



NOVEMBER 6, 2009

CIRCULAR NO. 25/09

TO MEMBERS OF THE ASSOCIATION

Dear Member:

STANDARD & POOR'S (S&P): AMERICAN CLUB RATINGS UPGRADE

Your Managers are pleased to advise that Standard & Poor's Ratings Services have recently raised their counterparty credit and financial strength ratings on the American Club to BB, with a stable outlook, from BB-.

In taking this action, S&P referred, inter alia, to the Club's improved risk-based capital adequacy, improved underwriting results and its prospects for future growth against a background of membership expansion since the last renewal. Specifically, the agency noted that the Club's statutory surplus had increased by more than 30% from \$36.5 million to \$48.7 million during the six months from February 29, 2008 to June 30, 2009.

Acknowledging the Club's superior underwriting performance within its peer group – recently reaffirmed by other independent analysis – S&P said they expected the Club to continue to improve its operating results over the years ahead and, in the process, grow its statutory surplus, assisted by stable investment results.

Your Managers continue to harbor concerns about S&P's approach to the rating of the American Club being, as it is, a mutual insurer embedded within, and enjoying the collective strengths of, the International Group's pooling and market reinsurance arrangements. As is well known, this unique system provides all clubs which participate in it, including the American Club, with unsurpassed reliability in the fulfillment of obligations to policyholders.

Your Managers also have misgivings as to the weighting, by comparison with other clubs, which the agency gives to the American Club's recognized outperformance over a range of relevant operating criteria. Nevertheless, the upgrade is good news, particularly in light of the current economic and regulatory climates.

Auguring well for both current and future Members, the recent S&P rating decision is an encouraging development for the Club as it moves forward in the achievement of further financial and other goals. If any Member has questions in regard to the foregoing, or generally, your Managers will, as always, be pleased to respond.

Yours faithfully,

Joseph E.M. Hughes, Chairman & CEO
Shipowners Claims Bureau, Inc., Managers for
THE AMERICAN CLUB