



Update

To: All Brokers & Shipowners

Date: Friday, 1st March, 2002

From: Neil Clemens, President

Pages: 1 in all

Status Report

It brings me great pleasure to update you on the developments with SIGCo after recently surpassing the 5th anniversary of the Company. Our growth in terms of market share has been notable over the period, and the commitment to provide quality service to our clients remains as strong as ever.

For your information I attach the latest update of statistics as furnished by the USCG. It is notable that the absolute number of commercial insurance guaranties in support of COFRs continues to increase. SIGCo's market share has stabilized after increasing gradually over the 5 year life of the company.

<u>Insurers providing evidence of Financial Responsibility in support of OPA/CERCLA COFRs issued by the USCG as at 31st December, 2001</u>						
	<u>--- Dry Cargo ---</u>		<u>--- Tanker ---</u>		<u>--- Total * ---</u>	
SIGCo	4,987	64.7%	1,284	61.7%	6,271	64.0%
Shoreline Mutual	1,804	23.4%	677	32.5%	2,481	25.3%
WQIS	424	5.5%	15	0.7%	439	4.5%
Arvak	301	3.9%	95	4.6%	396	4.0%
Other Guarantors **	194	2.5%	10	0.5%	204	2.1%
	7,710	100%	2,081	100%	9,791	100%
* excludes Tank Barge, MODU, Passenger, Fishing and Utility vessels						
** includes Lloyds, Cofrsure, HIH, Gyosen Chuokai, CU, Heddington Highland, Sphere Drake and Travelers						

Developments in the insurance/reinsurance markets

You will all be aware of the tragic events of September 11th, 2001, and the impact of this disaster on the reinsurance and insurance markets has been well documented. In order to manage the insurance risk, SIGCo buys reinsurance, and does not therefore escape the impact of these market developments. At the same time, the potential for claims against a COFR guarantor may have been increased by the terrorist threat. These factors combined mean that maintaining premiums at expiring levels is a challenge. SIGCo's clients are fortunate, therefore, that the company's founders created a structure that has helped to limit the impact of such market swings. This, combined with the commitment of the SIGCo Trustee Board to pursue a long-term policy of stable COFR premiums, positions us to minimise the impact of a hardening reinsurance market on the shipowner. Your support and the gratifying level of business that we continue to service will underpin our efforts to achieve that goal in the years to come.

Finally I would like to thank all of you for your continued contribution to the success of SIGCo.



The Shipowners Insurance and Guaranty Company Ltd.

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