P&I REPORT 2023

EXPERIENCED GUIDANCE

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Note re: NorthStandard Merger

On February 21 2023, the merger between the Standard Club and the North of England Club formally took place. In this report all backward looking figures treat the two Clubs as still independent and are "legacy Club figures", whereas all forward looking figures are referenced as NorthStandard and are combined.

WELCOME

Dear Friends

The time of year has arrived again when we are delighted to share with you our Annual Review of the main Protection and Indemnity markets. As is the way with our business, it seems like the proverbial ink has just dried on the previous year's report, and here we are with the next one!

The main P and I events of the last twelve months are, of course, dealt with in our usual fashion in the following pages and, without doubt, the year in general has delivered plenty of unforeseen events and challenges, which disturb us all enormously. We approach each year in the hope that the introduction to this document can pass by without the need to mention human tragedy, however, sadly this is not the case again as war and conflict continue to dominate our news feeds. Our thoughts and wishes are with all those caught up in the tragic and ongoing events in the Middle East and Ukraine.

It has certainly been a busy year for us at Lochain Patrick. As most of you know, we are a specialist broker in all classes of Marine and Energy Insurance, acting for our direct clients in a retail capacity, or as wholesalers on behalf of our international insurance broker friends around the globe. Thank you all for your business. It is oft forgotten, and especially at these difficult times, that the provision of insurance acts as a great enabler for world trade to continue. Our role in this is to make sure we represent you with professionalism, expertise , high levels of service and, of course, recognise the need to apply maximum pressure on your underwriters to respond properly at the time of placing business and, indeed, when collecting claims. The awful events mentioned above have tested us all to the very limit in the last 12 months, however, we have traded through this positively and successfully.

We are proud to be positioned as one of the leading independent London marine specialists, and are delighted that the physical London market place has returned post pandemic. Yes, it is a little different from previous years, but it works. London remains an incredible place to work in and as an unrivalled marine centre of excellence, with a thirst for business and desire to cement and build new relationships. We would actively encourage you to explore these opportunities through Lochain Patrick. We feel confident that the longevity and depth of our relationships with markets, and total commitment to our clients makes us an excellent choice of partner - and we do try to do all of that with a smile on our face!

Our teams have certainly been brilliant over the last 12 months. We have been working hard on the road, being represented at Maritime Cyprus, and travelling regularly to Germany, Greece, Scandinavia, the USA, Central America, the Middle East and Asia, and within the UK - and this is all fantastically supported by our amazing colleagues that remain in London, in our offices.

We wish you all a prosperous and hopefully peaceful 2024.

Best regards

The Team at Lochain Patrick

2023 IN WORDS

It is said that there is no such thing as a normal year, but 2022-23 proved that in so many ways! Firstly, we saw an unexpected return to underwriting profitability in the market – not for every Club perhaps, but at least for the majority and in the aggregate. Whilst it was anticipated that the general increases imposed at the start of 2022-23 would staunch the bleeding of the previous bad years, no-one could have predicted that the turn around would be so rapid. It was widely expected that the return to sustainable underwriting would be a project of several years' duration, but it proved to be much quicker.

The beginning of the decade saw consecutive financial year underwriting loss in the $½ billion range and, whilst 2021-22 saw the loss fall back somewhat to $250 million, the completion of the turnaround in 2022-23, saw a $150 million underwriting surplus. At policy year level the improvement was even more dramatic, with a $750 million underwriting loss turning around into a virtual breakeven position.

We examine in this report how this was achieved, but significant premium increases, coupled with a return to pre COVID trading levels, lead to the top line increasing significantly. At the same time, COVID losses fell back to almost insignificant levels, pure year pool costs were restricted and, in general, other claims were pretty benign. A perfect storm of positivity, all impacting the year, and one which, in all honesty, is unlikely to be repeated into 2023-24 to anything like the same degree.

It is, perhaps, a matter of good fortune that the underwriting result did turn around, because investment income, which had fallen considerably in 2021-22, continued to nose dive on the back of geopolitical volatility, increasing interest rates and a general lack of confidence in the markets. On a combined basis investment and foreign exchange activities generated losses in excess of $½ billion, compared to an approximate breakeven in the previous year.

The only thing that appears to be predictable in this market is its unpredictability.

The next page shows the highlights of the year, excluding general increase data for the 2023-24 policy year, for which see Section 6 hereto.

