



# LOCHAIN PATRICK

A division of Burns & Wilcox Global Solutions

P&I REPORT 2025

EXPERIENCED GUIDANCE



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## INDEX

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Introduction	01
2025 In Words	02
2024-2025 Highlights of the Year	03
2025 In Numbers	
A) Underwriting	04 - 09
B) Investments	10 - 11
C) Overall Result	12
D) Free Reserves and Solvency II	13
Group Reinsurance	14 - 15
2026-2027 Renewal	16 - 19
Individual Clubs	20 - 33
Alternative Facilities Including Fixed Premium Options	34
Contact Us	36



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## INTRODUCTION

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We are delighted to reintroduce you to our annual review of the Protection and Indemnity markets 2025 - whether you are reading this in hard copy or electronically.

This rather technical document is a fairly in depth analysis of the majority of the key issues in the P&I market for the last 12 months, and for regular readers you will note that it has been in a relatively constant format since we began doing the Review some 20 years ago - well, some things we like to keep the same!

We say that because our company is a little way into an exciting new chapter - being undertaken with the aim of ultimately benefitting, in a deliberate order, our clients (both existing and future), and our greatest asset, our people.

As a very brief history, in 2014 Lochain Patrick was acquired by the Kaufman Group, a family owned insurance business headquartered in Michigan. We existed and thrived as one of the Group's main broking assets as a specialist marine broker. Exciting new plans were announced in 2024, with a vision to create and further expand both the Kaufman broking and underwriting disciplines outside of the USA. The aim of the broking arm? To create a differentiated international business, with an amazing culture and environment for our talented colleagues to thrive, with a highly efficient and service led operating model, at the very forefront of technology.

We are now a year into the journey - as the broking arm transforms into Burns & Wilcox Global Solutions Limited and our MGA arm builds and develops under the banner of RB Jones. Our London operations have moved into state of the art offices in the iconic Gherkin, and our platforms in Europe and Dubai will continue to grow.

Our commitment as we undergo the progression and change into an even better environment for our clients and people is that our team will always put our clients first, and continue to serve and look after your interests to the very highest levels. We want you on the journey with us, take advantage of our plans and development - please come and see us on your travels to or through London, and we will make every effort to come and see you.

We hope you find this document useful. We look forward to growing together.





2024-25 saw the continuation of the theory that the only thing that is predictable is the unpredictability of the market. After two consecutive years of combined ratios below 100% and modest levels of pool claims the year saw a return to increased frequency and severity of large claims – indeed it is a year that threatens to be the worst pool claims year ever, until the next one! Equally 2024-25 saw a second consecutive year of strong investment yields following the rise in interest rates and melt down of fixed income security values which made 2022-23 something of an annus horribilis.

Unpredictable, yet strangely not untypical. P&I is an industry heavily influenced by cycles – in the shipping markets as well as in the insurance business. Peaks and troughs of the premium rating tend to be 7 years apart, but there is early evidence that this cycle is shortening. The investment cycles are also shortening as they become more volatile. When these two cycles both are at a peak, we see what we got in 2023-24 – an increase in free reserves of more than \$800 million; we have not seen the coincidence of two troughs for over 15 years, however such years tend to be masked by excess calls, but its for years such as this that the Clubs now hold such substantial reserves and so seek to avoid the need for unexpected demands on members. As the cycles shorten, the likelihood of a “clash of troughs” becomes ever greater.

When might it happen? Presently the underwriting cycle seems to be heading back into a trough and there is much talk of 2025-2026 being adversely impacted by significant prior year loss deterioration. It takes approximately two years for premium levels to react to worsening combined ratio and so, absent a quantum shift in claims severity, the underwriting market looks to be set in for a few consecutive bad years. Can the investment market continue to be buoyant? 2025-26 looks as if it will end up strongly but the impression is more when, than whether, the market will overheat, peak out and start to lose value.

Opposite are the highlights of the year, excluding general increase data for the 2026-27 policy year to the extent that any have been announced .





### SEPTEMBER 2024

The American Club announce a 35% excess call for P&I entered members on the 2022-23 policy year which calls are anticipated to raise some \$23 million;

### OCTOBER 2024

Gard is to continue its policy of granting an owners general discount on ETC to P&I members at the 20 February 2025 renewal. The discount for the forthcoming year remains at 10%;

Steamship Mutual makes an approximate \$42 million capital distribution (12.5% on ETC) which will be credited to mutual members renewing their entries at 20 February 2025;

### NOVEMBER 2024

Britannia is to return \$30 million to renewing members at 20 February 2025 by way of a premium credit against the first instalment of the 2025-26 premium;

James Bean assumes the position of CEO at the London Club;

Skuld board agree to give a further 5% members discount in respect of the 2024-25 policy year against 2025-26 renewal premiums;

West of England opens a new office in Dubai, UAE;

### DECEMBER 2024

The International Group reinsurance programme renews in basically the same structure as expiring. Premiums are increased across the board with container vessels seeing a 23.6% increase whilst other vessel types saw significantly lower increases;

Standard & Poors revise Britannia's rating from A negative outlook to A- stable;

Standard & Poors amend the outlook on the London Club from BBB+ negative to BBB+ stable;

### JANUARY 2025

Gard starts to offer M&E risks to the Japanese market;

West of England announce the full acquisition of Nordic Marine Insurance, which company offers a range of specialist marine products as well as managing West Hull;

### MARCH 2025

Gard completes the acquisition of the Codan M&E portfolio, at the same time establishing a dedicated Danish branch under Mikael Hvolgaard, opening offices in Copenhagen and Aarhus;

### APRIL 2025

Andrew Cutler is to step down as CEO of Britannia at the end of 2025. He will be replaced by Mike Hall, currently Deputy CEO. Cutler will also step down as Chair of the International Group of P&I Clubs in November 2025;

### JUNE 2025

The ILO adopts the 5th set of amendments to the maritime Labour Convention reflecting a commitment to enhancing the rights, safety and well-being of seafarers;

The International Group of P&I Clubs will propose Rolf Thore Roppestad as the new Chair in succession to Andrew Cutler;

### JULY 2025

EU adopt the 18th Sanctions package against Russia;

The UK Club has introduced "UK Fixed", its Fixed Premium Protection & Indemnity product for owners of smaller vessels, following the integration of Thomas Miller Specialty Marine into the Club's operations;

### AUGUST 2025

The UK Club is to open an office in Newcastle upon Tyne in the UK in order to "capitalise on the impressive pool of . . . . existing P&I talent";

Standard & Poors revise the Japan Club's rating from BBB outlook positive to BBB+ outlook stable;

### SEPTEMBER 2025

Standard & Poors amend the outlook on West of England from BBB+ stable to BBB+ positive;

NorthStandard enters the Upstream Energy and Marine & Energy Liability sectors under Matt Holmes and Andrew Carter;

Shipowners Club report an operating surplus of \$48.1 million for the 6 months to 30 June 2025 with free reserves rising to \$495.5 million. The result reflects an underwriting surplus of \$0.6 million (combined ratio 99.6%) and net investment/other income of \$47.4 million (5.4%);

Skuld report an operating surplus of \$36.5 million for the 6 months to 20 August 2025 with free reserves rising to \$596.2 million. The result reflects an underwriting surplus of \$3.2 million (combined ratio 99.0%) and net investment/other income of \$32.2 million (4.3%);

The Swedish Club have signed a strategic partnership with Ping An Property & Casualty Insurance Company aimed at strengthening the Club's commitment to the Chinese maritime community;

### OCTOBER 2025

Gard report an operating surplus of \$75.0 million for the 6 months to 30 June 2025 with free reserves rising to \$1,641.0 million. The result reflects an underwriting deficit of \$115.5 million (combined ratio approx. 120%) and net investment/other income of \$190.6 million (6.5%);



## A) UNDERWRITING

The collective premium income earned by the Clubs on a financial year basis is set out in the table below:

### Financial Year Premiums (In \$ Millions)

Year To 20 Feb	2025	2024	2023	2022	2021	2020	2019
Call Income	5,329.6	5,135.4	4,743.1	4,230.2	3,839.1	3,733.7	3,709.7
% age Change	+3.8	+8.3	+12.1	+10.2	+2.8	+0.6	+0.5

Financial year premium income was up by almost 4% in 2024-25 following significant increases in each of the past three years.

We examine the year-on-year changes in the policy year premiums below but the financial year premiums will have been distorted from the more pure policy year figures by a number of factors in addition to the general P&I increase:

- Timing differences in recording receipt of instalments of premium;
- Growth (or reduction) in diversified business;
- Timing of collection of excess calls (or return calls) and premium earned but not billed ("EBUB") at the American Club

### Policy Year Premiums P&I only (In \$ Millions)

Year To 20 Feb	2025	2024	2023	2022	2021	2020	2019
P&I Call Income *	3,936.8	3,870.8	3,575.3	3,009.8	3,463.6	2,985.7	2,997.6
Return / Excess Calls **	-29.0	-22.9	0.5	41.3	-1.2	27.8	-34.8
"Normalised" Calls	3,965.8	3,893.7	3,575.8	2,968.5	3,464.8	2,957.9	3,032.4
%Age Change	+1.9%	+8.9%	+16.1%	+0.4%	+10.7%	-2.5%	-4.1%
Weighted Average GI	+5.9%	+8.4%	+10.1%	+5.4%	+11.0%	+0.4%	0.0%
Total Fleet Growth	+2.4%	+0.7%	+3.2%	+6.4%	+3.6%	+2.9%	+4.5%
Call Change In Theory	+8.3%	+9.1%	+13.3%	+11.8%	+14.6%	+3.3%	+4.5%
"Churn" Estimate	6.4%	0.2%	-2.8%	11.4%	3.9%	5.8%	8.6%

Premium from diversified operations has remained fairly static over the last four years after falling when the former Standard Club syndicate entered run off effectively in the 2020 year. The relatively soft market across this period has also inhibited growth in the M&E sector and effectively meant that the Clubs have had to take on more risk for premiums to stand still.

There have been instances of excess calls at the three smallest Clubs which will have inflated the premium growth in 2022 and 2023, but in general terms the growth trend seen on a financial year basis is representative of growth in P&I.

Looking more at the pure P&I elements of premium, on a policy year basis, we see premiums falling consistently up to 2020, turning a corner in 2021 (which was COVID impacted and might otherwise have been expected to rise more) and then increasing again in 2022 and 2024 before settling down in 2025. Entered tonnage grew in each year but the trend in the "churn" estimate below is consistent with premium growth. General increases had peaked in 2023 before steadily falling back in the next two years on the back of improving underlying underwriting results.

\* Including estimated uncalled income in current year.

\*\* Includes EBUB adjustments for American Clubs

The "churn" estimate in the above table effectively shows how successful the Clubs were in attaining their intended general increase, but, whilst the trends make for interesting reading there are many factors at play here and we cannot say with any certainty which of those factors are most influential in causing the apparent shortfall in premium per ton when compared against the general increase. In different policy years different factors will have more or less weight.



## A) UNDERWRITING

## Premium Shortfall

Change In Calls/GT ● Weighted Average GI ●



The most influential factors in creating the shortfall are, in no particular order:

- Individual Clubs' being less resolute in attaining the target increases at renewal, since by then they would have had better knowledge of how the previous year was developing, both in relation to combined ratios and investment yields. This may have led to premium rating decisions having been made on more commercial terms when pressurised by owners/their brokers especially when individual fleets had good loss records;
- The pure "churn" effect whereby older more heavily rated tonnage goes off risk via scrapping, lay ups etc can be very influential, although this has been less significant in the recent positive freight markets. This has led to a greater number of vessels remaining in service during those positive freight markets, but has not always been the case – and this is when we see the "churn" estimates rise;
- The pure "churn" effect has to a degree been offset by the loss to the International Group Clubs of older "dark fleet" vessels which would, by virtue of their age, have commanded high premiums per ton;
- New-buildings continue to remain subject to heavy competition when entering the Club system, resulting in below average rates being offered to secure the business. However in this regard there is a storm brewing that the Clubs will need to be mindful of - the above average influx of new buildings expected in the market in the next couple of years is likely to have a significant impact in terms of suppressing average premium rates obtained and we expect the gap between premiums sought and premiums achieved to widen again after as this factor comes more into play. Further if freight rates fall and new building flood into the market, the churn impact will be magnified;
- The same impact is seen where vessels are not so much scrapped but replaced and sold to new owners, thus being "new free business" to the purchaser who may have existing entries with several Clubs who all may compete for the vessel;
- Premiums are traded away for higher per loss deductibles, the introduction of annual aggregate deductibles or other amendments to cover, but this may only account for some 1%, or less, equivalent part of, say, a 5% target premium increase;
- Premium is not just a function of the general increase but as the International Group reinsurance levy assumes more significance (now perhaps 30% or so of an owners insurance cost – more for certain vessel classes) then the increases imposed by that mechanism are growing in impact. For example in 2022 the general increase was 6.5% whereas the reinsurance levy rose by between 15 and 55%, or in 2024 where the general increase was 8.4% whilst the reinsurance levy fell by between 1% and 12.5%;

Not all Clubs are as exposed to this average churn effect – those with older or larger ships appear to be more vulnerable. In theory as the new vessels age, their premium rating should increase to recognise the supposed increased claims exposure, but in an era of low to nil general increases this would have been harder to achieve.

