

NOTES TO THE FINANCIAL STATEMENTS

These Group financial statements, which consolidate the financial statements of the Association and its wholly-owned subsidiary undertakings, have been prepared in accordance with Section 255 of and Schedule 9A to the Companies Act 1985 as amended by the Companies Act 1985 (Insurance Companies Accounts) Regulations 1993. The Regulations require the use of profit and loss account as a heading. This is replaced in these financial statements by income and expenditure account consistent with the mutual status of the Association. The balance sheet of the Association (the parent undertaking) is prepared in accordance with the provisions of Section 226 of and Schedule 4 to the Companies Act 1985. As permitted by Section 230 no income and expenditure account of the Association itself is presented.

The financial statements have also been prepared in accordance with applicable accounting standards and, under the historical cost accounting rules, modified to include the revaluation of investments, and comply with the Statement of Recommended Practice issued in December 2005 by the Association of British Insurers (as amended in 2006).

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are material to the consolidated financial statements.

Basis of accounting

The Association's business is accounted for on an annual basis. Separate accounts are maintained for each class of business written.

For the purpose of reporting to mutual Members, all transactions are allocated to individual policy years. Calls and premiums (including reinsurance premiums), claims and reinsurance recoveries are allocated to the policy year to which they relate. In the case of claims and reinsurance recoveries the appropriate year is decided by the date of the incident giving rise to the claim. All other income and expenditure items are allocated to the current policy year except investment returns which are allocated to policy years on the same basis as they are credited to the general business technical account.

Rates of exchange

The Association uses the US dollar as its currency of account. Assets and liabilities denominated in other currencies are translated into US dollars at the rates ruling at the balance sheet date. Revenue transactions are translated at the actual rate applying at the date of transaction or, where this is not practicable, the average rate for the year.

Calls and premiums

Calls and premiums in respect of policies incepting prior to the balance sheet date are shown gross of acquisition costs and net of returns and bad and doubtful debts, and include deferred calls to the extent that they have been advised to Members. Reinsurance premiums are accounted for in the same accounting period as the direct insurance premiums or calls to which they relate.

Acquisition costs

Acquisition costs represent brokerage and commission charges relating to the writing of policies and the management costs of underwriting, renewal of existing Members' entries, negotiation with potential Members and the processing of entry documentation.

Claims paid

Claims paid comprise all claims and related expenses approved by the Committee and advances made on account of claims during the year, including the Association's share of claims under the Pooling Agreement, together with the internal management costs of handling and processing claims.

Reinsurance recoveries represent recoveries made and due in respect of claims paid by the Association in the year. They include amounts recoverable under the Pooling Agreement and market reinsurance contracts.

Claims outstanding

The provision for claims outstanding in the financial statements comprises the Managers' estimate of the ultimate outcome of all reported claims based on current information, plus their forecast of the ultimate cost of claims incurred but not reported (IBNR). The provision also includes an allowance for future claims handling costs.

The Association reserves individual reported claims within its retention on a 'highest reasonable likely outcome' basis, except in circumstances where there is insufficient information available to make a meaningful estimate. In such cases, a statistically derived reserve is applied, which is based on the development of similar notifications made in earlier years.

The IBNR provisions for claims within the Association's retention (Class 3 and Class 6) are determined by the Managers based on standard actuarial projection techniques supported by stochastic modelling, using historical information on claims developments, adjusted for inflation and other variables such as the number of ships entered with the Association, to project the likely ultimate cost of claims. The principal assumption underlying this approach is that past experience is a reliable basis for projecting the ultimate cost of claims in more recent years. The confidence levels at which IBNR reserves are held reflect the Association's risk appetite.

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Provisions in respect of the Association's share of other Clubs' Pool claims are based on information and data supplied by the other parties to the Pooling Agreement, to which the Managers apply similar actuarial techniques and models to those described above.

Provisions for all claims are based on information available at the balance sheet date. Significant delays are experienced in the notification of certain claims, sometimes of many years' duration, and accordingly, the ultimate cost of claims cannot be known with certainty at the balance sheet date. Although the Managers take a conservative approach to setting the overall level of claims provisions, it is possible that subsequent information and events may result in the ultimate liability being greater or less than the amount provided. Any such differences between claims provisions and subsequent settlements are dealt with in the technical account – general business in later years.