OCTOBER 2022

The American Club announces a partnership with International Compliance Services Inc., which will offer outsourced compliance and due diligence services to members;

Standard & Poor's revise the rating of the Swedish Club from A- to BBB+, rating stable;

Standard & Poor's revise the rating of West of England from A- to BBB+, rating stable;

NOVEMBER 2022

The American Club announce a 30% excess call for P&I entered members on the 2021-22 policy year;

Gard reports a positive underwriting result for the 6 months ending 20 August 2022 of $68 million on an ETC basis, but investment losses of $117 million lead to Free Reserves falling to $1,218 million;

Japan Club board authorises its management to levy excess calls of up to 25% on the 2020-21 and 2021-22 policy years;

Standard & Poor's reaffirm London Club BBB rating but revise its outlook from stable to negative;

DECEMBER 2022

The International Group Reinsurance Programme is renewed for 2023-24 with a broadly unchanged structure. Increases averaged 5.8% but clean tankers and containers increased 10.5% and passenger vessels saw no increase;

JANUARY 2023

Thomas Nordberg succeeds Lars Rhodin as Managing Director, Swedish Club;

FEBRUARY 2023

Japan Club levies 25% excess supplementary calls in line with levels authorised by its board in November (see above);

Gard continues its policy of granting a 5% owners general discount on ETC to P&I members at the 20 February 2023 renewal;

The merger between the Standard and North of England Clubs takes place with effect from 21st February. The new entity is created within the framework of the former North and is to be known as NorthStandard Limited and carries an A stable rating from Standard & Poor's;

MARCH 2023

As part of its triennial review, the US Coast Guard increases limits of liability under OPA 1990 by 7.91%, in line with the increases in the Consumer Price Index;

MAY 2023

Skuld report an operating surplus of $25.2 million for the three months to 20 May 2023 with Free Reserves rising to $465.2 million. The result reflects an underwriting surplus of $17.8 million and net investment income of $7.4 million;

Simon Peacock takes over from Simon Swallow as CEO of Shipowners Club;

JUNE 2023

Standard & Poor's reaffirm Skuld's A rating and revise its outlook from negative to stable;

JULY 2023

EU adopt 11th package of sanctions against Russia focussing on STS transfer and AIS manipulation;

AUGUST 2023

The Swedish Club reports a positive underwriting result for the six months ending 30 June 2023, with a 98% combined ratio. The overall profit for the period is $16 million, Free Reserves increasing to $166 million;

Hydor AS acquires EF Marine PTE Ltd to create a combined fixed premium P&I facility with some $40 million premium income;

SEPTEMBER 2023

Gard report an operating surplus of $46.4 million for the six months to 30 June 2023 with Free Reserves rising to $1,306.9 million. The result reflects an underwriting loss of $7.9 million (after owners general discount) and net investment income of $54.3 million;

OCTOBER 2023

As part of its 2024-25 renewal strategy, Steamship announces plans for a return of capital equal to 7.5% of ETC ($25 million) for renewing members;

NOVEMBER 2023

As part of its 2024-25 renewal strategy, Britannia announces plans for a return of capital of $10 million, pro rata, to mutual members with entered vessels at 24 October 2023.

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	2023	2022	2021	2020	2019	2018	2017
Call Income	4,743.1	4,230.2	3,839.1	3,733.7	3,709.7	3,691.2	3,917.1
% Age Change	+12.1%	+10.2%	+2.8%	+0.6%	+0.5%	-5.7%	-6.7%

Financial year premium income was up by over 10% on the year for the second consecutive year. Whilst there was a contribution by way of excess calls from the Japan Club in 2022-23, this had less impact than the excess calls at the London Club had in the previous year - hence pure ETC was actually up by around 13.5% The premium levels for 2022 were still marginally impacted by lay-up / return premiums due to the pandemic, albeit not to the extent of in 2021-22, where the return to more normal trading levels distorted the annual increase in premium for that year. Much of the increase was down to a substantial general increase, which was largely enforced.

Furthermore, during 2021 and 2022, the cost of the International Group Reinsurance Programme (the charge on the membership being included in the gross premium figures above) was fixed on a two year deal. Coming out of that deal, which saw two of the heaviest pool claims years in recent memory, the charge for this protection rose steeply and this made a significant contribution to the overall financial year premium increase.

