



CHINA SHIPOWNERS MUTUAL ASSURANCE ASSOCIATION

CPI Underwriting 2016 No.6

3 June 2016

To the Members

Dear Sirs,

Close 2013 Policy Year and Supplementary Calls & Release Calls for Open Policy Years

The 55th Board Meeting of the Association was held on 26 May 2016 in Boao, Hainan Province, China, and during which session, the Board reviewed the financial position of the Association and the claim development for P&I and FD&D as at 20 February 2016 and for H&M insurance as at 31 December 2015 and made the following decisions:

1. Protection and Indemnity

2013 Policy Year

Members may recall that at its 52nd Meeting held on 16 December 2014 in Boao, Hainan Province, China, the Board has decided to collect the full 20% budgeted supplementary call by 28 February 2015, and the release call was remained at 15% of advance call.

As at 20 February 2016, the Association has produced a moderate underwriting surplus for the 2013 policy year. The Board decided to transfer the surplus to P&I Fund of the Association and confirmed that the 2013 policy year shall be closed without any further supplementary call.

2014 Policy Year

The underwriting result for the 2014 policy year is currently estimated to produce a deficit of US\$ 8.62 million basing on the latest claims development.

The budgeted supplementary call, i.e. 20% of advance call, was set to collect on 28 February 2016 and the Board confirmed that the release call is remained at 15% of advance call.

2015 Policy Year

The underwriting result for the 2015 policy year is currently within the projected range based on the latest claims development. The development of claim situation will be further reviewed at the next Board Meeting.

In summary, the present status of the closed and open policy years for P&I insurance are as follows:

Closed Policy Year

2013 and all the previous policy years have been closed.

Open Policy Years

2014 Policy Year

The budgeted supplementary call 20% of advance call was collected on 28 February 2016 and the release call remains at 15% of advance call.

2015 Policy Year

The estimated supplementary call is 20% of advance call with a further release call remaining at 15% of advance call.

2016 Policy Year

The estimated supplementary call is 20% of advance call with a further release call remaining at 15% of advance call.

2. Freight, Demurrage and Defence

2013 Policy Year

It was previously declared that the estimated supplementary call for this policy year is 20% of advance call with a further release call 15% of advance call. As at 20 February 2016, an underwriting surplus for 2012 policy year was confirmed, but since the FD&D reserves of this Association is yet to be consolidated, the Board concluded that the budgeted estimated supplementary call 20% of advance call shall be paid by 20 August 2016 whilst the underwriting surplus shall be transferred to FD&D reserves of the Association and then the 2013 policy year shall be closed.

2014 Policy Year

The overall claims for this policy year are currently within the projected range and the Board decided that the current budgeted supplementary call 20% of advance call with a further release call 15% of advance call remains unchanged.

2015 Policy Year

It's too early to predict the further developments of claims for this policy year. The overall claims for this policy year incurred a small loss up to now and the development of claims will be further reviewed at the next Board Meeting.

In summary, the present status of the closed and open policy years for FD&D insurance are as follows:

Closed Policy Year

2012 and all the previous policy years have been closed.

2013 Policy Year

The estimated supplementary call 20% shall be paid by 20 August 2016 and then the policy year shall be closed.

Open Policy Years

2014 Policy Year

The estimated supplementary call is 20% of advance call with a further release call at 15% of advance call.

2015 Policy Year

The estimated supplementary call is 20% of advance call with a further release call at 15% of advance call.

2016 Policy Year

The estimated supplementary call is 20% of advance call with a further release call at 15% of advance call.

3. Mutual Hull and Machinery

2013 Policy Year

The Mutual Hull and Machinery insurance of the Association has produced certain underwriting surplus for 2013 policy year and the Board decided to transfer the surplus to the Hull & Machinery Fund of the Association and then the 2013 policy year shall be closed.

2014 Policy Year

The underwriting result for the 2014 policy year is currently in deficit and the Board will further review

the claim development for the 2014 policy year at their next Board Meeting.

2015 Policy Year

The underwriting result for the 2015 policy year is currently in surplus and the Board will further review the claim development of the 2015 policy year at their next Board Meeting.

In summary, the present status of the closed and open policy years for Hull & Machinery insurance are as follows:

Closed Policy Year

2013 and all the previous policy years have been closed.

Open Policy Years

2014 Policy Year

Remains open.

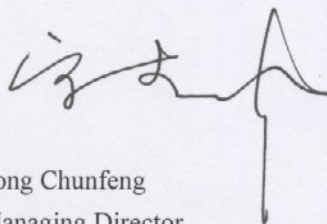
2015 Policy Year

Remains open.

2016 Policy Year

Remains open.

Yours faithfully,



Song Chunfeng
Managing Director

For China Shipowners Mutual Assurance Association