More and more, the Clubs are attempting to achieve premium increases by reference to individual claims histories and forward risk profiles, which are becoming an integral part of most renewal strategies, either implicitly or explicitly. The recent continued volatility spikes in claims activity (particularly large claims) should help them with this, but a lot of this increased volatility is down to large losses, which in many cases will be abated out of owners' loss records. This is perhaps one of the reasons why several Clubs have increased the abatement thresholds in recent years. Of course, those abated losses still have to be costed into members premium, but they are spread equally between members rather than being loaded into claimants' records.

Additionally as volatility causes more claims to breach the pooling threshold the excess over \$10 million is not reflected in the general increase at all but rather is reflected in the increased cost of the excess reinsurance programme levy, which is separate to, and independent of, the general increases.

The existing premium rating models are becoming somewhat outmoded in light of current claims patterns. Is a more loss record related approach better than a general increase based approach? An "own record" approach tends to make the Clubs less mutual, since more of the burden for his own losses falls on the owner, but it seems a direction that the Clubs wish to travel, rightly or wrongly.

## A) UNDERWRITING

Turning to claims, the following table summarises the levels of claims incurred, both on a financial and a policy year basis:

### Policy Year / Financial Year Claims (In \$ Millions)

Year To 20 Feb	2025	2024	2023	2022	2021	2020	2019
PY Claims	3,010.3	2,412.2	2,254.5	2,845.0	2,643.8	2,492.1	2,420.6
% age Change	+24.8%	+7.4%	-20.8%	+7.6%	+6.1%	+3.0%	+6.5%
FY Claims	3,728.7	3,083.6	2,856.3	3,015.8	3,019.4	2,839.2	2,623.2
% age Change	+20.9%	+7.9%	-5.3%	+0.0%	+6.6%	+8.2%	+7.3%

The growth in GT insured rose slightly by 2.4% in 2024-25, compared to 0.7% in the previous year (see table on previous page), although the growth in owners tonnage was lower in both years at 2.3% and -0.3% respectively. In previous reports we have discussed the impact of the COVID pandemic on policy years ending 2020 to 2022, so we will not dwell on this in the 2025 report, save as to not that there has been little to no pandemic related impact in the past three years.

On a policy year basis, the absolute level of P&I claims for 2024-25 has risen once more to the highest absolute level of the decade following very positive

performance in each of the last two years. In the year just ended P&I claims rose by almost 25%. On a claims per GT basis the 2024-25 year saw a return to the relatively stable levels seen in the late 2010's through to the early 2020's. It should be noted that, when looking at the year on year changes, using this measure, each older year is 12 months more mature than the more recent one and, in theory, we would typically expect to see favourable development of claims over time as initial over reserving unwinds. However it is fair to say that this trend has not been seen for a number of years and currently there is a trend for claims deteriorating over time.

The past 4 years that have reached 36 month maturity have deteriorated by an average 3.5% between initial assessment and 36 month maturity, at which point the year of account is closed. Most of this deterioration takes place between the 12 and 24 month development points.

A lot of the adverse development appears to stem from large claims, both within retention and, more severely, in the pool which ordinarily will deteriorate significantly in the 12 to 24 month period. We will look at this in more depth when discussing pool claims below.

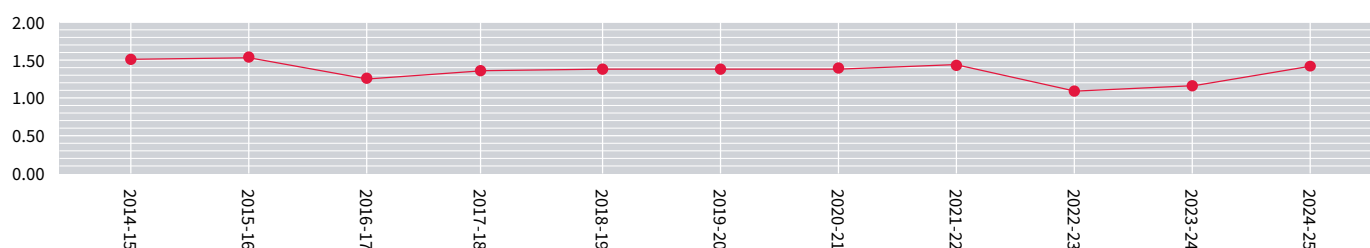
So is this a new trend, or is it simply a reflection of the surprisingly late reporting of a small number of claims that ultimately may end up running through the pool and into either the Hydra AAD or the market reinsurance contract? There always has been a reasonably high level of deterioration in the period immediately after the end of the policy year due to reporting lag and the difficulty in valuing the complicated larger claims. To the extent that these late breaking or late developing large losses fall on the market reinsurance contract, then the claims statistics will be immune from change and the impact will be seen on the renewal of subsequent reinsurance contracts. To the extent that these claims fall into the pooling layers, then the impact is more direct as the Hydra allocation of the group reinsurance rate will need to be remedied much more quickly.

Notwithstanding the deterioration in claims whilst the policy years remain open (and transparent), the substantial releases from claims provisions that seem to be made on older policy years, which have become an enduring feature of Club accounts for many years, still appear to be influential but perhaps are being delayed longer and masked by the larger pool loss deteriorations. Potentially more "unrealised gains" are being held back in claims reserves until later years – arguably because the Clubs already have an "embarrassment of riches" in free reserve. By releasing them earlier, the Clubs would undermine their arguments for premium increases by improving combined ratios.

A further complication is caused by differing Clubs having unique IBNR provisions – this can also be the case with pool losses whereby the 12 Clubs could have 12 different levels of IBNR for the same risk, particularly on the more recent, less mature years.

The following graphic shows the change in policy year claims per total GT entered and we see visually the dramatic fall in policy year claims per GT in 2022-23, the levelling off in 2023-24 and the return to the earlier levels in 2024-25. The return to underwriting deficits are primarily a function of increased claims levels, but that factor is made worse by the relatively limited premium increases encouraged by two years of positive underwriting. The claims cycle unquestionably "wags the tail" of the premium cycle with an approximate 18-24 month lag.

### Policy Year Claims per GT



It should be noted that the data in the above chart only includes data up until the 36 month point of development (and less in the most recent two years) since data on closed year claims development is not publicly available beyond the claims triangulations in several of the Club financial statements. However, there is continuing evidence that the incurred claims figures will fall after 36 months when the year has closed - giving rise to surpluses on the closed policy years which are difficult to assess but will be reflected in subsequent financial years.

A further factor in the reduced claims activity is that deductibles have increased across the period under review, including more recently the imposition of AAD's for larger fleets or members with poor records. This is the secondary impact of trading additional premiums for reduced low level claims involvement seen in the premium churn discussion above.



## A) UNDERWRITING

Attritional claims, those up to around \$250,000, whilst still subject to claims inflation of perhaps 5% continue to decline in frequency or hold station. Many of these claims were in effect “dollar swaps” in earlier years and the removal of a growing number of these claims from the Club system (and back into the hands of the owner) as deductibles increase result in a reduction of both claims per GT and premiums per GT. The trading of premium increases for deductible increases will impact loss ratios and “churn”, as noted above.

The continued and now consistent major impact of small numbers of large losses and additionally the frequency and severity of pool level claims is now the primary driver of claims levels (and hence, ultimately, premiums), rather than any growth in the number of more frequent attritional claims which may typically be 99% of total claims by number.

However there comes a point when it becomes economic nonsense to keep increasing member deductibles and hence suppressing premiums. The Clubs, like any insurer, have to cover running costs as well as claims costs from their premium income. Trading away claims against premium may be neutral as regards bottom line however it gives the Clubs a lower premium base against which it can absorb overheads. Eventually that additional overhead absorption will start to push premiums back upwards and negate the value (if any) to the owner in taking higher deductibles. Increasing deductibles for good owners who have few claims yields no real benefit to the Club and just a hypothetical one to the member.

Pushing the focus onto infrequent, very severe, claims makes the identification of real claims trends more difficult across the market and almost impossible at individual Club level, where there is a random element to the incidence of this relatively small number of high value claims. The actuaries’ jobs become more difficult as they are trying to project from a much smaller base of data, and volatility increases accordingly with patterns becoming more “estimate driven” than “paid driven”. Clubs started as mutuals enabling shipowners to share fortunes, or misfortunes – now in many ways they are progressively resembling vehicles to manage infrequent high value losses.

Within these infrequent losses, pool losses may drive the market experience, but they impact all Clubs pro rata (subject to differing IBNR strategies) - it is large losses within retention that inform individual Club incurred loss and combined ratios, and bring possibly more volatility and variation in outcomes between Clubs, and policy years within Clubs, than do pool claims.

2024-25 saw a number of Clubs having above average exposures to large claims - notably Britannia, NorthStandard and Steamship. NorthStandard reported five pool claims and had a number of other Clubs at the threshold of needing reporting. Britannia had not only the MV Dali claim, but also two more pool level claims and Steamship three. It is not so much the fact that these were pool losses as the fact that they were limit losses for their own retention of \$10 million each claim, subject to reinsurance if purchased.

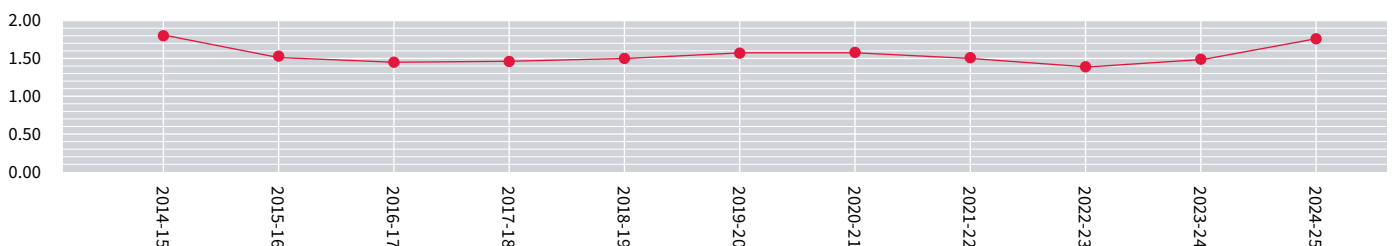
Clearly the smaller Clubs, such as London, American and Swedish, are more vulnerable to the incidence of large losses. This is most clearly evidenced at the London Club where numbers of large losses over the past 5 years correlate strongly with the Clubs combined ratios. This is perhaps the strongest argument for consolidation as both the individual Clubs and the group collectively may need to increase risk retention at the top end whilst continuing to reduce it at working levels. For the smaller Clubs this may mean that they buy more reinsurance in the commercial market which, in theory at least, is more costly than utilising the “reinsurance at cost” aspect of the pool.

It is also interesting to look at claims incidence by financial year, as arguably this gives a more complete picture of the marine industry claims experience. The limitations with the use of these figures are however considerable. Firstly, financial year figures allocate favourable and adverse claims development to the “wrong” year of account, often several years after the policy year in which the claim arose. This is down to the imprecise, often conservative nature of the initial claims reserving. Secondly, and to a growing degree, the financial year results do not reflect purely the P&I trends due to continued diversification. Much of that diversification is however still within the marine environment and so there will be consistent influences at play and indeed what several Clubs call diversification – eg into fixed premium P&I – isn’t really the underwriting of a different risk type.

The other limitation on this graphic is that the diversified risk claims do not relate to the P&I GT base used to compare to claims. Intuitively this will have the result of increasing the claims per ton and so the graph below may demonstrate a false trend, but more likely will represent the effect of several trends, some false, together.

Nonetheless this measure is one most popular reflected on by the Clubs when they headline their combined ratios, since it summarises the economic performance of the entire enterprise, rather than just the P&I niche business. But it is generally the policy year performance of the P&I class that drives the need for excess calls and the general increase requirements. The following graphic shows the combination of trends in financial year claims per GT:

**Financial Year Claims per GT**



Many of the claims will arise from business not related to the entered GT for P&I: however, we are restricted by a lack of a sensible alternative benchmark to claims, since GT entered relates to a smaller and smaller proportion of the total book of business underwritten at some Clubs, perhaps only 50% at the most diversified Scandinavian Clubs is P&I. However, the data is interesting to review in isolation to see a maritime market trend overall. Additionally, most Clubs cite combined ratios and loss ratios on a financial year basis only, only rarely spitting out the figure by class of business.

Turning to pooling, the debate about “new normal” continues to plague the industry – three years ago the market was talking about high pool costs being a “new normal”. Then there have been two relatively benign years and we heard of “new, new normals”! 2024-25 has now been christened as the worst ever year for pool claims, and it continues to deteriorate significantly beyond 20 February 2025. Since the bigger the claim, the more volatile the claims frequency will be, it is perhaps futile to try to predict whether the next year will or won’t be a good pool year, even after 12 months.

