



NOVEMBER 17, 2011

CIRCULAR NO. 32/11

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 has recently raised its counterparty credit and financial strength ratings on the American Club a full notch 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 given what S&P considered to be good competitive position. Specifically, the agency noted that the Club's statutory surplus had grown significantly from \$48.2 million to \$71.4 million from year-end 2009 to year-end 2010.

Noting that the Club's risk-adjusted capital adequacy had improved substantially, S&P said that it expected the Club to continue to improve its operating results over the years ahead, further to grow its surplus and enhance its capital adequacy (in part through a measured derisking of its investment portfolio) based on the agency's model.

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.

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