Financial Year Premiums (In $ Millions)

Year To 20 Feb	2023	2022	2021	2020	2019	2018	2017
P&I Call Income *	3,463.6	3,187.1	2,996.4	2,985.8	2,990.7	3,071.4	3,285.4
Return / Excess Calls **	- 1.2	56.2	27.9	27.1	- 34.8	- 91.8	- 119.4
“Normalised” Calls	3,464.8	3,130.9	2,968.5	2,958.7	3,025.5	3,163.2	3,404.8
%Age Change	+10.7%	+5.5%	+0.0%	-2.2%	-4.4%	-7.1%	-5.8%
Weighted Average GI	+11.0%	+7.5%	+6.0%	+0.4%	0.0%	0.0%	+1.9%
Total Fleet Growth	+3.6%	+4.4%	+5.7%	+3.4%	+4.5%	+2.9%	+5.4%
Call Change In Theory	+14.6%	+11.9%	+13.7%	+3.8%	+4.5%	+2.9%	+7.3%
“Churn” Estimate	3.9%	6.4%	13.7%	6.0%	8.9%	10.0%	13.1%

* *Including estimated uncalled income in current year.*
** *Includes EBUB adjustments for American Clubs*

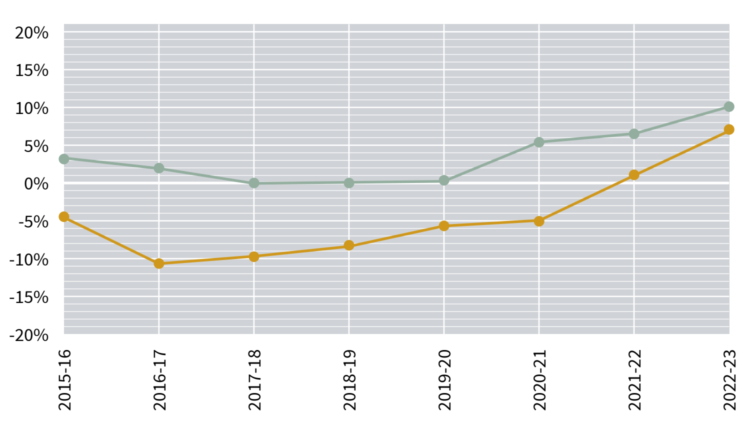
Premium from diversified operations rose slightly during the year, but the increase was not as significant as the increase in P&I premium, with the H&M market being noticeably softer on the back of falling numbers of total losses and a relatively benign claims environment.

Looking more at the pure P&I elements of premium, on a policy year basis, we saw premiums falling consistently between 2017 and 2020, stabilising in 2021 (which was COVID impacted and might otherwise have been expected to rise) and then increasing again in 2022 and 2023. Entered tonnage grew in each year. General increase had been low across this period of falling premium levels, with three years of nil or virtually nil increases being seen.

The 2021 year must be seen as something of a rogue year, being the year where the impact of the pandemic on premiums, via layups and other reduced trading returns, were most active. The spike is clearly seen in the figures and it is reasonable to say that this was a blip in a steadily falling “churn”.

It should be noted that there will be little further positive development of premiums due in the 2022-23 policy year (ignoring the impact of call deviations), and the absolute level of 2022-23 normalised policy year premium may reach $3.5 billion resulting in an apparent increase in normalised premiums of nearer 12%.

Some of 2022-23’s 3.9% churn difference can be explained by changing terms and conditions at renewal where, rather than taking a higher premium option, the Clubs increase deductibles to hopefully reduce claims instead of increasing premiums. This alternative is planned to have the same net positive impact on the underwriting result, but by eroding claims costs rather than boosting premium levels. For the moment this may seem an attractive option but is it sustainable?



During the period when the target general increases remained nil, the churn estimate had fallen to around 6.5% region by 2019-20. This sort of level existed in the earlier part of the decade, and it seems clear that the greater the general increase, the greater the propensity exists to not achieve it. However, with the return to higher levels of general increase in 2022-23, we have not seen a return to higher churn.

A lot of this may simply be due to the impact of the sizeable increases in the excess reinsurance cost recharged to members in 2022-23. In some cases (for container vessels) this was 55% - over four times the natural general increase. If we assume the Group Reinsurance cost is perhaps 30% of the owners premium (this will vary by type of vessel) then this element is actually more influential on owners actual premium growth than is the general increase.