What is clear though is that the absolute cost per pool claim is rising in severity, albeit that frequency in so called bad years has been fairly consistent. An element of this is down to social inflation where compensation regimes are getting more and more harsh in terms of awards for in particular environmental damage. Wreck removal costs are rising as enhanced technology allows the removal of more and more costly wrecks. Fires are becoming more intense and costly as, for example, container vessels continue to get larger and with the advent of the carriage of electric cars. There may be pressure to increase the pool limits, or the Hydra AAD to protect excess reinsurers – this may suit the larger Clubs, but not the smaller.



## A) UNDERWRITING

At the mid year point of 2025-26 the pool experience for the pure pool year was better than 2024-25, but it is way too early to draw any conclusions as to the outcome of the year. Conversely the 2024-25 experience had deteriorated by over \$200 million to around \$675 million with eight new claims being reported since 20 February 2025. Whilst it is normal to see significant deterioration in the period shortly after the end of the policy year, this, at around 45%, represents well above the average deterioration of 32% seen in the last 10 years.

Further examples include the London Club claim for the X-Press Pearl from May 2020: this had been reserved at some \$250 million, but was subject to a court award in Sri Lanka for \$1 billion in August 2025. Whilst this will have no immediate impact on the pool itself – the claim already being into the group reinsurance programme – it may well have a negative effect on the upcoming reinsurance renewal. If the courts continue to ignore the shipowners rights to limitation – and who knows how the MV Dali claim for limitation will be treated, this could have major implications for shipowners' future insurance costs.

Whilst heavily influenced by similar underwriting trends, and also being subject to the same magnitude of pool losses, not all Clubs are equal in terms of their overall underwriting performance, notwithstanding the homogenous (but ever diversifying) nature of their retained risk profiles. In the table below figures have been calculated using policy year data and so do not allow for any claims development beyond 36 months. The combined ratio is calculated by dividing Net Claims Incurred + Administration Costs by Call income less Reinsurance Premium less Acquisition Costs. Excess and EBUB call income is ignored in these figures.

The market has run at an average policy year combined ratio of just under 120% but has been as high as 136% in 2020-21 and as low as 99% in both of the next two policy years. It was perhaps inevitable that it would return to a more average performance in 2024-25 as losses escalated.

Gard figures continue to be impacted by its reduced deferred call in the past 7 years during which time it has foregone \$211 million of premium (10 years: \$417 million). Had the Club called the deferred premium in full during the 7 years cycle above, the average combined ratio would improve from 115% some 107% on an ETC basis and they would head the table – as well as having free reserves in excess of \$2 billion.

The uncalled P&I premium has historically been said to have been funded by diversified operations – ie profits on the M&E business. The performance of this class remains somewhat inconsistent, and somewhat hard to determine, but we would estimate it has contributed \$170 million in the same 7 years, which confirms the above hypothesis. 2025-26 may well be a year to disrupt this as 6 months results for the M&E class to 30 June 2025 are poor and the Club has just invested significantly acquiring the CODAN book of business.

Other Clubs have also made occasional returns of premium or waived deferred calls during the 7 year cycle, but none to the same degree as Gard, and not such as to have made a material difference in the figures. The Steamship, Britannia, UK, Standard, North of England, Skuld, Swedish and Japan Club combined ratios have all been marginally overstated fractionally as a result of this. However at the end of the day those Clubs made those commercial decisions to under call and so the numbers are what the numbers are. These figures are not impacted by capital returns made by Steamship and Britannia during the period under review.

Combined ratios at particular Clubs should also be "asterisked" due to specific circumstances relating to their individual results. The ratio at the Japan Club continues to be impacted by exchange rate fluctuations between the Japanese Yen and the US Dollar which can create material shifts in the result for any given year after 12, 24 and 36 months. Their slightly above average performance in the table in US\$ suggests that in pure Yen terms they are OK – and bear in mind that this period includes two years when excess calls were required.

For the American Club, the 7 year average combined ratio has been adjusted to remove the impact of the change in accounting policy to incorporate EBUB income. The figures for policy year 2023-24 have been adjusted to remove EBUB – in prior years any EBUB has been crystallised by the levying of an excess call and so has in effect been billed.

## Pooling Losses at Development Points (In \$ Millions) Historic Thresholds

After Policy Year	#	12m	24m	36m	48m	60m	72m	84m	96m
2017-18	23	227	270	290	311	333	380	378	377
2018-19	21	306	456	490	428	448	471	481	
2019-20	22	259	442	453	513	539	551		
2020-21	23	463	550	724	707	687			
2021-22	21	399	621	647	674				
2022-23	7	75	162	213					
2023-24	10	136	243						
2024-25	20	467							
2025-26*	6	225							

\* Data is after six months of the policy year.

## 7 Year P&amp;I Combined Ratio by Club

Policy Year Ended	2024-25 @ 12m	2023-24 @ 24m	Average last 7 years
Shipowners	98.85%	103.37%	105.61%
Steamship	118.45%	100.94%	108.93%
Skuld	137.74%	92.51%	110.15%
Gard	129.90%	90.14%	115.24%
North Standard*	123.13%	94.02%	115.66%
Japan	111.25%	102.46%	116.92%
<b>Average</b>	<b>121.24%</b>	<b>99.14%</b>	<b>119.17%</b>
West of England	108.28%	92.25%	120.67%
UK	122.76%	113.84%	122.77%
Swedish	111.20%	99.70%	125.58%
American	100.08%	115.66%	128.26%
London	118.28%	80.96%	133.83%
Britannia	144.24%	121.62%	152.82%

\* 7 year figures incorporates Standard & North legacy figures combined as if merged



## A) UNDERWRITING

The Britannia result has traditionally been impacted by the use of Boudicca as a non consolidated “in house reinsurer”. This policy changed in 2021-22, and the Club policy years for the most recent four years now reflect Boudicca as a consolidated entity. The combined ratio above is calculated based on the consolidated basis for the last six years and the non consolidated figures for the preceding one. The change in accounting policy has resulted in the combined ratio appearing to be marginally worse, but as they are by some way the worst in the market, not such as to change their ranking.

Perhaps more pertinently, as regards the Britannia combined ratio, the Club appears to continue to adopt a significantly more conservative approach to claims reserving than its peer group in the early years of the policy year covered by these statistics. Any improvements shown after 36 months fall outside the scope of the above calculations.

With the exception of the Shipowners Club, all Club combined ratios deteriorated in 2024-25, on average by 22% and in the case of Skuld by 45%. Whilst the American Club appear to have improved, the true combined ratio is not clear until the second year as premiums earned and reinsurance ceded are impacted by both unearned premium and the EBUB. Gard and Skuld 2024-25 premiums have been adjusted to reflect significant amounts of unearned or late reported premium.

The Shipowners Club remains at the top of the table closely followed by Steamship and Skuld despite their poor 2024-25 outcomes. As we have noted in the past the situation at Shipowners Club implies a tighter underwriting discipline is needed (and achieved) as it is competing with fixed premium markets and also a significant element of its own book is underwritten on a fixed premium basis. There has been little movement in terms of relative performance of the Clubs over the last 10 years, although each have seen bad years and good – some more than others.

During the 12 months 2024-25, the combined ratios of the two older years improved, mainly due to late reported premium being recognised. The 2023-24 claims incurred levels were almost identical at 12 and 24 month development points and for 2-22-23 only improved by approximately 1% after deterioration of more than 5% in 2023-24.

The 2022-23 policy year is running at an underwriting profit of \$52.5 million and has just been, or will shortly be, closed at a likely profit. To date the year has received an investment income allocation of \$14.5 million, creating an overall surplus of \$67 million. \$22.8 million premium has been waived to date in respect of this year and \$23.3 million of excess calls recognised.

The 2023-24 policy year underwriting result has an underwriting profit of \$34 million, an improvement of some \$73 million from the position after 12 months. Much of this improvement is down to new premium inflows mostly as natural development at Skuld and NorthStandard. Claims levels are almost identical. Some \$272 million of investment income has been allocated to the year, with the year currently in overall profit by some \$316 million. \$25 million premium has been waived to date in respect of this year with no excess calls to date – although there is a marginal EBUB provision at the American Club.

The 2024-25 policy year underwriting result has an underwriting deficit of \$588 million, and, whilst some additional premium is to be expected it is not likely to improve significantly in the next 12 months given all the market talk of claims deterioration. \$362.8 million of investment income has been allocated to the year, reducing the overall deficit to \$225.2 million. \$49.2 million premium has been waived to date in respect of this year with no excess calls to date.

### Group Wide FY Underwriting Results (in \$ millions)

Year To 20 Feb	2025	2024	2023	2022	2021	2020	2019
FY U/W Result	-352.9	+162.8	+153.2	-244.7	-547.9	-492.7	-328.4
FY Combined ratio	109.9%	95.7%	97.6%	112.8%	121.5%	117.2%	112.1%

The difference between the financial year and policy year result is becoming more and more difficult to reconcile as the Clubs diversify and thus underwrite more and more risk which does not go through the policy year statements. P&I represents approximately 79.1% of the premium written by the Clubs, with the balance being made up of 2.1% FD&D etc, 18.1% M&E business and 0.7% other.

In terms of contribution to bottom line, the diversified operations have been broadly profitable over the past two years, but performance is far from consistent and we should not forget that the two Lloyd's syndicates established by the P&I Clubs during in the last 15 years have both ceased underwriting at significant cost to the members. Indeed, it could be conjectured that the financial problems of the Standard syndicate was in some ways instrumental in promoting the merger with North of England.

In terms of the 2024-25 financial year underwriting result, just 2 of the 12 Clubs made a financial year underwriting surplus, and the surplus at the Japan Club was dependent on a change in the basis of recognising call revenue such that they booked 140% of a year's premium in the year. The other Club to report an underwriting profit was SOP. This compares to 8 Clubs with surpluses in both of the two previous years.



## 2025 IN NUMBERS

### B) INVESTMENTS

The collective investment income earned by the Clubs on a financial year basis is set out in the table below:

#### Investment Income on Financial Year Basis (in \$000s)

Year To 20 Feb	2025	2024	2023	2022	2021	2020	2019
Investment Inc	696.4	678.1	-482.8	-4.2	517.9	733.9	121.5
Forex Gains	-30.5	+17.2	-47.3	-21.0	+45.6	-14.4	-63.8

The amount of investment income is stated after deduction of taxation and includes sundry income and expenses, notably charges that the Standard Club suffered in various years, partly due to its separation from Charles Taylor and partly due to its merger costs with North of England.

Ordinarily the foreign exchange gains arise as a result of two things: forward selling predominantly dollar income to meet administrative costs in local currency, and hedging against claims liabilities that will arise in non-reporting currency. To the extent that the current year forex losses are hedging losses, then they will offset gains recognised on the other side of the balance sheet (eg on the claims reserves). These latter offsetting gains are in effect included in the underwriting result.

#### Investment Yields on Financial Year Basis on Invested Assets

Year To 20 Feb	2025	2024	2023	2022	2021	2020	2019
Investment Yield	5.4%	5.6%	-4.0%	0.3%	4.7%	6.4%	0.9%

In the table above a simple yield has been computed by dividing gross investment income (before tax) by total invested funds and cash at the year end. In the table below the yield is calculated against total assets and thus, to a degree, reflects the credit given to members in settling premiums.



## B) INVESTMENTS

## 7 Year Investment Yields on Total Assets by Club

Year Ended	2024-25	2023-24	Ave. last 7 years
Skuld	6.44%	5.73%	3.27%
Steamship	6.22%	6.61%	3.25%
UK	5.21%	5.42%	3.20%
London	5.12%	3.79%	2.72%
Britannia	6.21%	4.74%	2.68%
West of England	4.47%	3.81%	2.55%
Swedish	4.90%	5.27%	2.51%
<b>Market Average</b>	<b>4.77%</b>	<b>4.90%</b>	<b>2.49%</b>
Shipowners	4.93%	6.23%	2.43%
NorthStandard	4.51%	3.88%	2.34%
Japan	1.64%	3.48%	1.82%
Gard	3.72%	4.85%	1.76%
American	2.60%	3.27%	1.61%

To say that investment yields have been volatile in the past seven years would be an understatement. Four years where the yield on total assets was between 4 and 5%, two years when the yield was between 0 and 1% and one year with negative yield of 3.5%. So an average of 2.5% without there once being anything close to an average year in the past seven. An explanation for this is beyond the scope of this review and indeed may not even be possible! The Clubs have held a consistent 80/20 mix of fixed interest to equity investments throughout the period, yet the yields have fluctuated dramatically year on year, but still generated an average yield that is broadly acceptable.