Claims provisions are recognised gross of any reinsurance recoveries. The reinsurers' share of claims outstanding is derived from an estimation of the amounts that will be recoverable from reinsurers based on the gross provisions (including the IBNR provisions) and the structure of the Association's reinsurance programme, and having due regard to the possibility of default by reinsurers.

Investment return

The investment return recognised in the non-technical account comprises investment income (interest and dividends), realised gains and losses on investments sold in the year and movements in unrealised gains and losses arising in the year, net of investment management expenses.

Dividends are recognised from the date on which the shares are quoted 'ex-dividend' and include the related tax credits. Interest and expenses are recognised on an accruals basis. Realised gains and losses on investments are calculated as the difference between the net sales proceeds and the purchase price. The movement in unrealised gains and losses recognised in the income and expenditure account represents the difference between the valuation of investments at the balance sheet date and either their purchase price or their valuation at the commencement of the year, together with an adjustment to reverse previously recognised unrealised gains or losses in respect of investments disposed of in the current year.

Allocation of investment return

An allocation is made from the non-technical account to the technical account – general business in respect of the longer-term investment return on the total portfolio since these investments relate wholly to the technical provisions and Members' funds held for mutually insured risks.

Financial investments

Financial investments are shown at current market value at the balance sheet date. Listed investments are stated at bid value. Unlisted investments are valued by the directors on a prudent basis, having regard to their likely realisable value. Investments in group undertakings and participating interests in the Association's own balance sheet are stated at current value.

Deferred taxation

Full provision is made for tax deferred as a result of timing differences between the recognition of income or expenses in the financial statements and their treatment for tax purposes. Liabilities or assets are calculated on the basis of the tax rates at which these timing differences are estimated to reverse under current legislation.

	Consolidated		Class 3 P&I		Class 6 (FD&D) & Class 4 (War)	
	2008 US\$(000)	2007 US\$(000)	2008 US\$(000)	2007 US\$(000)	2008 US\$(000)	2007 US\$(000)
2 Calls and premiums						
Advance calls and premiums						
2007/2008 policy year	200,533	–	193,887	–	6,646	–
2006/2007 policy year	(295)	191,923	(249)	185,286	(46)	6,637
2005/2006 policy year	(821)	(525)	(823)	(842)	2	317
Closed years	(2,081)	848	5	598	(2,086)	250
	197,336	192,246	192,820	185,042	4,516	7,204
Deferred calls						
2006/2007 policy year	44,947	–	44,507	–	440	–
2005/2006 policy year	612	41,527	612	41,527	–	–
Closed years	2	(462)	2	(462)	–	–
	45,561	41,065	45,121	41,065	440	–
Calls and premiums	242,897	233,311	237,941	226,107	4,956	7,204

With effect from 20 February 2007, the Association discontinued underwriting Class 4 (War Risks) business. Calls totalling US\$896,034 were received in the 12 months to 20 February 2007. Returns of call totalling US\$2,084,862 were approved during 2008.

	Consolidated		Class 3 P&I		Class 6 (FD&D) & Class 4 (War)	
	2008 US\$(000)	2007 US\$(000)	2008 US\$(000)	2007 US\$(000)	2008 US\$(000)	2007 US\$(000)
3 Reinsurance premiums						
Group excess of loss	30,093	27,604	30,093	27,604	–	–
Other	35,915	27,526	35,598	26,224	317	1,302
Reinsurance premiums	66,008	55,130	65,691	53,828	317	1,302

Reinsurance calls relating to Class 4 (War Risks) totalled US\$806,633 in 2007.

The Association has a reinsurance contract with Boudicca Insurance Company Limited, a Bermudian reinsurer. The contract provides limited quota-share cover for claims within the Association's and the Pool retention together with aggregate excess of loss cover for policy year deficits that, in the absence of the policy, would have become a charge on the general reserve.

In addition the contract provides excess of loss reinsurance in respect of individual claims that exceed US\$3m within the Association's retention.

	2008 US\$(000)	2007 US\$(000)
Transactions with Boudicca during the year were as follows:		
Reinsurance premiums		
Main contract	7,000	7,000
Excess of loss cover	14,000	9,000
	21,000	16,000
Claims		
Main contract	46,794	31,592
Excess of loss cover	10,663	23,561
	57,457	55,153
Claims		
Recovered on paid claims	16,457	14,753
Change in provision for amounts recoverable	41,000	40,400
	57,457	55,153

As at 20 February 2008 the following amounts were recoverable from Boudicca:

	2008	2007
Debtors – reinsurance operations	6,642	5,238
Reinsurers' share of technical provisions	101,100	60,100
	107,742	65,338

At the balance sheet date surplus investment assets of Boudicca totalling US\$80.3m (2007 – US\$108.4m) were held to support future claims under the reinsurance contract in a manner which ensures that they cannot be dissipated to the detriment of the Association.

