million GT – an increase of approximately 9.7%. For the most part, this represents new entries by existing Members during the course of the year, net of sales and scrapping. The world fleet continues to grow, and Members’ placement decisions have increased the Club’s tonnage by an even higher proportion. We are most grateful to Members for their support. Following the renewal, the level of overall tonnage, including chartered entries, has risen to approximately 92 million GT.

At the renewal, the Board decided not to charge a standard increase. This was possible due to the excellent financial situation of the Club, and was a step the Directors were happy to be able to take, given the continuing difficult trading environment for many of the Club’s Members. Records continue to be good for the majority of Members, and the overall level of premium for renewing owned business fell by just under 0.7%, taking into account the effect of any changes in terms agreed as part of the renewal. This result was within the targets set by the Board. As a result of sanctions against Iran, the Club found itself unable to offer renewal to its entry from NITC and other Iranian shipowners, giving rise to a loss of 3.1 million GT. Other losses at the renewal were modest, and the gains were sufficient both to recover the lost tonnage and significantly to increase the Club’s premium. The Club benefited from a further consolidation of split entries, but was also very happy to welcome several important new Members.

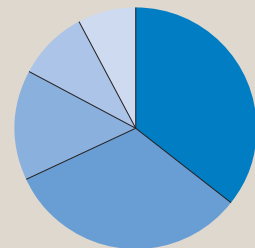
GROSS TONNAGE BY VESSEL TYPE

Bulk carrier	33.8%
Tanker	24.7%
Container	18.4%
Cruise and ferry	13.8%
General cargo	5.6%
Others	3.7%



GROSS TONNAGE BY AREA

Far East	35.7%
Europe	32.5%
North America	14.8%
Latin America	9.3%
Middle East & Indian Subcontinent	7.7%





Underwriting continued

Underwriting performance during the year has continued to be strong. The technical underwriting surplus for the financial year to 20th February 2011 was US\$ 21 million. The rolling three year combined ratio has now reduced further, to 91.3%, well within the Board's target, which is to maintain this ratio below 100%.

We have commented for some time upon the reductions in average rates per ton which are caused by the "churn" effect as new, competitively rated vessels join the Club. This process has continued during the year, and is carefully monitored. It is, of course, one of the main reasons why standard increases are a regular feature of most Clubs' underwriting processes.

Overall, this has been another very positive year with significant growth combined with a continuation of very good underwriting results. With a recognition of the Club's performance through the upgrade in its S&P rating, we look forward to further progress in the year ahead.

Stephen Quartermaine
Head of Underwriting

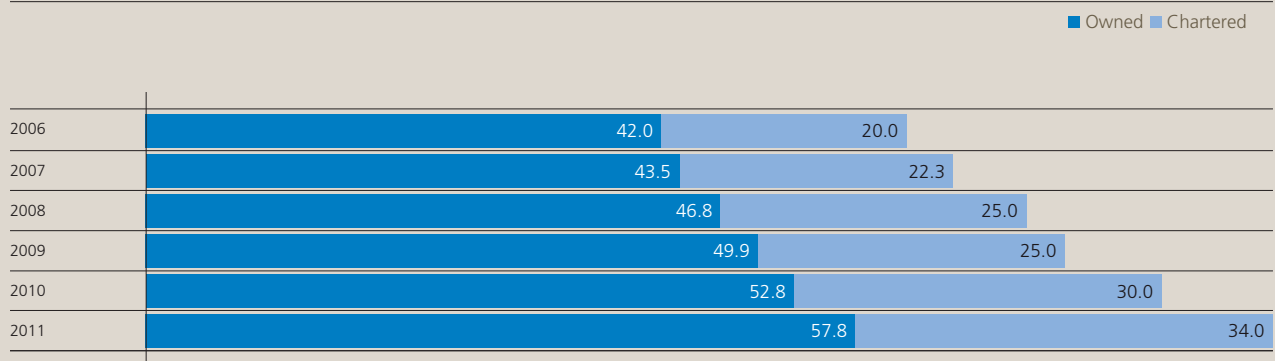
PREMIUM HISTORY (CLASS 1)

	2002 %	2003 %	2004 %	2005 %	2006 %	2007 %	2008 %	2009 %	2010 %	2011 %
Mutual premium	100	100	100	100	100	100	100	100	100	100
Additional premium	0.0	0.0	0.0	0.0	12.5	14.0	20.0	0.0	0.0	0.0

GENERAL INCREASE HISTORY (CLASS 1)

	2002 %	2003 %	2004 %	2005 %	2006 %	2007 %	2008 %	2009 %	2010 %	2011 %
General increase	25.0	25.0	20.0	12.5	5.0	9.0	15.0	17.5	5.0	0.0

CLASS 1 TONNAGE 2006–2011



STEAMSHIP AND WORLD TONNAGE BY AGE OF VESSEL