## Investment Portfolio Mix - Proportion Invested in Equities

Year To 20 Feb	2025	2024	2023	2022	2021	2020	2019
American	18.68%	17.48%	17.10%	22.30%	36.41%	35.28%	40.65%
Britannia	30.71%	30.57%	28.63%	30.33%	29.21%	29.29%	23.79%
Gard	25.21%	23.78%	25.46%	24.51%	22.52%	25.05%	27.04%
Japan	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.02%
London	12.69%	9.70%	12.18%	13.27%	13.20%	15.38%	20.31%
NorthStandard*	11.16%	7.63%	9.69%	9.21%	11.80%	11.93%	10.75%
Shipowners	21.57%	21.18%	17.13%	19.90%	24.07%	15.73%	22.16%
Skuld	22.38%	20.83%	19.48%	20.99%	23.85%	21.03%	18.46%
Standard legacy			10.74%	14.95%	20.57%	21.20%	20.45%
Steamship	7.54%	7.92%	8.85%	7.45%	8.58%	7.88%	6.71%
Swedish	16.29%	14.39%	13.91%	19.67%	18.95%	19.03%	16.92%
UK	18.24%	16.28%	23.85%	23.94%	20.83%	21.61%	19.73%
West of England	20.31%	18.32%	16.09%	15.80%	14.79%	16.55%	14.35%
<b>Market</b>	<b>18.23%</b>	<b>16.79%</b>	<b>17.71%</b>	<b>18.58%</b>	<b>18.75%</b>	<b>18.86%</b>	<b>19.44%</b>

\* including North legacy until 2023

The table above sets out the composition of the Clubs' investment portfolios at the year end. Cells shaded blue are where the equity element goes up by more than 5%; cells shaded brown indicate years when the equity allocation fell by more than 5%. From this it can be clearly seen that most Clubs follow a similar core strategy, although year on year movements in portfolio allocations are evident where strategic shifts have been made.

Whilst there is some evidence of change in the composition of the investment portfolios at individual Club level, across the market there is little change from just below 20% equities across the 7 year span covered.



## C) OVERALL RESULT

2024-25 was another year of excellent investment yields, the last two years having averaged almost \$700 million after losing almost \$500 million in the 2022-23 year. The last six years have been a case of either feast or famine. On the underwriting front, after two years of favourable underwriting conditions, the cycle once more reverted to negative: we have seen every combination in the last three years - 2022-23 positive underwriting, negative investments; 2023-24 positive underwriting, positive investments; 2024-25 negative underwriting, positive investments. It certainly makes the task of predicting outcomes difficult, but for what its worth we would expect the 2024-25 pattern to be repeated in 2025-26.

### Group Wide Overall Result (in \$ millions)

Year To 20 Feb	2025	2024	2023	2022	2021	2020	2019
FY Overall Result *	+313.0	+858.1	-376.8	-270.0	+12.6	+226.8	-270.7
Restructuring **	-71.8	-34.2	0.0	-25.0	-10.0	-41.4	-133.2

\* Figures include call deviations, where appropriate.

\*\* Including returns of capital.

Certain of the figures have been restated to comply with changes in presentation arising during the period under review. Restructuring gains and losses are the result of non trading movements in free reserve and include distributions made out of capital. In the current year no restructuring took place in terms of the acquisition of new business, but both Britannia and Steamship made 0 returns of capital.

At the start of the year ended 2019, aggregate free reserves stood at \$5,758 million; at the end of the 7 year cycle covered by the above data they had risen to \$5,943 million. Modest growth perhaps but \$333 million had also been returned to members (including the redemption of the UK Club hybrid capital in 2019) with \$18.5 million being added when the Standard Club acquired the Strikes Club. The NorthStandard merger was net neutral in this matrix.

So in a period of highly volatile claims, investment markets and global geopolitical instability the group managed to grow its collective free reserve by just about \$0.5 billion, albeit giving back just over 60% of that to its members. In effect, free reserves have risen a net \$185 million, or some 3.2%. At the same time net retained premiums rose from \$3 billion to \$4.2 billion - 40%, and claims rose from \$2.6 billion to \$3.7 billion: also around 40%.

### 2025 Overall Result



In the above table, revenue from investing activities additionally includes foreign exchange gains, other income and is net of tax.

Subsequent to the 2024-25 year end, various Clubs have reported interim results, as follows:

CLUBS	PERIOD	RESULT
Gard	6m to 30-06-25	UW loss \$115.5; Overall profit \$75m
Shipowners	6m to 30-06-25	UW profit \$0.6; Overall profit \$48.1m
Skuld	6m to 20-08-25	UW profit \$3.2; Overall profit \$36.5m
Swedish	6m to 30-06-25	No longer release full figures

The results for the above Clubs reflect the continued strong investment results, but they highlight two contrasting trends as regards underwriting performance. Gard's poor underwriting result was predominantly a function of underperformance by their diversified book of M&E business which was suffering a 136% combined ratio after 6 months – P&I was also reporting underwriting losses as well, but at a lower level. Skuld is however equally diversified and yet has had a more successful six months to date.

On the underwriting front the Clubs reporting achieving premium increases approaching the 5% average that they sought, but this statement is often a triumph of optimism over reality. Deductibles are increased in lieu of premium and more often than not new buildings are underpriced when they first enter the Club as a result of competition. We would be surprised to see rates per ton attained increasing when we look at next year's numbers, but at least, so far anyway, large and pool losses are, anecdotally, not as intense as they were in 2024-25.

## D) FREE RESERVES AND SOLVENCY II

Solvency II requirements do not apply to all members of the International Group - the American and Japan Clubs are not subject to the regime although they are governed by their own domestic regulatory body. Generally speaking these requirements are less strenuous than the Solvency II regulations. The remaining 10 Clubs are subject to Solvency II but there are subtle differences in interpretation of the rules based on which national regulatory body is involved. Amongst these ten Clubs, NorthStandard only reports on part of the organisation, not disclosing the top level Bermuda based data, and so this Club is not comparable to the remaining nine.

The solvency rules themselves are very technical and complex in detail, but at the core they are very simple. Firstly, the Club develops a risk model which both acts as a management tool and also yields a solvency margin requirement. Secondly the Club then adjusts its Balance Sheet Free Reserves in line with regulatory accounting rules, and also adjusts for off balance sheet and other "second tier" assets. Finally, the two are compared to ensure adjusted net assets exceed the margin requirement.

Needless to say, it is not quite that straight forward in practice! As noted above, different jurisdictions have interpreted the core rules in different ways, for instance, there is only limited consistency in the valuation of assets. However, this was always going to be an evolutionary process and time will bring more harmony we hope.

For the moment the Solvency II data is best used to compare the same Club performance year on year, since the differing implementation of the rules in different jurisdictions limit the value of comparing, for example, a Bermuda regulated entity with a Norwegian regulated one.

The table below shows the individual Clubs' Free Reserves at the most recent year end date, and compares this with the adjusted Solvency II net assets - both Tier 1 ("Basic Own Funds") and total eligible assets (which includes Ancillary Own Funds) and the Solvency Margin Requirement.

Club \$ million	Balance Sheet Free Reserve	Solvency II Tier 1 Net Assets	Solvency II Total Net Assets	Solvency Margin Requirement
American *	66.5	-	-	-
Britannia	511.2	550.8	696.7	291.8
Gard *	1,565.9	1,451.0	1,714.0	527.1
Japan	274.9	-	-	-
London	171.2	187.6	237.6	123.3
NorthStandard *	800.0	376.8	514.8	-
Shipowners	447.5	473.6	596.4	245.6
Skuld *	562.1	552.2	750.0	395.5
Steamship	537.0	595.4	722.6	351.8
Swedish *	206.2	230.0	315.0	169.0
UK	494.4	551.1	694.4	286.7
West of England	306.1	344.0	467.1	246.2

\* Not subject to Solvency II regulations. \*\* North of England solvency figures relate to UK entity only.

The principal difference between the Tier 1 Assets and the Total Assets is that the latter includes an allowance for the value of potential supplementary calls that the Club has the ability to make. Additionally, certain assets disqualified from Tier 1 status may be included in Total Assets, for example ring fenced assets in Hydra.

Whilst most Clubs subject to this solvency regime speak to the fact that they do not intend to levy excess calls and point to the many years that have passed since they last had to do so, they do all include in the solvency returns a not insignificant amount of second tier funds reflecting an agreed value of the ability to levy a call. To some extent this may be seen as disingenuous but the right to do this is there to be enjoyed by all: since the introduction of the Solvency regime only the London Club, amongst the regulated Clubs, has levied an excess call. Interestingly both of the two Clubs outside the Solvency II regime have made excess calls in the same period.

All Clubs are compliant with the Solvency II margin requirements carrying, on average, Tier 1. assets equivalent to 182% of the solvency capital requirement. Including the Tier 2 assets the headroom is 230% Both surpluses are at slightly lower, yet similar levels, to the preceding year. In effect free reserve growth is being matched by solvency capital requirement growth.

The solvency capital requirement has several components reflecting the risks borne by the Clubs in doing their business. There are four primary risk types – underwriting risk, investment market risk, counterparty (credit) risk and operational risk. Against these values the Clubs can obtain credit reflecting diversification within their books of business and the tax offset.

The two most significant components tend to be counter cyclical with the markets themselves – the higher the investment market values, and yields, the greater the risk of them falling; the better the combined ratios, the greater the risk that they will deteriorate. It should also be noted that diversity credits do not only relate to diversification into, say, M&E business, but also geographic and vessel type spreads within a conventional P&I book, hence a non class-diversified Club such as Britannia can still gain diversity credits from within its book of P&I business.

The question of how much headroom the Clubs need to carry over and above that required to cover the SCR still remains unanswered and is far from clear. The economic volatility over the past several years certainly suggests that Club Boards need to carefully consider how much extra capital (in excess of regulatory requirements) they do need, as the pandemic, the Russo-Ukrainian and Middle Eastern conflicts and volatile interest rates and investment markets all have increased the vulnerability of any balance sheet.

A number of Clubs have actively sought to return funds to members over the last 5 years – Britannia and Steamship via returns of capital and Gard and Skuld via member discounts against premium billings. Other Clubs have no doubt considered this option, but none have given money back recently. What is clearly the case is that no Club appears to have a published corporate strategy (beyond comments as part of the general increase exercise) on the question of reducing free reserve – be that by capital returns or premium reductions. We think it important that members, or potential members, are given a more clear understanding of their Club's stance on this subject as it is becoming an integral part of the owners' Club selection decision making.



## GROUP REINSURANCE

After two years of much reduced pool losses, with minimal exposure to the excess of loss reinsurance programme, the 2024-25 policy year benefitted from across the board reductions. Needless to say the pendulum swung again during the 2024-25 policy year which started inauspiciously with the "MV Dali" allision with the Francis Scott Keybridge in Baltimore in March 2024. The year continued to evolve poorly and when it came to renewing the contract for 2025-26, despite reinsurers avoiding an extreme gut reaction to the Dali claim it was inevitable that rates would be back on the rise.

The main impact was seen for container operators, with an almost 25% increase in cost, but this trend has been evident ever since the container vessels were split away from other dry cargo vessels. The performance of the vessel class has been poor for a number of years with a number of high profile casualties impacting the pool, if not the excess reinsurance programme.

	Dirty Tanker	Clean Tanker	Dry Cargo	Container	Passenger
<b>Owned</b>					
2025-26	\$0.6258	\$0.4337	\$0.6054	\$0.8903	\$3.4390
2024-25	\$0.6163	\$0.3982	\$0.5863	\$0.7204	\$3.3842
Change	-\$0.0095	-\$0.0355	-\$0.0191	-\$0.1699	-\$0.0548
% age Change	+1.54%	+8.92%	+3.26%	+23.58%	+1.62%
<b>%age Change History</b>					
2024-25	+1.54%	+8.92%	+3.26%	+23.58%	+1.62%
2023-24	-7.50%	-1.70%	-2.14%	-1.00%	-12.50%
2022-23	+3.00%	+10.50%	+6.24%	+10.50%	+0.00%
2021-22	+15.00%	+39.98%	+40.00%	+55.00%	+18.55%
2020-21	-2.12%	+1.43%	+1.44%	+7.00%	+1.44%

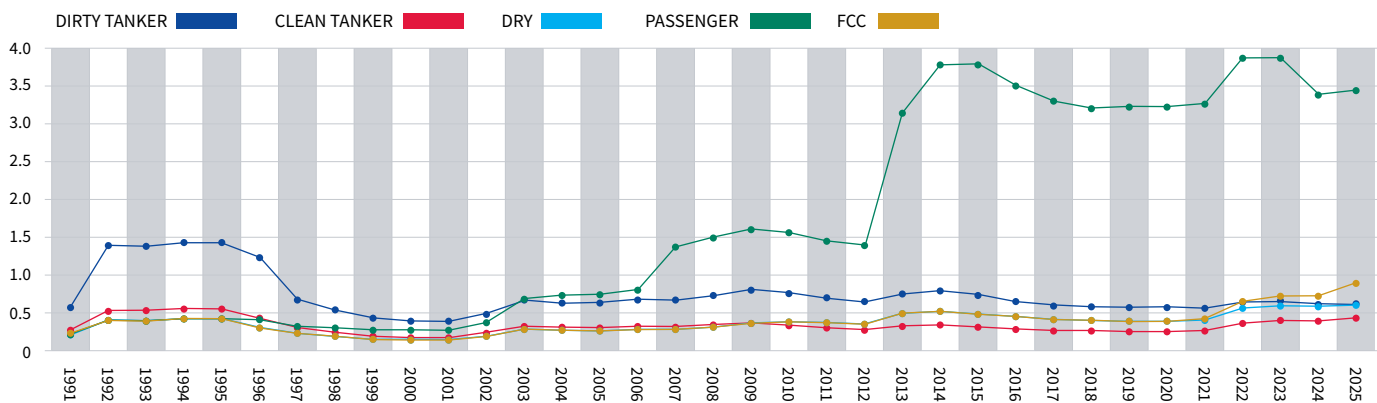
In this context it must be borne in mind that the amounts recharged to members are not simply a rehash of the cost of the main programme, as these charges must cover not only the market excess placement, but also the private placements, the Hydra AAD on the main programme and other aspects of Hydra's participation in the pool. Thus the change in the cost of the main reinsurance placing is not necessarily the same as the change/cost charged to members.