	Consolidated		Class 3 P&I		Class 6 (FD&D) & Class 4 (War)	
	2008 US\$(000)	2007 US\$(000)	2008 US\$(000)	2007 US\$(000)	2008 US\$(000)	2007 US\$(000)
4 Net claims paid						
Gross claims paid						
Members' claims	255,825	141,055	250,726	136,453	5,099	4,602
Other Clubs' Pool claims	43,054	25,674	43,054	25,674	–	–
	298,879	166,729	293,780	162,127	5,099	4,602
Recoveries on claims paid						
From the Group excess of loss reinsurance	20,833	(4,409)	20,833	(4,409)	–	–
From the Pool	53,631	15,431	53,631	15,431	–	–
Other reinsurers	47,871	15,674	47,871	15,674	–	–
	122,335	26,696	122,335	26,696	–	–
Net claims paid	176,544	140,033	171,445	135,431	5,099	4,602

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	Consolidated		Class 3 P&I		Class 6 (FD&D) & Class 4 (War)	
	2008 US\$(000)	2007 US\$(000)	2008 US\$(000)	2007 US\$(000)	2008 US\$(000)	2007 US\$(000)
5 Change in net provision for claims						
Claims outstanding						
Members' claims	624,727	641,137	611,300	630,400	13,427	10,737
Other Clubs' Pool claims	189,200	181,800	189,200	181,800	–	–
	813,927	822,937	800,500	812,200	13,427	10,737
Reinsurers' share of claims outstanding						
From the Group excess of loss reinsurance	13,100	37,700	13,100	37,700	–	–
From the Pool	71,200	94,700	71,200	94,700	–	–
Other reinsurers	149,484	129,307	149,484	129,307	–	–
	233,784	261,707	233,784	261,707	–	–
Net claims outstanding carried forward	580,143	561,230	566,716	550,493	13,427	10,737
Net claims outstanding brought forward	561,230	506,106	550,493	494,868	10,737	11,238
Change in net provision for claims	18,913	55,124	16,223	55,625	2,690	(501)

The reinsurer's share of claims outstanding due from the Association's subsidiary Universal Shipowners Marine Insurance Association Limited and its quasi-subsi-dary Hydra Insurance Company Limited was US\$505,691,000.

6 Movement in prior years' claims provisions

Included within net claims incurred in the technical account are the following amounts in respect of adjustments to claims provisions for years ending prior to 20 February 2007.

Net claims at beginning of the year	561,230	506,106	550,493	494,868	10,737	11,238
Net payments in the year in respect of these provisions	(111,618)	(90,735)	(108,602)	(88,028)	(3,016)	(2,707)
Net provision at the end of the year in respect of claims provided for at the end of the previous year	(417,556)	(391,805)	(409,616)	(385,100)	(7,940)	(6,705)
Over/(under)provision in respect of prior years	32,056	23,566	32,275	21,740	(219)	1,826

7 Net operating expenses

Directors' fees	731	656	673	626	58	30
Auditors' remuneration	255	242	229	220	26	22
Other expenses	6,221	5,816	6,031	5,335	190	481
Administrative expenses	7,207	6,714	6,933	6,181	274	533
Acquisition expenses	17,360	15,524	16,838	15,008	522	516
Net operating expenses	24,567	22,238	23,771	21,189	796	1,049

The highest paid director received US\$118,800 (2007 – US\$113,400). The auditors were paid US\$32,400 (2007 – US\$26,400) for non-audit services. The Association employs no staff. Management services are provided by Tindall Riley (Britannia) Limited.

In accordance with the International Group Agreement 1999, the Association is required to disclose the average expense ratio for its P&I business over the past five years. This ratio measures all costs of the Association (except those directly related to the management of claims) as a function of call, premium and investment income for a five-year period. Britannia's average ratio for the five years to 20 February 2008 was 7.85% (2007 – 7.74%). The ratio has been calculated in accordance with the schedule and guidelines issued by the International Group.

