

No. 3 1999/2000- Policy Year Balances

June 1999

Dear Sirs

POLICY YEAR BALANCES

The Board met on 12 May to review the latest policy year balances for both open and closed policy years.

In summary the Club's financial position has continued to strengthen over the past twelve months. Consolidated net assets have increased from approximately US\$530 Million to more than US\$560 Million and combined free reserves for the whole Club have increased from approximately US\$146 Million to nearly US\$170 Million.

1. CLASS I (P AND I)

Closed Policy Years

For the closed policy years up to and including 1995/96, the overall results have continued to develop well within projections with the result that the aggregate closed year surplus now exceeds US\$50 Million.

Open Policy Years

1996/97

The claims figures for the 1996/97 policy year have always been higher than for any recent policy year. However, as anticipated a year ago, the Board has now confirmed that the year be formally closed without further call.

1997/98

The claims figures for the 1997/98 policy year continue to indicate that ultimate claims costs will be lower than for any recent policy year. The Board has accordingly confirmed that no further additional call is anticipated and that it expects to close the year in May 2000. No change has been made to the original release call (25%).

1998/99

At the year end the claims figures for the 1998/99 policy year suggest that ultimate claims costs will be within the projections set at the outset, although predictions are uncertain at so early a stage of development.

As a result the Board has confirmed that the forecast additional call of 50% shall be charged as advised for payment by 20 August 1999. No change has been made to the original release call (25%).

2. class II (f.D. and d.)

Closed Policy Years

The closed policy years from 1986 to 1993 inclusive are continuing to develop well and are in surplus.

Open Policy Years

1994/95

The 1994/95 policy year remains in surplus with the result that the Board has now decided to close the year without further call.

1995/96 & 1996/97

Both the 1995 and 1996 policy years continue to develop as anticipated and are expected to end in surplus. A forecast additional call of 50% for each year was charged in August 1998. The Board expects to charge no further additional call and to close each year at their meeting in May 2000 at which time the release (25%) will be reduced to nil.

1997/98

The 1997 policy year is also expected to develop in line with projections made at the outset. The Board has accordingly confirmed that the forecast additional call of 50% will be charged and will be due for payment by 20 August 1999. No change has been made to the release call (25%).

1998/99

Early indications for the 1998 policy year are encouraging but it is too early to make an accurate prediction of the likely ultimate outcome. No change has been made to either the forecast additional call (50%) or to the forecast release (25%).

Detailed figures for both Class I and Class II policy years will be set out in the Club's Annual Report and Accounts for the year ending 20 February 1999 and, as usual, the Board will review all policy year developments again during the year.

Yours faithfully

**The West of England Ship Owners
Insurance Services Limited**
(As Managers)

P E Spendlove
Managing Director