It has been estimated that reinsurance levy on members now raises over \$1 billion dollars and that more than half of this is related to the Hydra participations as distinct to the risk premium in excess of \$100 million. It merits more attention than a simple "plus the changing cost of the reinsurance programme" referenced in most Clubs general increase circulars but the levy in general suffers from a lack of transparency.

The primary Individual Club retention has remained at \$10 million since 2016-17. The pool retention for 2016-17 was \$80 million and in 2017-18 the retention was effectively

increased to \$100 million as Hydra underwrote 100% of the layer between \$80 million and \$100 million. From 2018-19 this layer was absorbed into pooling, although it remains within the risk ceded to Hydra.

### Group Reinsurance Rate By Type Of Vessel In Cents Per GT



Hydra is a multi-cellular captive formed by the International Group in the late 1990's as a vehicle to allow the Clubs to accumulate reserves and eventually assume more risk. As well as its role reinsuring the higher layers of the pool (which is effectively cosmetic only if one accepts that pooling runs between \$10 million and \$100 million) Hydra also performs a function within the first excess layer of the main International Group reinsurance programme. This has evolved somewhat over time as the private placements elements of the reinsurance programme have themselves evolved.

At present, Hydra underwrites an annual aggregate deductible ("AAD") buffering the 75% conventional open market placement element of the first layer. The 25% private placement part of that layer does not have such protection.

Within the pooling structure there have been various historical "penalties" on individual Clubs whose members were responsible for pool losses. These take the form of charging the causative Club with a percentage of the loss prior to applying the usual pool sharing formulae. Since 2018-19 this has comprised a flat 7.5% charge to the causative Club for that element of the loss between \$50 million and \$100 million.

The extent to which Hydra is capitalised by the Clubs is a matter of individual choice within the cells, but the introduction of Solvency II 8 years ago generally led to a decapitalisation of many of the individual cells for solvency efficiency – Hydra is treated as a 3rd party reinsurer for solvency purposes and so capital accumulated in Hydra was not available at Tier 1 level in the parent Club's solvency calculations, but rather as Tier 2.

It is understood that an "excess call" was levied on the Hydra cells in the summer of 2021 to increase cell capital levels depleted by losses in the upper pool and the AAD on the first excess reinsurance layer by large losses which in some cases fell on the group reinsurance programme. Hydra's results themselves are not published and the limited financial data presented by Britannia on the performance of its cell ceased to be disclosed in February 2021. Consequently, no meaningful comment can be made on the financial standing of Hydra or its component cells.

## Group Reinsurance Programme 2024-25 and 2025-26 (Simplified Structure)

Cumulative Value	Layers	
\$8,900m	Uninsured Overspill: reverts to Pooling. Approximately \$5,500 million.	
\$3,100m	Collective Overspill Layer \$1,000 million. General Tower only. One Reinstatement.	
\$2,100m	3rd Excess Layer \$600 million. General Tower only. Unlimited Reinstatements.	
\$1,500m	2nd Excess Layer \$750 million General Tower only. Unlimited Reinstatements	
\$750m	1st Excess Layer \$650 million. Hydra \$107.1 million AAD in respect of 75% conventional market	25%* Private Placement
\$100m	Upper Pool \$50 million, reinsured by Hydra	7.5% ICR
\$50m	Lower Pool (B) \$20 million, reinsured by Hydra	
\$30m	Lower Pool (A) \$20 million	
\$10m	Individual Club Retention ("ICR") \$10 million	

- As regards COVID 19/Pandemic risks and Malicious Cyber risks, each tower has now been split above \$750 million such that each risk category has independent aggregate limits of \$1.35 billion above that \$750 million (in two layers).
- The various sub-limits for oil pollution (\$1 billion) and crew and passenger risks (\$2 billion passenger, \$3 billion combined) are unchanged. Excess war cover remains subject to territorial exclusions connected with the Russia-Ukraine conflict and hostilities in the Middle East, but the group has purchased \$80 million aggregated reinsurance against these exclusions.
- Cover for chartered entries also mirrors the above and is capped out at \$350 million combined single limit for P&I and oil pollution, but most charterers' entries are placed under separate Club specific covers.

The upper limit on the International Group reinsurance programme has remained unchanged for many years, but, following the "MV Dali" incident, there has been some concern that the total cost of that claim may pressurise the programme limit and could even result in an overspill claim. If one also takes into account the recent escalating frequency and severity of high value pool losses penetrating the programme, including wreck removal, fire and environmental damage claims, the question arises as to whether the \$3.1 billion limit remains adequate.

The collective overspill (highest) layer of the programme - of \$1 billion - has only one reinstatement, and, whilst the idea of there being more than one claim on the programme in any one policy year was once considered fanciful, this may be becoming more of a possibility. The International Group may need to consider the adequacy of the \$3.1 billion limit





**2020-21 saw the peak of the recent rising tide of combined ratios at 121.5% and this manifested itself, 18 months later, as the highest level of general increase at 11% for 2022-23, which - would have been set in the autumn of 2021. Since that peak, combined ratios have steadily fallen to 96% in 2023-24 and a parallel reduction in general increases matched this decline as we saw general increases for 2025-26 being set at a shade over 5%**

With combined ratios back on the rise to a market average of 110% in 2024-25 one might reasonably expect to see average general increases match the trend and head back up again to, say, 7.5%. It is however disturbing to note that even though combined ratios fell by over 25 percentage points from 121.5 to 96, the general increase only fell by 6 points. Of course, its never quite that simple, but the principal seems logical.

The primary disruptive factor is investment earnings which have fluctuated dramatically across those 4 years – breakeven in 2022, massively negative in 2023 and then two strong years. This volatility will have led to greater caution on the part of the clubs and could well go some way to explain the disproportionate reduction in general increase: had there been four reasonable successive years of investment earnings, the most recent level of general increase might well have been lower.

Clubs will also manage core premium rating by maintaining premium levels and giving returns, discounts or capital “dividends” to members to sweeten the pill of continued increases. This is a more sustainable approach than has been the case in the more distant past where excess calls were more frequent. The suggestion is that general increase are here to stay and it would take exceptional circumstances to see “nil GI” reappear in the immediate future.

But above all else premium rate setting remains a forward looking exercise, even if rooted in past statistics.

The following tables illustrate key circumstances relating to these deliberations that have taken place, and are taking place, in the autumn of 2025 with respect to the 2026-27 premium requirements:

Club	Free Reserve \$ Millions Start 2025-26	Owned Tonnage Millions GT Start 2025-26	Charter Tonnage Million GT Start 2025-26	Market Share by Owned GT Start 2025-26
American *	66.5	19.5	3.5	1.35%
Britannia	511.2	141.7	55.2	9.85%
Gard *	1,565.9	293.0	100.0	20.36%
Japan	274.9	88.6	12.0	6.16%
London	171.2	50.0	22.0	3.47%
NorthStandard *	800.0	260.0	110.1	18.07%
Shipowners	447.5	30.9	0.5	2.15%
Skuld *	562.1	120.0	63.0	8.34%
Steamship	537.0	124.0	125.0	8.62%
Swedish *	206.2	54.9	37.0	3.81%
UK	494.4	156.0	110.0	10.84%
West of England	306.1	100.6	46.0	6.99%

\* Free Reserves includes those supporting significant amounts of non P&I business





In some cases these Free Reserves have been impacted by deviations from planned call income over the past 5 years, capital returns and elements of corporate restructuring, most notably the merger of the North of England and Standard Clubs.

Despite the difficult underwriting conditions in the early 2020's, only the smallest three clubs needed to have recourse to excess calls in one or more years. The larger clubs proved to be more resilient and indeed Gard continued to give money back despite the more challenging conditions. As combined ratios eased in Gard were joined by Steamship and Britannia in returning funds to members by way of capital distributions in 2023-24 and 2024-25, and, in 2023-24, by Skuld with a members discount. Despite the challenging conditions and these returns to members, free reserves continue to grow within the International Group and stood at record levels at the end of 2024-25.

The table below shows the approximate impact of call deviations for the last 5 policy years - the first figure is the actual supplementary call, the second is the planned supplementary call and where appropriate the dollar figure is the impact on Free Reserves of the deviation. The figures incorporate the decisions made up to 24 October 2025 in anticipation of the general increase strategies, hence not all of the income and costs associated to these decisions may have yet to be reflected in the Free Reserves of each Club, which are shown above as at 20 February 2025 or equivalent as indicated in this report. Years in which the American Club have accrued for premiums earned but unbilled the fact is noted against the open year:

Club	2025-26	2024-25	2023-24	2022-23	2021-22
American	0%/0%	0%/0% EBUB	0%/0% EBUB	35%/0% +\$23.3m	70%/0% +\$48.8m
Britannia	0%/0%	0%/0%	0%/-0%	0%/0%	0%/0%
Gard	-10%/-10% -\$55.0m	-10%/-10% -\$50.0m	-5%/-5% -\$25.0m	-5%/-5% -\$22.8m	-5%/0% -\$19.0m*
Japan	0%/0%	0%/0%	0%/0%	40%/40%	65%/40% +\$26.5m
London	0%/0%	0%/0%	0%/0%	0%/0%	35%/0% +\$27.7m
NorthStandard/ North of England	0%/0%	0%/0%	0%/0%	0%/0%	0%/0%
Shipowners	0%/0%	0%/0%	0%/0%	0%/0%	0%/0%
Skuld	0%/0%	0%/0%	5%/0% -\$10.4m	0%/0%	0%/0%
Standard	0%/0%	0%/0%	0%/0%	0%/0%	0%/0%
Steamship	0%/0%	0%/0%	0%/0%	0%/0%	0%/0%
Swedish	0%/0%	0%/0%	0%/0%	0%/0%	0%/0%
UK	0%/0%	0%/0%	0%/0%	0%/0%	0%/0%
West Of England	0%/0%	0%/0%	0%/0%	0%/0%	0%/0%

\* Skuld advised a members credit of 5% against the 2025-26 premiums which has not been reflected in the 2024-25 results

Financial years where clubs have made returns of capital during the above period are highlighted in red.



## 2026-2027 RENEWAL

Following the abandonment of the EU Investigation into the operation of the International Group in August 2012, the Clubs have introduced particular rules in the International Group Agreement which govern the quantum of release calls. These are enshrined in Clause 8.1 and begin with the important “motherhood statement” that the release call percentages “shall reflect its assessment of the risk that the published levels of expected premiums may be exceeded”. These are set out below:

Club	Next Year Planned	Current Year 2025-26	2024-25	2023-24	Last Updated
American	20%	20%	35%	15%	Nov 25
Britannia	15%	7.5%	5%	0%	Nov 25
Gard	10%	10%	10%	5%	Nov 25
Japan	15%	15%	3.5%	3.5%	Nov 25
London	15%	15%	12.5%	5%	Nov 25
NorthStandard	12.5%	12.5%	5%	0%	Nov 25
Shipowners	n/a	n/a	n/a	n/a	n/a
Skuld	15%	15%	10%	7.5%	Nov 25
Standard				0%	May 25
Steamship	tba	15%	10%	0%	Oct 25
Swedish	15%	15%	15%	5%	Nov 25
UK	tba	15%	10%	7.5%	May 25
West	15%	15%	15%	7.5%	Oct 25

In setting these release calls the Clubs are expected to take into account the following risk factors:

- Premium risk
- Catastrophe risk
- Counterparty default risk
- Reserve risk
- Market risk
- Operational risk

In this regard the release calls should be consistent with the outcome of the capital adequacy risk model for Solvency II purposes since similar factors are taken into account in determining both. In the autumn of 2025 the release call margins for 2024-25 might be expected to increase or remain stable as volatility and poor combined ratios in enhanced the risk of a need for further calls. We would expect to see the required level of release call for the earlier years to fall as these years had lower absolute combined but for some of the smaller clubs this may not be the case and the security blanket of comparatively high release calls remains attractive.