8 Net investment income	Consolidated		Class 3 P&I		Class 6 (FD&D) & Class 4 (War)	
	2008 US\$(000)	2007 US\$(000)	2008 US\$(000)	2007 US\$(000)	2008 US\$(000)	2007 US\$(000)
Income from equity investments	6,821	5,460	6,535	5,238	286	222
Income from fixed income investments	18,678	16,871	17,927	16,380	751	612
Bank and other interest	6,739	3,104	6,259	2,902	480	80
Gains on the realisation of investments	11,659	1,282	11,148	1,231	511	51
Unrealised (losses)/gains on investments	(8,111)	40,287	(7,942)	38,377	(169)	1,910
Exchange gains	6,118	2,704	6,087	2,540	31	164
Investment income	41,904	69,708	40,014	66,668	1,890	3,039
Investment management expenses	(683)	(682)	(645)	(648)	(38)	(33)
Net investment income	41,221	69,026	39,369	66,020	1,852	3,006

9 Longer-term investment return

Investment income is allocated to the general business technical account on the basis of longer-term rates of investment return. The longer-term rates are based on historical real rates of return and current inflation expectations adjusted for consensus economic and investment forecasts. The return is calculated by applying these rates to the investible assets held during the period for each major market on a monthly basis. The following rates have been used:

	Bonds		Equities	
	2008	2007	2008	2007
US	4.5%	4.5%	7.0%	8.0%
UK	4.5%	4.3%	7.0%	7.5%
Europe	3.6%	3.7%	7.0%	7.5%
Pacific Basin	4.5%	4.7%	7.0%	7.0%
Japan	1.7%	1.5%	5.0%	5.0%

Comparison of the actual return achieved with the return allocated to the technical account using longer-term rates.	5 years to February 2008	5 years to February 2007
	US\$(000)	US\$(000)
Actual return achieved	239,704	198,920
Longer-term return credited to the technical account	134,288	114,246
Excess of actual returns over longer-term returns	105,416	84,674

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10 Taxation	Consolidated		Class 3 P&I		Class 6 (FD&D) & Class 4 (War)	
	2008 US\$(000)	2007 US\$(000)	2008 US\$(000)	2007 US\$(000)	2008 US\$(000)	2007 US\$(000)
Analysis of charge for period						
UK Corporation tax	2,735	766	2,700	736	35	30
Unrelieved foreign withholding taxes	1,437	1,145	1,377	1,097	60	48
Prior year adjustment	–	(33)	–	(33)	–	–
Deferred taxation	(1,634)	1,187	(1,634)	1,187	–	–
Taxation	2,538	3,065	2,443	2,987	95	78

By virtue of its mutual status the Association is not liable to tax on its underwriting operations. The Association's own investment income is subject to UK Corporation tax. The investment income of the Association's subsidiary Universal Shipowners Marine Insurance Association Limited is not subject to tax in Bermuda but does suffer irrecoverable withholding tax in certain jurisdictions. The deferred tax credit in the current year represents a provision for tax on investment income of the Association recoverable in future years.

Factors affecting the tax charge for period

The tax charge for the period is higher than that produced by applying the standard rate of Corporation tax in the UK (30%). The differences are explained below:

Net (deficit)/income before tax	(1,914)	29,812	180	26,054	(2,094)	3,758
Net (deficit)/income on ordinary activities multiplied by standard rate of Corporation tax in the UK of 30%	(574)	8,944	54	7,817	(628)	1,127
Effects of:						
Non-taxable mutual underwriting operations	12,940	11,748	11,756	11,973	1,184	(225)
Non-taxable investment income	(9,631)	(19,926)	(9,110)	(19,054)	(521)	(872)
Current tax charge	2,735	766	2,700	736	35	30

11 Financial investments

Group

Market value

Quoted shares and other variable yield securities	199,213	230,630	190,846	220,944	8,367	9,686
Debt securities and other fixed income securities	377,397	376,364	359,431	360,035	17,966	16,329
Deposits with credit institutions	124,783	117,919	121,106	117,919	3,677	–
Unquoted shares	–	319	–	319	–	–
	701,393	725,232	671,383	699,217	30,010	26,015