Pure “Churn” - whereby older tonnage with high premium rates is scrapped or laid up, and replaced by newer built tonnage which attract (rightly or wrongly) a lower premium per GT – has perhaps been constrained by the greater need for shipping with economies return to pre pandemic trading levels, and also there will be a lag in the impact of reduced order books / newbuilding activity during the primary phase of the pandemic.

A) Underwriting

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 was harder to achieve.

More and more, the Clubs attempt 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 should help them with this, but a lot of this increased volatility is down to large or pooling losses which, in many cases, will either be abated out of owners' loss records or reflected in the increased cost of the excess reinsurance programme, which is separate to, and independent of, the general increases.

Policy Year / Financial Year Claims (In $ Millions)

Year To 20 Feb	2023	2022	2021	2020	2019	2018	2017
PY Claims	2,146.2	2,845.8	2,643.8	2,492.1	2,420.6	2,273.7	2,057.5
% age Change	-24.6%	+7.6%	+6.1%	+3.0%	+6.5%	+10.5%	-13.2%
FY Claims	2,856.3	3,015.8	3,019.4	2,839.2	2,623.2	2,445.4	2,356.9
% age Change	-5.3%	+0.0%	+6.6%	+8.2%	+7.3%	+3.8%	-0.3%

Is it time to review the premium rating models in light of current claims patterns? A number of Clubs are actively doing this and it will be interesting to watch developments to see if anything radical emerges by way of new thinking for 2024-25 and beyond. But we doubt it.

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

The growth in GT insured rose slightly by 3.6% in 2022-23, compared to 4.4% in the previous year (see premium table above), although the growth in owners tonnage was slightly lower in both years at 2.8% and 3.0% respectively. As noted above, the pandemic impacted both years 2021 and 2022, as claims exposures in both years will have been impacted by the introduction of, and subsequent easing of, restricted trading conditions and heightened claims activity. 2022-23 was probably only marginally impacted by COVID claims, although they did continue to drip-feed into the figures, particularly continuing claims stemming from China.

On a policy year basis, the absolute level of P&I claims for 2022-23 reduced substantially, by almost a quarter. The previous five years had seen stable, but slightly rising levels of claims per ton, with large claims severity being the primary driver, whilst deductible increases largely held attritional claims inflation in check. This period has been characterised by falling numbers of overall claims, but increased severity of larger ones.

It should be noted that, when looking at the year on year changes, using this measure, the 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, this conventional wisdom - that incurred claims improve as they mature, and which has held true since the beginning of the millennium - continues to be challenged in the last five years. 2018-19 incurred claims levels deteriorated by $50 million between 12 month and 24 month development points, equating to 2.1% and closed at 36 months $12 million higher than initially estimated (0.5% deterioration).

The 2019-20 incurred claims exhibited the same patterns and deteriorated by 4.1% in the equivalent period 12 to 24 month period, a shade over $100 million, and closed at 36 months some 2.3% ($56 million) worse than initially estimated. It should be borne in mind, for this policy year, that a $100 million+ pool claim ("MSC Gayane" emerged in the 12-24 month development period, which may well have distorted comparisons at a policy year level, and definitely did distort comparisons at a financial year level).

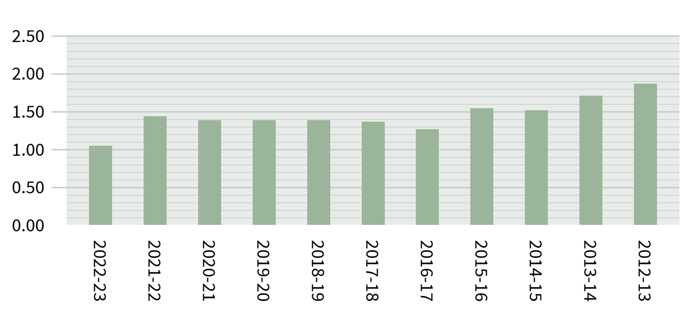
Policy year 2020-21 has perpetuated this trend, deteriorating by 1.33% ($35 million) between 12 and 24 month development points, and still further by 1.05% ($27 million) in the 24-36 month development period. Once more, the late reporting of significant pool losses – in this case the two pollution claims offshore Huntington Beach, California, both in excess of $100 million – will have had a substantial influence in this deterioration.