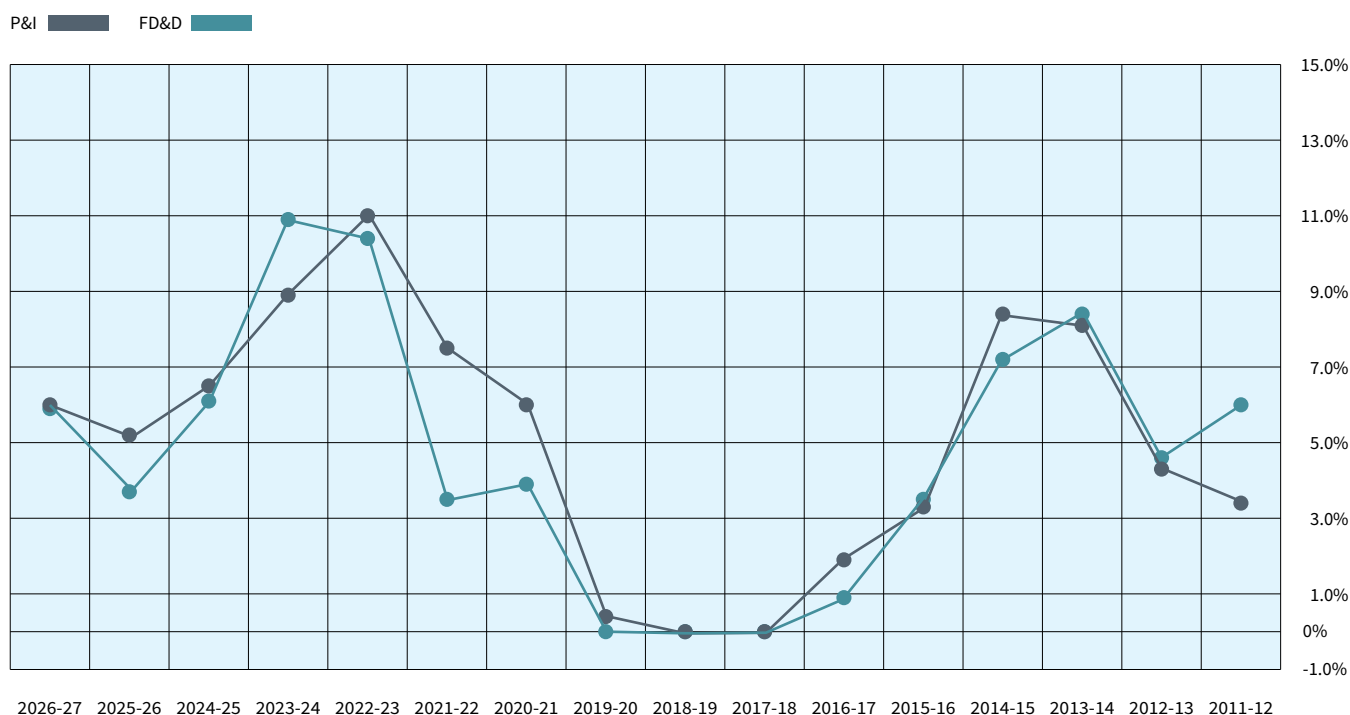
The following table summarises the General Increases and Call Changes to date (24 October 2025) for 2026-27:

### General Increase History

Club	P&I	FD&D	Notes	Value
American	8.0%	8.0%	P&I deductibles increase	
Britannia	5.0%	5.0%	P&I deductibles increase. Capital return	-\$15m
Gard	5.0%	5.0%	10.0% owners general discount	-\$57.5m
Japan	5.0%	5.0%	P&I deductibles increase	
London	6.0%	6.0%	P&I deductibles increase	
NorthStandard	5.0%	5.0%	P&I deductibles increase	
Shipowners	7.5%	n/a	Inclusive of change in IGRI	
Skuld	8.0%	7.5%	P&I deductibles increase	
Steamship	8.0%	8.0%	Fees included in P&I deductible. FD&D deductibles to increase	
Swedish	5.0%	5.0%	P&I deductibles increase	
UK / UKDC	7.5%	5.0%	P&I deductibles increase. UKDC continuity credit 10%	-\$1.9m
West of England	5.0%	5.0%	5.0%	



## General Increase History



## Key considerations for 2026-27 renewal decisions





- Deteriorating P&I combined ratios after two years of around breakeven, 2024-25 around 110% and 2025-26 anecdotally expected to be higher. These are mainly due to the following two claims related issues;
- Retained claims rising in 2024-25 and into 2025-26. This is largely a result of volatile large claims and increasing frequency thereof, whilst attritional claims remain more stable and predictable, yet still rising;
- 2024-25 Pool losses were at highest levels in memory and have been deteriorating since the 20 February 2025, impacting the 2025-26 financial year results adversely. 2025-26 pool is at more modest levels but the year is far from complete;
- Potential impact of anticipated churn. With current shipping markets broadly strong, the expected scrappings and older vessel turnover has been delayed. When this eventually takes place, coupled with introduction of new buildings, the premium base per GT of the clubs will fall, with minimal related reduction in risk;
- The dark fleet has already had a negative impact on club premium income and we will continue to see older, more highly rated, vessels leaving or staying out of the IG system;
- For diversified clubs, the overcapacity in the market, and pursuit of market share will make it difficult to win or even maintain existing market share, with profitability will remain elusive as competition pressurises price;
- Investment returns have made substantial contributions in the two years ending 2025-25 and continue to do so into 2025-26. However there is a concern that the market is overheating and peaking, and the end may be in sight for these enhanced returns;
- In general the geopolitical volatility and instability make the future very unpredictable leaving the International Group vulnerable both individually and to systemic risk;
- With a seeming increase in "rogue" court directions in respect of major claims, and their increasing severity, there will be future pressure on the IG reinsurance programme both in terms of adequacy of limit and risk appetite of carriers. Will the pool and programme structure need to change, particularly stressing the smaller clubs?



## INDIVIDUAL CLUBS

The following pages show data relating to individual Clubs. Policy year data is at the most recent development point and so will change as the year of account matures. The premium data will include deviations from the predicted call levels to the extent that the most recent financial statements reflect those call decisions - ie generally call decisions made before September 2025.

The deferred call data table will show the most recent estimate of the deferred call for the given year. On the policy year premium data table the following colour codings apply:

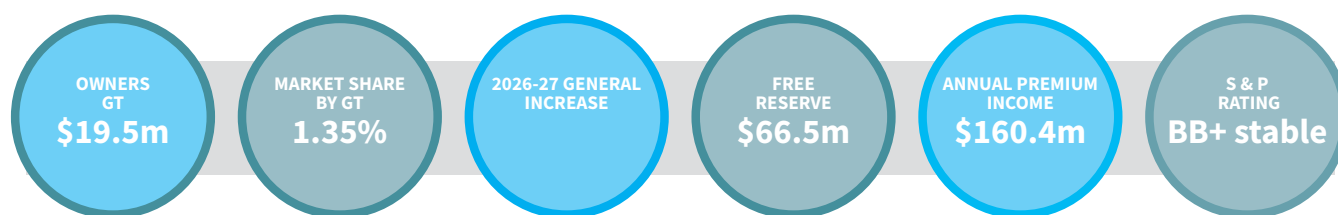
-  indicates that an excess call was levied and included in the figure;
-  indicates an EBUB adjustment has been made
-  indicates that an under call / return of call was ordered and has been included in the figure;
-  indicates that an Owners General Discount having been granted;

All data is current as at 24 October 2025.



## AMERICAN STEAMSHIP OWNERS MUTUAL PROTECTION AND INDEMNITY ASSOCIATION, INC

www.american-club.com



Figures include the Surplus Note capital issued in 2015 as part of the Club's Free Reserve notwithstanding its status as being theoretically repayable to the providers of capital. During 2020 the Club changed its accounting policy to include an allowance for additional premium that could be called in excess of ETC, but which had not yet been called ("EBUB"). In this respect the Club differs from the treatment adopted by other Clubs who only accrue for this when the extra call is made.

## Geographic

EUROPE	ASIA PACIFIC
63.00%	17.00%
AMERICAS	REST OF THE WORLD
20.00%	0.00%

## Calls

	2026-27	2025-26	2024-25	2023-24	2022-23	2021-22	2020-21
Original		0%	0%	0%	0%	0%	0%
Latest		0%	0%	0%	35%	70%	60%
\$ Difference		0	0	0	+23.3m	+48.8m	+32.2m
Release		20.0%	20.0%	15.0%	0.0%	-	-

## Vessel Type

TANKER/ GAS CARRIER	CONTAINER/ GENERAL CARGO
20.00%	26.00%
BULKER	PASSENGER FERRY
36.00%	0.00%
OFFSHORE	OTHER
0.00%	18.00%

## Summary Financial Performance in \$000,000s

Year to 31 Dec	2024	2023	2022	2021	2020	2019	2018
PY Premium *	153.0	138.8	145.7	143.9	121.6	122.2	109.9
PY Claims	66.2	67.7	79.5	85.6	65.0	59.2	47.1
PY Result	+20.1	-4.1	-1.2	-1.1	-1.2	0.0	+6.3
FY UW Result	-0.9	-13.4	-5.9	-16.7	-10.9	-2.2	-12.3
FY Invest Result	+7.6	+9.3	-13.4	+8.4	+7.2	+15.3	-0.5
FY Overall Result	+6.6	-4.0	-19.3	-8.3	-3.8	+13.1	-12.4
Retro EBUB Adj	-	-	-	-	-	-	17.5
Claims O/S	184.3	183.4	192.3	175.8	148.3	154.4	141.6
Free Reserve	47.0	40.4	44.4	63.7	72.0	75.8	62.7
Capital Issue	19.5	19.5	19.5	19.5	19.5	19.5	19.5
Total Funds	290.5	285.2	319.4	324.1	298.6	301.7	274.4

\* Years highlighted in light brown include EBUB, those in dark brown include actual excess calls.  
Amounts are net of brokerage

## Underwriting Offices

NEW YORK	HOUSTON	LONDON
PIRAEUS	SHANGHAI	HONG KONG



## THE BRITANNIA STEAM SHIP ASSOCIATION LIMITED

www.britanniapandi.com



Figures include the net assets of Boudicca Insurance Company Limited as part of the Club's Free Reserve until 20 February 2020, thereafter results are consolidated.

## Geographic

EUROPE	ASIA PACIFIC
<b>48.30%</b>	<b>43.20%</b>
AMERICAS	REST OF THE WORLD
<b>3.38%</b>	<b>5.12%</b>

## Calls

	2026-27	2025-26	2024-25	2023-24	2022-23	2021-22	2020-21
Original		0%	0%	0%	0%	0%	0%
Latest		0%	0%	0%	0%	0%	0%
\$ Difference		0	0	0	0	0	0
Release		15.0%	7.5%	5.0%	0.0%	-	-

## Vessel Type

TANKER/ GAS CARRIER	CONTAINER/ GENERAL CARGO
<b>30.00%</b>	<b>37.00%</b>
BULKER	PASSENGER FERRY
<b>31.00%</b>	<b>0.00%</b>
OFFSHORE	OTHER
<b>0.00%</b>	<b>2.00%</b>

## Summary Financial Performance in \$000,000s

Year to 20 Feb	2025	2024	2023	2022	2021	2020	2019
PY Premium	278.4	279.0	253.0	208.5	193.5	191.0	198.5
PY Claims	258.8	211.6	195.8	248.4	271.0	216.2	164.8
PY Result	-88.0	-41.3	-42.3	-95.3	-119.8	-52.8	-22.3
FY UW Result	-86.5	-5.3	-13.4	-28.8	-31.9	-53.7	-21.5
FY Invest Result	+79.8	+61.4	-51.8	+16.4	+70.8	+88.6	-0.3
FY Overall Result	-9.8	+58.2	-77.8	-14.0	+42.5	+23.6	-24.0
Capital Returns	-28.9	-10.0	0.0	-25.0	-10.0	-25.0	-30.0
Claims O/S	701.4	682.3	740.5	754.8	778.2	674.4	714.5
Free Reserve	511.2	549.9	501.7	579.5	618.5	413.7	390.7
Boudicca*	-	-	-	-	-	172.3	196.9
Total Funds	1,284.5	1,296.2	1,263.9	1,396.9	1,430.9	1,274.3	1,319.9

\* Boudicca consolidated with effect from 2021. Results restated retroactively in 2023-24

## Underwriting Offices

LONDON	PIRAEUS	COPENHAGEN
BERMUDA	HONG KONG	TOKYO
KOBE		

## APPENDIX 4.03

ASSURANCEFORENINGEN GARD - GJENSIDIG

www.gard.no



### Geographic

<b>EUROPE</b>	<b>ASIA PACIFIC</b>
<b>54.00%</b>	<b>36.00%</b>
<b>AMERICAS</b>	<b>REST OF THE WORLD</b>
<b>7.00%</b>	<b>3.00%</b>

### Calls

	2026-27	2025-26	2024-25	2023-24	2022-23	2021-22	2020-21
Original		-10%	-10%	-5%	-5%	-5%	0%
Latest		-10%	-10%	-5%	-5%	-5%	-100%
\$ Difference		-55.0m	-50.0m	-25.0m	-22.8	-19.0m	-38.4m
Release		10.0%	10.0%	5.0%	0.0%	-	-

### Vessel Type

<b>TANKER/ GAS CARRIER</b>	<b>CONTAINER/ GENERAL CARGO</b>
<b>34.93%</b>	<b>26.37%</b>
<b>BULKER</b>	<b>PASSENGER FERRY</b>
<b>33.60%</b>	<b>2.74%</b>
<b>OFFSHORE</b>	<b>OTHER</b>
<b>2.05%</b>	<b>0.31%</b>

### Summary Financial Performance in \$000,000s

Year to 31 Dec	2024*	2023	12/22	02/22	2021	2020	2019
PY Premium	489.3	626.2	577.3	499.2	469.2	498.2	482.6
PY Claims	436.6	388.1	405.7	419.6	409.8	421.7	422.3
PY Result	-112.5	+48.6	+0.3	-68.7	-79.0	-61.9	-146.6
FY UW Result	-11.7	+45.6	+132.6	+21.6	-18.6	-85.8	-101.0
FY Invest Result	+129.7	+161.3	-150.4	-4.7	+112.6	+122.8	-1.5
FY Overall Result	+94.6	+210.8	-17.8	+15.4	+83.7	+20.3	-90.2
Claims O/S	1,276.2	1,373.4	1,276.2	1,233.9	1,225.8	1,153.9	1,152.1
Free Reserve	1,437.1	1,471.3	1,260.5	1,278.3	1,262.9	1,179.2	1,158.9
Total Funds	3,483.4	3,327.3	2,972.1	3,052.6	2,958.9	2,654.2	2,601.2

\* Figures are for 10 months only

### Underwriting Offices

ARENDAL	BERMUDA	BERGEN
OSLO	GOTHENBURG	HELSINKI
PIRAEUS	LONDON	NEW YORK
TOKYO	IMABARI	HONG KONG
SINGAPORE	RIO DE JANEIRO	



## THE JAPAN SHIP OWNERS' MUTUAL PROTECTION &amp; INDEMNITY ASSOCIATION

www.piclub.or.jp



Figures include the net assets of Boudicca Insurance Company Limited as part of the Club's Free Reserve until 20 February 2020, thereafter results are consolidated.

