

No. 3 - 2000/2001 Policy Year Balances

May 2000

Dear Sirs

Policy Year Balances

At their meeting on 10 May the Board as usual reviewed the latest policy year balances.

The Club's strong financial position has been maintained. Combined free reserves at 20 February 2000 are \$160.5 million with net assets at nearly \$540 million. Although investment income for the year was substantially lower than for recent years, largely reflecting a world-wide reduction in bond values, projected total claims for all open and closed policy years have remained either stable or have reduced.

1. Class I (P&I)

Closed Policy Years

For the closed policy years, which now include 1996, the aggregate closed policy year surplus has increased to \$58 million since results overall continue to develop as expected.

Open Policy Years

1997/98

The claims figures for the 1997 policy year have for some time been lower than for many recent policy years. The trend has continued with the result that the Board has now confirmed that the year be formally closed without further call.

1998/99

The latest figures for 1998 indicate that this policy year is also developing well and is ultimately likely to result in lower total claims than originally forecast. The Board has accordingly confirmed that no further additional call is anticipated and that it expects to close the year in May 2001. The original release call (25%) remains unchanged.

1999/2000

Although at an early stage of development, preliminary indications for the 1999 policy year indicate that ultimate claims costs will be within initial forecasts even though premium levels have fallen as a consequence of a continuing soft market. The Board has therefore confirmed that the forecast additional call (50%) shall be charged, as advised, for payment by 20 August 2000. The original release call of a further 25% remains unchanged.

2. Class II (FD&D)

Closed Policy Years

The closed policy years from 1986 to 1994 inclusive continue to develop as anticipated and are in surplus.

Open Policy Years

1995/96

The 1995 policy year continues to be in surplus with the result that the year has now been formally closed without

further call.

1996/97 and 1997/98

Both these years have been projected to be in surplus for some time. As a result no further additional call is expected for either year and the 25% release call has been left unchanged.

1998/99

The 1998 policy year has from the start developed in line with original forecasts. The Board has therefore decided to call the 50% additional call set at the outset to be payable by 20 August 2000. No change to the 25% release has been made.

1999/2000

Preliminary predictions for 1999 indicate that the 1999 policy year will also develop within expectations. No change has been made either to the forecast additional call (50%) or to the further release (25%).

Detailed figures for both Class I and Class II policy years will as usual be published with the Club's Annual Report and Accounts for the year ending 20 February 2000.

Yours faithfully

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

P E Spendlove
Managing Director