Cost

Quoted shares and other variable yield securities	149,965	158,271	143,666	151,624	6,299	6,647
Debt securities and other fixed income securities	356,597	372,283	339,667	359,267	16,930	13,016
Deposits with credit institutions	124,783	117,919	121,106	117,919	3,677	–
Unquoted shares	–	497	–	497	–	–
	631,345	648,970	604,439	629,307	26,906	19,663

Included in investments at market value were:

Listed on the UK stock exchange	57,588	76,148	55,169	69,234	2,419	6,914
Listed on other investment exchanges	519,022	530,846	495,108	511,745	23,914	19,101
	576,610	606,994	550,277	580,979	26,333	26,015

11 Financial investments (continued)	Consolidated		Class 3 P&I		Class 6 (FD&D) & Class 4 (War)	
	2008 US\$(000)	2007 US\$(000)	2008 US\$(000)	2007 US\$(000)	2008 US\$(000)	2007 US\$(000)
Association						
Market value						
Debt securities and other fixed income securities	75,449	67,078	70,165	62,333	5,284	4,745
Cost						
Debt securities and other fixed income securities	69,791	67,557	64,907	62,780	4,884	4,777
Included in the above were investments:						
Listed on the UK stock exchange	-	-	-	-	-	-
Listed on other investment exchanges	75,449	67,078	70,165	62,333	5,284	4,745
	75,449	67,078	70,165	62,333	5,284	4,745

12 Investment in Group undertakings

	2008 US\$(000)	2007 US\$(000)
Shares in subsidiary companies	8,083	1,021

	Country of incorporation	Share held	Class of shares	Principal activity	Held
Universal Shipowners Marine Insurance Association Limited	Bermuda	100%	Ordinary	Reinsurance	Directly
Channel Shipowners Marine Indemnity Association Limited	Guernsey	100%	Ordinary	Dormant	Directly
Hydra Insurance Company Limited	Bermuda	100%	Ordinary/ Preferred	Reinsurance	Directly

The Association's investment in its principal subsidiary Universal Shipowners Marine Insurance Association Limited is carried at an amount corresponding to its original cost since, in the light of the restrictions over the purposes to which the company's assets may be applied, the shares have only nominal value.

The Association accounts for its investment in Hydra Insurance Company Limited as a quasi-subsiary. Hydra is a Bermudian segregated cell-captive established by the International Group of P&I Clubs to reinsure part of the risk which Clubs that are party to the Pooling Agreement previously reinsured in the market. Under the terms of the company's byelaws and the governing instrument assets are segregated in separate cells in such a way that they can be used only to satisfy the liabilities of the 'owning' club. As at 20 February 2008 the Association's investment in Hydra comprised 20,000 ordinary shares of US\$1 in the company at par and preferred shares and contributed surplus in the Britannia cell amounting to US\$7,942,600.

	2008 US\$(000)	2007 US\$(000)
The following table summarises the financial statements of Britannia's Hydra cell for the year ended 20 February 2008.		
Net premiums	32,835	8,934
Net claims	(28,904)	(16,579)
Investment income (net of expenses of management)	1,167	577
Surplus/(deficit) for the year	5,098	(7,068)
Deposits with credit institutions	37,242	14,069
Other insurance debtors	8,997	7,029
Technical provisions	(38,631)	(18,588)
Shareholders' equity	7,608	2,510

13 Debtors – direct insurance operations	Consolidated		Class 3 P&I		Class 6 (FD&D) & Class 4 (War)	
	2008 US\$(000)	2007 US\$(000)	2008 US\$(000)	2007 US\$(000)	2008 US\$(000)	2007 US\$(000)
Group and Association						
Calls and premiums due from Members	6,473	4,908	4,619	4,050	1,854	858
Deferred call advised to Members	14,100	13,800	14,100	13,800	-	-
Debtors – direct insurance operations	20,573	18,708	18,719	17,850	1,854	858

The deferred call represents the estimated amount to be charged to Members in October 2008 following the Committee's decision to make a 30% deferred call in respect of the 2006/2007 policy year of which 10% would not be collected for 12 months. The figure for the prior year is the 10% deferred call in respect of the 2005/2006 policy year which was charged to Members in October 2007.