## Geographic

EUROPE	ASIA PACIFIC
<b>0.00%</b>	<b>100.00%</b>
AMERICAS	REST OF THE WORLD
<b>0.00%</b>	<b>0.00%</b>

## Calls

	2026-27	2025-26	2024-25	2023-24	2022-23	2021-22	2020-21
Original		0%	0%	0%	40%	40%	40%
Latest		0%	0%	0%	40%	65%	65%
\$ Difference		0	0	0	0	+26.5m	+24.9m
Release		15.0%	3.5%	3.5%	5.0%	-	-

## Vessel Type

TANKER/ GAS CARRIER	CONTAINER/ GENERAL CARGO
<b>21.70%</b>	<b>20.10%</b>
BULKER	PASSENGER FERRY
<b>48.10%</b>	<b>0.00%</b>
OFFSHORE	OTHER
<b>0.00%</b>	<b>10.10%</b>

## Summary Financial Performance in \$000,000s

Year to 31 Mar	2025	2024	2023	2022	2021	2020	2019
PY Premium	185.3	180.9	169.6	184.0	178.0	157.5	189.8
PY Claims	110.5	97.3	105.1	162.7	142.0	125.0	124.6
PY Result	-14.3	-3.1	+7.3	-26.6	-9.4	-13.7	-5.5
FY UW Result	+39.4	+8.8	+12.1	-58.3	-11.4	-7.2	+6.9
FY Invest Result	+11.4	+23.6	+12.7	+9.1	+24.0	+2.0	+8.1
FY Overall Result	+41.3	+28.2	+24.8	-63.0	+7.8	-2.0	+11.4
Claims O/S	261.8	285.1	314.2	306.7	327.3	332.1	306.1
Free Reserve	274.9	233.7	205.5	180.7	243.7	235.9	237.9
Total Funds	694.6	677.4	664.2	592.4	673.1	659.5	643.6

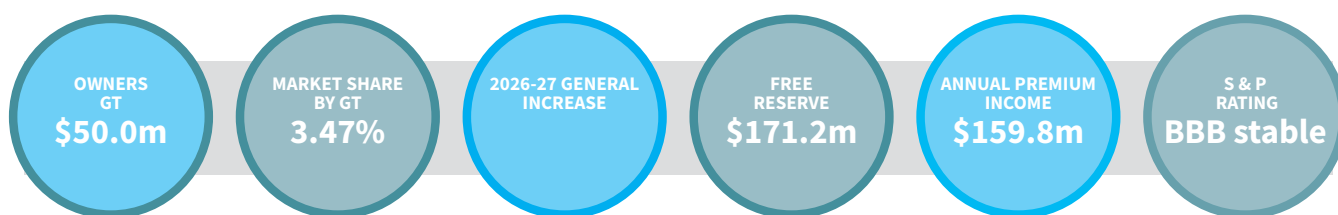
## Underwriting Offices

TOKYO	KOBE	FUKUOKA
IMABARI	SINGAPORE	LONDON

## APPENDIX 4.05

### THE LONDON STEAM-SHIP OWNERS MUTUAL INSURANCE ASSOCIATION LIMITED

www.londonpandi.com



#### Geographic

EUROPE	ASIA PACIFIC
36.00%	62.00%
AMERICAS	REST OF THE WORLD
1.00%	1.00%

#### Calls

	2026-27	2025-26	2024-25	2023-24	2022-23	2021-22	2020-21
Original		0%	0%	0%	0%	0%	0%
Latest		0%	0%	0%	0%	35%	30%
\$ Difference		0	0	0	0	+27.1m	+22.5m
Release		15.0%	15.0%	12.5%	5.0%	-	-

#### Vessel Type

TANKER/ GAS CARRIER	CONTAINER/ GENERAL CARGO
22.00%	24.00%
BULKER	PASSENGER FERRY
54.00%	0.00%
OFFSHORE	OTHER
0.00%	0.00%

#### Summary Financial Performance in \$000,000s

Year to 20 Feb	2025	2024	2023	2022	2021	2020	2019
PY Premium	138.1	126.4	119.6	151.1	131.9	132.0	93.6
PY Claims	116.9	70.2	104.4	154.6	106.1	114.7	98.2
PY Result	-18.9	+17.4	-22.9	-30.3	+12.5	+5.0	-21.5
FY UW Result	-2.2	+19.8	-31.7	+14.7	-36.7	-36.1	-33.7
FY Invest Result	+24.6	+17.2	-18.8	-4.3	+16.4	+41.0	+7.9
FY Overall Result	+21.3	+36.3	-50.5	10.4	-20.3	+5.1	-25.8
Claims O/S	281.4	271.3	303.3	280.0	263.4	247.0	224.0
Free Reserve	171.2	149.8	113.5	164.0	153.6	173.9	168.8
Total Funds	480.3	454.6	454.7	497.3	456.3	438.6	409.4

#### Underwriting Offices

LONDON	PIRAEUS	CYPRUS
HONG KONG		



## APPENDIX 4.06

NORTHSTANDARD LIMITED (merger effective 21/02/2023)

www.northstandard.com



### Geographic

EUROPE	ASIA PACIFIC
<b>47.00%</b>	<b>31.00%</b>
AMERICAS	REST OF THE WORLD
<b>12.00%</b>	<b>10.00%</b>

### Calls

	2026-27	2025-26	2024-25	2023-24	2022-23	2021-22	2020-21
Original		0%	0%	0%	0%	0%	0%
Latest		0%	0%	0%	0%	0%	0%
\$ Difference		0	0	0	0	0	0
Release		12.5%	5.0%	0.0%	-	-	-

Figures for merged Club from 2023-24; for separate entities prior to then

### Vessel Type

TANKER/ GAS CARRIER	CONTAINER/ GENERAL CARGO
<b>30.00%</b>	<b>29.00%</b>
BULKER	PASSENGER FERRY
<b>30.00%</b>	<b>0.00%</b>
OFFSHORE	OTHER
<b>0.00%</b>	<b>11.00%</b>

### Summary Financial Performance in \$000,000s

Year to 20 Feb	2025*	2024*	2023*	2022	2021	2020	2019
PY Premium	693.0	668.8	641.5	276.6	276.7	255.8	259.5
PY Claims	513.2	349.1	330.4	272.0	210.7	230.2	219.3
PY Result	-124.4	+31.1	+41.0	-87.9	-9.1	-69.1	-36.7
FY UW Result	-96.0	+48.0	+30.6	+3.3	-56.4	-84.3	-16.4
FY Invest Result	+105.4	+87.5	-63.6	-20.3	+60.0	+66.0	+26.4
FY Overall Result	-2.6	+116.7	-58.0	-16.7	+6.5	-19.3	+12.6
Merger Adjustment	-	-	+310.3	-	-	-	-
Claims O/S	1,270.0	1,181.4	1,218.1	671.5	668.4	627.6	621.6
Free Reserve	800.0	802.6	685.9	433.6	450.3	443.8	463.1
Total Funds	2,336.4	2,258.0	2,208.1	1,329.2	1,317.3	1,243.4	1,211.7

\* Figures for merged Club from 2022-23; for North of England prior to then

### Underwriting Offices

NEWCASTLE	LONDON	DUBLIN
PIRAEUS	HONG KONG	SHANGHAI
SINGAPORE	TOKYO	NEW YORK
BRISBANE	MELBOURNE	PORT NELSON

## APPENDIX 4.07

### THE SHIPOWNERS' MUTUAL PROTECTION AND INDEMNITY ASSOCIATION (LUXEMBOURG)

www.shipownersclub.com



#### Geographic

EUROPE	ASIA PACIFIC
17.08%	52.47%
AMERICAS	REST OF THE WORLD
14.88%	15.57%

#### Calls

	2026-27	2025-26	2024-25	2023-24	2022-23	2021-22	2020-21
Original		0%	0%	0%	0%	0%	0%
Latest		0%	0%	0%	0%	0%	0%
\$ Difference		0	0	0	0	0	0
Release		-	-	-	-	-	-

#### Vessel Type

TANKER/ GAS CARRIER	CONTAINER/ GENERAL CARGO
3.96%	3.65%
BULKER	PASSENGER FERRY
0.00%	15.03%
OFFSHORE	OTHER
11.33%	66.03%

#### Summary Financial Performance in \$000,000s

Year to 31 Dec	2024	2023	2022	2021	2020	2019	2018
PY Premium	303.6	284.3	267.0	253.0	231.3	228.1	223.0
PY Claims	192.5	188.7	168.5	180.2	156.3	168.6	172.9
PY Result	+2.6	-7.2	+6.0	-13.5	-8.7	-22.5	-29.9
FY UW Result	+3.2	+4.1	+6.2	+2.9	-9.0	-10.3	-8.2
FY Invest Result	+50.7	+61.0	-65.3	+21.8	+42.4	+47.8	-20.6
FY Overall Result	+40.6	+69.5	-59.1	+17.3	+39.1	+36.2	-37.9
Claims O/S	448.5	437.0	410.2	392.1	384.2	367.1	356.1
Free Reserve	447.4	406.8	337.3	396.4	379.1	340.0	303.8
Total Funds	1,029.6	980.3	867.2	902.3	870.4	808.5	759.0

#### Underwriting Offices

LONDON	LUXEMBOURG	SINGAPORE
HONG KONG	PIRAEUS	

## ASSURANCEFORENINGEN SKULD (GJENSIDIG)

www.skuld.com



## Geographic

EUROPE	ASIA PACIFIC
<b>48.00%</b>	<b>25.00%</b>
AMERICAS	REST OF THE WORLD
<b>22.00%</b>	<b>5.00%</b>

## Calls

	2026-27	2025-26	2024-25	2023-24	2022-23	2021-22	2020-21
Original		0%	0%	0%	0%	0%	0%
Latest		0%	0%	-5%	0%	0%	0%
\$ Difference		0	0	<b>-10.4m</b>	0	0	0
Release		15.0%	10.0%	7.5%	-	-	-

## Vessel Type

TANKER/ GAS CARRIER	CONTAINER/ GENERAL CARGO
<b>20.00%</b>	<b>19.00%</b>
BULKER	PASSENGER FERRY
<b>22.00%</b>	<b>9.00%</b>
OFFSHORE	OTHER
<b>9.00%</b>	<b>21.00%</b>

## Summary Financial Performance in \$000,000s

Year to 20 Feb	2025	2024	2023	2022	2021	2020	2019
PY Premium	375.5	<b>365.8</b>	321.0	290.0	279.1	268.9	273.6
PY Claims	316.6	206.0	161.6	231.4	235.1	181.6	185.6
PY Result	-94.2	+18.9	+36.0	-28.1	+0.1	+36.8	-5.3
FY UW Result	-71.0	+50.1	+15.0	-30.3	-30.1	-35.2	+8.0
FY Invest Result	+91.0	+72.2	-0.5	-1.3	+55.7	+48.9	+0.4
FY Overall Result	+10.7	+106.8	+14.5	-29.0	-6.7	+13.1	+10.7
Claims O/S	713.6	587.4	608.0	595.2	529.9	546.9	529.0
Free Reserve	562.1	551.4	444.6	430.1	459.1	465.8	452.7
Total Funds	<b>1,412.5</b>	<b>1,261.0</b>	<b>1,156.6</b>	<b>1,116.0</b>	<b>1,081.0</b>	<b>1,067.1</b>	<b>1,040.1</b>

## Underwriting Offices

OSLO	BERGEN	BERMUDA
COPENHAGEN	HAMBURG	PIRAEUS
HONG KONG	SINGAPORE	NEW YORK
LONDON		



THE STANDARD CLUB (MERGED INTO NORTHSTANDARD LIMITED WEF 21/01/2023)

[www.northstandard.com](http://www.northstandard.com)