Policy year 2021-22 again shows significant, 4.5%, deterioration between the 12 and 24 month development points, also influenced by late reported large pool claims.

So, is this a new trend, or is it simply a reflection of the surprisingly late reporting of claims that in several cases run through the pool and into either the Hydra AAD or the market reinsurance contract? Certainly, it is surprising to see claims in excess of $100 million emerging so late in the day, and hopefully this reporting lag is not going to recur – but we thought that 12 months ago. To the extent that these late breaking 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 on older policy years, which have become an enduring feature of Club accounts for many years, still appear to have influenced the 2022-23 financial year result, so we may reasonably conclude that the recognition of any such gains that may exist on current open years are perhaps being delayed longer and masked by large 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, although to do so would augment Free Reserves which have fallen by over $1 billion in five years.

Oil Claims 2022 - PY Basis



The graphic to the left shows the change in policy year claims per total GT entered and we see the dramatic fall in policy year claims per GT in 2022-23. Whilst the pressure on combined ratios has typically been due to rising claims and unsustainable premium levels in real terms over the preceding five years, it is, as we noted above, a combination of falling claims and much harder premium rates that have coincided in 2022-23 to bring a return of underwriting profitability and combined ratios for many to less than 100%

2022-23 claim levels per GT are $1.04. This is almost half the level they were at a decade ago and, whilst the past five years have seen a fairly stable level of costs per ton at around the $1.35 to $1.40 mark, the longer term trend is still one of decline.

A) Underwriting

It should be noted that the data in the chart on the previous page 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 fall after the year has closed – giving rise to surpluses on the closed policy years which are 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 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.

Attritional claims, whilst still subject to claims inflation of perhaps 5% to 7.5%, continue to decline in frequency. 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) both as claims and consequent reductions in premium, will change the complexion of the loss experience as well as the churn, as noted above.

The continued major impact of a small number of large losses over the past five years, and additionally the frequency and severity of pool claims particularly during the four years leading up to 2022-23, is now the primary driver of claims levels (and hence 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, supressing 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 to the 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, just a hypothetical one.

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, and patterns become more "estimate driven" than "paid driven". Clubs started as mutuals enabling shipowners to share misfortune – 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 - it is large losses within retention that inform individual Club incurred losses and combined ratios, and bring possibly more volatility and variation in outcomes between Clubs, and policy years within Clubs, than do pool claims.

In 2021-22 year, the London Club was the unfortunate focus of a disproportionate number of these large losses and, worryingly for them, this trend continued into 2022-23. In what was otherwise a good year for pooling with only eight reported losses, its' members were responsible for two such claims. 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. The worm has, however, appeared to have turned during the first 8 months of 2023-24, with favourable high severity claims experience being seen.

Likewise, the Swedish Club saw a significant number of large losses in 2021-22, but its experience improved and the number of losses in excess of $500,000 fell from 48 to 30. The Japan Club has also been hit by similar trends in recent times which, coupled with the weakening of the Yen against the Dollar, resulted in a significant underwriting loss in the year and ultimately triggered an excess call on two older years in February 2023.

In essence the smaller Clubs, such as these three, are more vulnerable to the impact of large losses and there is perhaps an argument for consolidation, as both the individuals Clubs and the Group collectively increase risk retention at the top end, whilst reducing it at working levels.

On a more positive side, Gard, North, Skuld and UK reported improved frequency of large losses, but Britannia, where large loss frequency had improved significantly in 2021-22, saw the cost of these claims returning to levels akin to those seen in 2020-21. This all goes to demonstrate that it is something of a lottery and, whilst pooling levels out the volatility at an individual Club level, the impact of these losses at retention level can be extreme.

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 diversification. Much of that diversification is, however, still within the marine environment and so there will be consistent influences at play.

The other limitation on this graphic is that the diversified 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, if not several false trends 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. The following graphic shows the combination of trends in financial year claims per GT.

Oil Claims 2022 - FY Basis

A) Underwriting

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 75% to 80% across the market is, in fact, 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, rarely spitting out the figure by class of business.

Turning to pooling, the debate about "new normal" was firmly put back in the box during 2022-23, as the year turned out to be one of the better years for pooling in the past decade. At the mid-year point there had been no pool level losses reported for the year and, whilst the second half year did bring a number of reported losses, the outcome at the end of the policy year was satisfactory. There has been some adverse development in the six months since 20 February 2023 but the level of aggregate pool claim is still well in the "below expectation" range.