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14 Debtors – reinsurance operations	Consolidated		Class 3 P&I		Class 6 (FD&D) & Class 4 (War)	
	2008 US\$(000)	2007 US\$(000)	2008 US\$(000)	2007 US\$(000)	2008 US\$(000)	2007 US\$(000)
Reinsurance recoveries						
Amounts recoverable from the Pool	461	1,957	461	1,957	–	–
Other	9,462	6,042	9,461	6,042	1	–
Debtors – reinsurance operations – Group	9,923	7,999	9,922	7,999	1	–
Due from Hydra Insurance Company Limited	–	2,209	–	2,209	–	–
Debtors – reinsurance operations – Association	9,923	10,208	9,922	10,208	1	–

15 Other debtors

Unsettled investment transactions – subsidiaries	5,269	3,478	5,048	3,332	221	146
Other – Association	275	228	255	208	20	20
Other debtors – Group	5,544	3,706	5,303	3,540	241	166

16 Creditors – reinsurance operations

Group and Association						
Other	9,213	12,205	9,213	11,817	–	388
Creditors – reinsurance operations – Group	9,213	12,205	9,213	11,817	–	388
Due to Hydra Insurance Company Limited	3,699	–	3,699	–	–	–
Creditors – reinsurance operations – Association	12,912	12,205	12,912	11,817	–	388

17 Other creditors

Unsettled investment transactions – subsidiaries	2,051	3,182	1,965	3,031	86	151
Other	1,674	1,005	1,533	938	141	67
Other creditors	3,725	4,187	3,498	3,969	227	218

Other creditors in the Association balance sheet of US\$823,000 relate to Class 3 – US\$717,000 and Class 6 US\$106,000.

18 Capital and reserves	Consolidated			Class 3 P&I			Class 6 (FD&D) & Class 4 (War)		
	Investment reserve US\$(000)	General reserve US\$(000)	Income and expenditure account US\$(000)	Investment reserve US\$(000)	General reserve US\$(000)	Income and expenditure account US\$(000)	Investment reserve US\$(000)	General reserve US\$(000)	Income and expenditure account US\$(000)
Balance at 20 February 2006	82,682	20,000	63,665	77,613	16,629	59,322	5,069	3,371	4,343
Surplus for the financial year	–	–	26,747	–	–	23,067	–	–	3,680
Transfer to investment reserve	34,599	–	(34,599)	32,916	–	(32,916)	1,683	–	(1,683)
Balance at 20 February 2007	117,281	20,000	55,813	110,529	16,629	49,473	6,752	3,371	6,340
(Deficit) for the financial year	–	–	(4,452)	–	–	(2,263)	–	–	(2,189)
Transfer to investment reserve	4,942	–	(4,942)	4,458	–	(4,458)	484	–	(484)
Balance at 20 February 2008	122,223	20,000	46,419	114,987	16,629	42,752	7,236	3,371	3,667

The Association is incorporated and registered in Great Britain as a company limited by guarantee and does not therefore have a share capital.

The investment reserve comprises the cumulative net transfers from the income and expenditure account. Annual transfers equivalent to the net unallocated return/(deficit) on the Association's investments are made to or from this reserve.

The general reserve – Class 3 was established in accordance with Rule 39(1) of the Association to provide for any claims, expenses, losses or other outgoings of the Association (including any deficiency in respect of any closed policy year), or to eliminate or reduce any call in respect of any policy year.

19 Designated reserves

All members of the International Group have entered into arrangements (under an agreement dated 21 May 1996) whereby each Club has provided security in favour of The Bermuda Trust Company. The security can only be drawn upon in the event that a Club fails to meet a call upon it in relation to its obligations under the Pooling Agreement. The Association has furnished a letter of credit in the amount of US\$29.6m (2007 – US\$24.7m) issued by a major financial institution as security for its participation in the agreement. The letter of credit is secured on the Association's assets.

20 Related party transactions

The Committee, comprising up to 28 representatives of the membership of the Association and two manager nominees, is elected to oversee the management of the Association on behalf of the Members. The members of the Committee are directors of the Association and as such are related parties as defined by FRS 8 – Related Party Disclosures. However, because of the mutual nature of the Association all Members, being both insured and insurers, are in effect related parties. The aggregate of transactions with Members is disclosed in these financial statements and, in the opinion of the directors, there are no individual transactions or connected transactions with Members, directors or their companies the disclosure of which is necessary for an understanding of the financial statements.

Tindall Riley Marine Limited, which manages the Association through its subsidiary Tindall Riley (Britannia) Limited, earned management fees of US\$30,092,630 (2007 – US\$25,790,612) for the year. Three directors of the Association are also directors of Tindall Riley (Britannia) Limited.