



Update

To: All Clients
From: Neil Clemens, President

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The SIGCo Trust

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I am pleased to advise you of developments concerning the Trustee Board, which was formed to represent the shipowners interests in SIGCo and will play an increasing role in directing the affairs of the company.

Although SIGCo Ltd. is not a mutual insurance company and does not expose its shipowner clients to any liability to pay additional calls, SIGCo was formed with a view to giving shipowners a similar ability to control the destiny of the company and benefit from its financial performance as if it were a mutual.

To achieve this end, the capital has been provided by way of preference shares, which are to be redeemed over time. The ordinary shares are held in a trust – the SIGCo Trust – established in Bermuda. The beneficiaries of the trust are the shipowners who obtain their COFR guaranties from SIGCo Ltd..

The SIGCo Private Trustee Company Ltd., which acts as Trustee for the SIGCo Trust, was established in Bermuda, and its Board of Directors now includes the following members:

Ran Hettena (Chairman)
Miles Kulukundis
Peter Livanos
Fridtjof Lorentzen
Stephen Pan
C-C Tung
Francis Vallat

The Trustee Board is in a position to exercise considerable influence over the development of SIGCo Ltd. on behalf of shipowners through its right to appoint the Chairman of SIGCo Ltd., a position held from the inception of the company by Miles Kulukundis. Francis Vallat serves as his alternate director on the Board of SIGCo Ltd.. In addition to the Trustee's financial interest in the company as holder of the equity shares, the Trustee Board receives reports from the Chairman on the financial performance of SIGCo Ltd., and the strategic issues relevant to its development. Through the office of the Chairman, the Trustee Board is also in a position to comment on the quality of the service offered to SIGCo Ltd.'s clients and to ensure that SIGCo Ltd. genuinely understands and is responsive to shipowners' requirements.

It is planned that, in due course, the preference shares will be redeemed. As this happens, the right of the preference shareholders to appoint directors to the Board of SIGCo Ltd. will pass to the Trustee and the ability of the Trustee to control the development of SIGCo Ltd. will increase accordingly. So too will its financial interest in the company. After paying the cost of SIGCo's \$25 million capital, all net underwriting and investment surpluses will increase the value of the ordinary shares held in the Trust, to the extent that they are not used further to reduce the cost of COFR guaranties. The process of increasing the value of the equity held in the Trust has started well after SIGCo's first two years of operation. In addition, considerable savings have been made for shipowner clients in the cost of their COFR

guaranties and SIGCo Ltd. continues to look for ways of improving services to owners.



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