This good experience does, however, reinforce the impact of volatility on the pool – this year a positive impact on the policy year – and again reinforces the role of the Club system as a conduit for managing severe claims.

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

After Policy Year	#	12m	24m	36m	48m	60m	72m	84m	96m
2015-16	17	198.0	277.0	284.0	283.0	291.0	295.0	297.0	297.0
2016-17	14	84.0	126.0	145.0	137.0	140.0	139.0	149.0	
2017-18	20	227.0	270.0	290.0	311.0	333.0	380.0		
2018-19	25	306.0	456.0	490.0	428.0	448.0			
2019-20	22	259.0	442.0	453.0	513.0				
2020-21	23	463.0	550.0	724.0					
2021-22	18	359.0	621.0						
2022-23	8	75.0							
2023-24*	6	102.0							

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

However, whilst the pure policy year pool experience has been favourable, there have been a number of adverse developments on older policy years which, have in effect meant that, on a financial year basis, the pool loss cost is not quite as good as it might appear to be. Overall, in excess of $500 million of adverse development on older pool policy years, particularly 2020-21 and 2021-22 has emerged. This has rather taken the shine off the positive 2022-23 policy year outturn.

Whilst there will always be some degree of adverse developments as new claims emerge or claims estimates on known ones deteriorate, much of the adverse development is somewhat unique. The biggest emergent losses came as a result of two Californian pollution claims in October 2021, allegedly caused by damage to a subsea pipeline, which has been attributed to anchor drag relating to two different insured vessels occurring in January of that year. A claim in excess of pooling limits has been recorded for each vessel.

The policy year 2022-23 saw no new claims penetrate the International Group Programme although the two Huntington Beach claims, in respect of the 2020-21 policy year, have penetrated the Hydra AAD / 1st excess reinsurance layer.

The first 6 months of 2023-24 have seen a return to a slightly elevated level of pool claims although, perhaps, not to the levels seen in the two years 2020 to 2022.

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 to the right, 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 first thing that stands out is a dramatic change in the aggregate market level of combined ratio, falling from 136% to 99%. As discussed above, this is the result of the favourable confluence of premium and claims trends and, perhaps, the result of as much luck as it was of good judgement.

Gard figures continue to be impacted by its reduced deferred call in the past seven years, during which time it has foregone $304.8 million of premium (10 years: $414 million). Had the Club called the deferred premium in full during the seven years cycle above, the average combined ratio would improve from 113% to some 102% on an ETC basis and they would head the table – as well as having a somewhat excessive $1.5 billion of Free Reserve.

7 Year P&I Combined Ratio by Club

Policy Year Ended	2022-23 @ 12m	2021-22 @ 24m	Average last 7 years
Shipowners	98.06%	107.05%	105.43%
Steamship	90.59%	119.61%	108.95%
Skuld	100.37%	120.07%	109.89%
Japan *	97.88%	153.01%	112.37%
Gard	102.45%	117.22%	113.31%
North of England	82.47%	147.40%	116.94%
Standard	79.93%	145.99%	117.56%
Average	99.17%	136.18%	118.23%
UK	93.47%	149.14%	120.82%
American	124.10%	119.47%	122.72%
West of England	103.49%	138.88%	126.14%
Swedish	130.41%	159.71%	130.91%
London	131.96%	179.14%	143.17%
Britannia	117.75%	186.63%	148.43%

* *Includes estimated deferred or unearned premium for 2020-21 as appropriate.*

The uncalled P&I premium has historically been said to have been funded by diversified operations – i.e. profits on the M&E business. The performance of this class remains somewhat inconsistent, but for 2022-23, it was positive and more than sufficient to cover the owners general discount of 5%. This has not always been the case and has often been insufficient to cover the entire member rebate, howsoever defined, but the P&I result has been sufficiently robust as to allow the returns to continue, mostly ably assisted by the investment income.

A) Underwriting

Other Clubs have also made occasional returns of premium or waived deferred calls during the seven 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 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. The 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, most particularly in the 2021-22 policy year, although their position, with one of the better combined ratio in the market, suggests that this does not impact their relative performance significantly. Notwithstanding a relatively good combined ratio across the period, recent developments did force the Club to raise excess calls in the 2020 and 2021 policy years.