## Calls

	2026-27	2025-26	2024-25	2023-24	2022-23	2021-22	2020-21
Original					0%	0%	0%
Latest					0%	0%	0%
\$ Difference					0	0	0
Release					-	-	-

## Summary Financial Performance in \$'000,000s

Year to 20 Feb	2022	2021	2020	2019
PY Premium	249.5	250.1	252.2	269.0
PY Claims	233.3	237.5	218.7	220.1
PY Result	-86.7	-37.1	-4.3	-49.5
FY UW Result	-14.4	-62.1	-109.7	-49.5
FY Invest Result	-14.8	+30.9	+83.9	+18.3
FY Overall Result	-50.1	-33.4	-41.0	-45.3
Claims O/S	549.3	585.8	646.7	618.8
Free Reserve	310.2	360.2	393.7	434.7
Total Funds	956.2	1,005.4	1,133.9	1,201.5

During 2018-19 the Club acquired the Strikes Club, including \$18.5 million of free reserve

## Underwriting Offices

NEWCASTLE	LONDON	DUBLIN
PIRAEUS	HONG KONG	SHANGHAI
SINGAPORE	TOKYO	NEW YORK
BRISBANE	MELBOURNE	PORT NELSON

## THE STEAMSHIP MUTUAL UNDERWRITING ASSOCIATION (BERMUDA) LIMITED

www.simsl.com



## Geographic

EUROPE	ASIA PACIFIC
42.00%	42.00%
AMERICAS	REST OF THE WORLD
13.00%	3.00%

## Calls

	2026-27	2025-26	2024-25	2023-24	2022-23	2021-22	2020-21
Original	0%	0%	0%	0%	0%	0%	0%
Latest	0%	0%	0%	0%	0%	0%	0%
\$ Difference	0	0	0	0	0	0	0
Release	TBA	15.0%	10.0%	0.0%	-	-	-

## Vessel Type

TANKER/ GAS CARRIER	CONTAINER/ GENERAL CARGO
21.00%	35.00%
BULKER	PASSENGER FERRY
32.00%	10.00%
OFFSHORE	OTHER
0.00%	2.00%

## Summary Financial Performance in \$000,000s

Year to 20 Feb	2025	2024	2023	2022	2021	2020	2019
PY Premium	427.3	413.1	365.7	286.2	259.9	282.2	282.1
PY Claims	360.4	292.0	210.4	250.0	241.3	248.9	217.7
PY Result	-61.0	-3.0	+51.8	-50.7	-3.6	+14.0	-7.5
FY UW Result	-46.5	+25.0	+20.6	-29.4	+65.0	+3.7	-31.8
FY Invest Result	+92.2	+91.7	-39.8	-4.2	+55.2	+64.5	+16.0
FY Overall Result	+39.5	+110.1	-19.2	-37.6	-4.2	+64.6	-27.1
Capital Distribution	-42.8	-24.2	-	-	-	-16.3	-21.9
Claims O/S	846.4	778.8	737.3	700.7	675.7	593.0	607.4
Free Reserve	537.0	540.3	454.4	473.5	511.1	515.3	467.0
Total Funds	1,481.2	1,387.2	1,227.8	1,216.9	1,227.4	1,153.5	1,123.2

## Underwriting Offices

LONDON	BERMUDA	HONG KONG
RIO DE JANEIRO	PIRAEUS	SINGAPORE
TOKYO	CYPRUS	

## APPENDIX 4.11

SVERIGES ANGFAITYGS ASSURANS FORENING (THE SWEDISH CLUB)

www.swedishclub.com



### Geographic

EUROPE <b>46.00%</b>	ASIA PACIFIC <b>52.00%</b>
AMERICAS <b>0.00%</b>	REST OF THE WORLD <b>2.00%</b>

### Calls

	2026-27	2025-26	2024-25	2023-24	2022-23	2021-22	2020-21
Original		0%	0%	0%	0%	0%	0%
Latest		0%	0%	0%	0%	0%	0%
\$ Difference		0	0	0	0	0	0
Release		15.0%	15.0%	5.0%	0.0%	-	-

### Vessel Type

TANKER/ GAS CARRIER <b>12.00%</b>	CONTAINER/ GENERAL CARGO <b>33.00%</b>
BULKER <b>53.00%</b>	PASSENGER FERRY <b>1.00%</b>
OFFSHORE <b>0.00%</b>	OTHER <b>1.00%</b>

### Summary Financial Performance in \$000,000s

Year to 31 Dec	2024	2023	2022	2021	2020	2019	2018
PY Premium	135.9	133.9	126.6	105.7	94.6	94.1	90.5
PY Claims	85.7	76.0	94.8	98.4	72.1	71.6	67.2
PY Result	-10.6	+0.3	-27.5	-44.3	+7.1	-0.7	-14.7
FY UW Result	-8.6	-7.8	-3.6	-38.6	-28.8	-8.1	-5.8
FY Invest Result	+32.1	+34.3	-33.9	+15.9	+27.5	+32.8	-4.5
FY Overall Result	+29.9	+26.9	-37.5	-35.6	+0.5	+18.5	-8.3
Claims O/S	328.0	306.9	254.4	245.2	211.3	186.4	166.3
Free Reserve	206.2	176.3	149.4	186.9	222.5	222.0	203.5
Total Funds	656.2	650.6	569.4	593.0	564.8	528.4	468.2

### Underwriting Offices

GOTHENBURG	PIRAEUS	OSLO
LONDON	TOKYO	HONG KONG



## THE UNITED KINGDOM MUTUAL STEAM SHIP ASSURANCE ASSOCIATION (BERMUDA) LIMITED

www.ukpandi.com



From 2022-23 onwards policy year figures reflect mutual business only

## Geographic

EUROPE	ASIA PACIFIC
<b>44.00%</b>	<b>46.00%</b>
AMERICAS	REST OF THE WORLD
<b>10.00%</b>	<b>0.00%</b>

## Calls

	2026-27	2025-26	2024-25	2023-24	2022-23	2021-22	2020-21
Original		0%	0%	0%	0%	0%	0%
Latest		0%	0%	0%	0%	0%	0%
\$ Difference		0	0	0	0	0	0
Release		15.0%	10.0%	7.5%	-	-	-

## Vessel Type

TANKER/ GAS CARRIER	CONTAINER/ GENERAL CARGO
<b>39.00%</b>	<b>18.00%</b>
BULKER	PASSENGER FERRY
<b>32.00%</b>	<b>6.00%</b>
OFFSHORE	OTHER
<b>0.00%</b>	<b>5.00%</b>

## Summary Financial Performance in \$000,000s

Year to 20 Feb	2025	2024	2023	2022	2021	2020	2019
PY Premium	361.5	350.8	317.6	296.0	280.0	306.4	322.9
PY Claims	327.2	283.9	197.3	272.0	270.4	259.2	296.6
PY Result	-68.6	-39.6	+26.2	-100.9	-87.8	-13.6	-46.7
FY UW Result	-60.8	-26.9	-17.3	-38.8	-106.6	-50.8	-37.1
FY Invest Result	+71.6	+77.1	40.5	+19.6	+53.4	+106.4	+23.3
FY Overall Result	+11.0	+53.0	-57.8	-19.1	-51.8	+54.4	-32.4
Claims O/S	815.8	766.3	741.6	749.6	843.1	811.6	840.7
Free Reserve	494.4	483.5	430.5	488.3	507.4	559.2	504.8
Total Funds	1,374.4	1,422.3	1,331.2	1,323.6	1,413.4	1,389.9	1,363.9

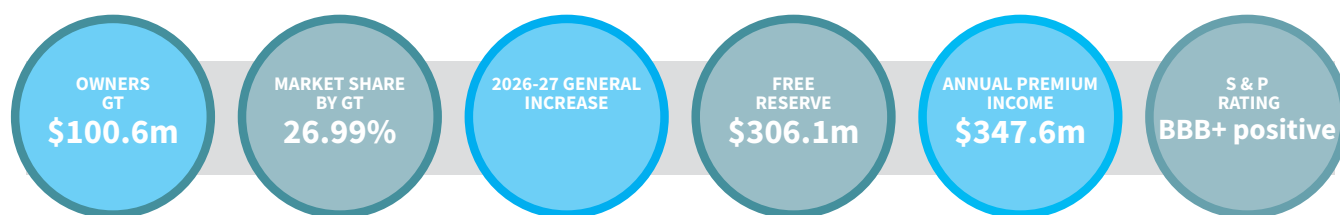
## Underwriting Offices

LONDON	PIRAEUS	ROTTERDAM
BERMUDA	JERSEY CITY	SAN FRANCISCO
TOKYO	IMABARI	HONG KONG
SINGAPORE	SHANG HAI	

## APPENDIX 4.13

### THE WEST OF ENGLAND SHIP OWNERS MUTUAL INSURANCE ASSOCIATION (LUXEMBOURG)

www.westpandi.com



#### Geographic

EUROPE	ASIA PACIFIC
32.90%	48.60%
AMERICAS	REST OF THE WORLD
3.40%	15.10%

#### Calls

	2026-27	2025-26	2024-25	2023-24	2022-23	2021-22	2020-21
Original		0%	0%	0%	0%	0%	0%
Latest		0%	0%	0%	0%	0%	0%
\$ Difference		0	0	0	0	0	0
Release		15.0%	15.0%	7.5%	-	-	-

#### Vessel Type

TANKER/ GAS CARRIER	CONTAINER/ GENERAL CARGO
31.40%	16.30%
BULKER	PASSENGER FERRY
49.30%	0.80%
OFFSHORE	OTHER
0.00%	2.20%

#### Summary Financial Performance in \$000,000s

Year to 20 Feb	2025	2024	2023	2022	2021	2020	2019
PY Premium	320.9	302.9	270.6	253.4	230.1	209.3	206.3
PY Claims	226.0	181.6	201.0	237.7	226.5	176.6	184.1
PY Result	-18.3	+16.3	-22.3	-69.3	-59.6	-15.8	0.0
FY UW Result	-11.1	+14.7	+8.0	-32.1	-80.4	-13.2	-26.0
FY Invest Result	+43.3	+35.0	-28.4	-5.4	+31.7	+47.1	+37.7
FY Overall Result	+29.8	+45.6	-20.4	-39.9	-47.1	+31.8	-2.2
Claims O/S	563.89	547.3	565.9	524.7	508.3	411.3	408.8
Free Reserve	306.1	276.3	230.8	251.2	291.1	338.2	306.4
Total Funds	967.4	919.2	861.8	863.1	878.7	789.6	754.2

#### Underwriting Offices

LONDON	LUXEMBOURG	PIRAEUS
NEW YORK	DUBAI	HONG KONG
SINGAPORE		

### INCLUDING FIXED PREMIUM OPTIONS

Ten years ago there was a vibrant alternative market to the International Group of P&I Clubs (IG), when it came to the provision of fixed cost P&I cover for smaller shipowners. However the last ten years have seen a sea change, and many of those facilities (or the business that they targeted) have now become subsumed within the P&I Clubs themselves. Today pretty much all the Clubs will offer the smaller shipowner fixed cost cover as an alternative to mutual membership. They tend to call this “diversification” but really, it isn’t.



The West of England and London Clubs are both focussed on relatively new in-house facilities, the American Club has absorbed Eagle Ocean and most recently the UK Club has integrated TMS into the Club's operations. It should be noted that TMS was itself created by the merging of four separate fixed premium agencies / books of business.

In London, QBE continue to be the biggest non IG facility offering P&I, together with Aurora P&I, now underwritten by Markel International. In Oslo, Hydor continues to offer fixed cost P&I options, it being the result of an amalgamation of three pre-existing facilities, and in Rotterdam MSIG (formerly MS Amlin) remains active, with this facility also having a significant charterers book.

The opportunities are slightly more diverse when it comes to charterers business with specialist facilities Charterama and the Charterers Club (see Markel above) remaining in the market with, again, the Clubs all offering their own facilities, in some cases via independent agencies.

There remain limited other facilities which offer alternative coverage aimed at specific types of vessel operator or territory, for example the China P&I and Korea P&I Clubs, but both of these tend to be dependent on co-insurance arrangements with IG Clubs. There are further facilities situated in local ports, but many of these are not generally acceptable security nor accessed via London brokers.

The alternative facilities (and IG fixed facilities) tend to target niche owners and smaller, short trade vessels, principally operating in coastal or inland waters. The primary plus points of utilising these facilities are that they offer certainty of cost and can also offer a lower limit of liability, each of which may be more appropriate to particular owners' needs. Additionally excess protections can typically be obtained in the commercial market, or via the specific facility, should this be required. These limits, when combined with the additional protections, can now add up to as much as \$ 1 billion for most of the alternative facilities. With the continually toughening regulatory environment in which shipowners operate requiring these ever-higher limits, this advantage for the alternative market continues to decline in relevance.

We consider it unlikely that many new facilities will emerge in the immediate future – the barriers to entry are high and the IG Clubs have the necessary infrastructure in place such that there is little motivation for them to back new MGA's. The P&I sector differs in this respect from the H&M / M&E market where the current overcapacity in that sector is largely driven by MGA's who have ease of access to corporate capital at the moment. The P&I Clubs do not need to use this route to growth, other than, perhaps, as part of diversification plans but rates are not presently encouraging this.





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