For the American Club, the seven 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 years 2021-22 have been adjusted to remove EBUB – in prior years, any EBUB has been crystallised by the levying of an excess call and so has been excluded.

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 four years and the non-consolidated figures for the preceding three. The change in accounting policy has resulted in the combined ratio appearing to be worse.

The more pertinent point noted last year, as regards the Britannia combined ratio, is that 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.

All Clubs, with the exception of the American Club, improved their combined ratios in 2022-23, mostly by double digits. Perhaps the most intriguing improvements come from the two merging Clubs, North and Standard who each trimmed in excess of 50% off their respective combined ratios. It was perhaps important that both Clubs brought their combined ratios down, and to similar levels, otherwise the merger might have been viewed differently, were the combined ratios significantly apart.

The Shipowners Club remains at the top of the table closely followed by Skuld and Steamship. 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.

During the 12 months 2022-23, the combined ratios of both the two older open years deteriorated – no doubt largely due to late breaking pool claims – 2020-21 deteriorated by 8% and 2021-22 by 3%.

The 2022-23 policy year is running at an underwriting loss of $9.8 million, but still has some $80 million of premium income to recognise, ignoring excess call income. For so long as claims do not deteriorate too badly, it remains possible that this policy year will close at an underwriting profit (subject to any return calls decisions that might be made). To date, the year has received a negative investment income allocation of $47 million. $23.0 million premium has been waived to date in respect of this year and $18.3 million of excess calls and EBUB income recognised.

In stark contrast, the 2021-22 policy year underwriting result has an underwriting deficit of $761.9 million, an improvement of some $15 million from the position after 12 months. Much of this improvement is down to new premium inflows via excess calls at the American and Japan Clubs, as well as natural development at Skuld and North. Some $80 million of investment income has been allocated to the year.

The 2020-21 policy year underwriting result has an underwriting deficit of $678.1 million, an improvement of just $2.2 million from the position after 24 months. $25 million of this improvement is down to new premium inflow, via an excess call at the Japan Club, offsetting a deterioration in the claims position. $320.5 million of investment income has been allocated to the year.

Group Wide FY Underwriting Results (in $ millions)

Year To 20 Feb	2023	2022	2021	2020	2019	2018	2017
FY U/W Result	+153.2	-244.7	-547.9	-492.7	-382.4	-82.9	+156.9

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 78.5% of the premium written by the Clubs, with the balance being made up of 2.8% FD&D etc, 15.5% M&E business (including business written on Skuld corporate paper previously underwritten via the Club's Lloyds syndicate) and 3.2% other.

In terms of contribution to bottom line, the diversified operations do not appear to have contributed consistently positively, although 2022-23 was a good year for the H&M markets and the results of Gard, Skuld and Swedish were enhanced by the diversified products. Furthermore, these classes quite likely absorb an element of overhead cost that would otherwise be loaded onto the P&I class.

In terms of the 2021-22 financial year underwriting result, eight of the thirteen Clubs made a financial year underwriting surplus, and a loss, albeit that the surplus at the Japan Club was dependent on a sizeable $51.3 million excess call. Underwriting losses were seen at the American (despite EBUB), Britannia, London, Swedish and UK Clubs, but even at all of these Clubs, the normalised underwriting result (ignoring excess call income) improved significantly.

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	2023	2022	2021	2020	2019	2018	2017
Investment Inc	-482.8	-4.2	517.9	733.9	121.5	521.8	410.5
Forex Gains	-47.3	-21.0	+45.6	-14.4	-63.8	+20.5	-78.7

The amount of investment income is stated after deduction of taxation and includes sundry income and expenses, notably a net $9.4 million charge that the Standard Club suffered, partly due to its separation from Charles Taylor and partly due to its initial 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 (e.g. 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	2023	2022	2021	2020	2019	2018	2017
Investment Yield	- 4.0%	0.3%	4.7%	6.4%	0.9%	4.4%	3.7%

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.

7 Year Investment Yields on Total Assets by Club

Year Ended	2022-23	2021-22	Average last 7 years
London	-3.92%	-0.86%	2.99%
Skuld	-0.07%	-0.12%	2.51%
UK	-3.25%	1.48%	2.49%
Standard	-3.98%	-1.55%	2.24%
West of England	-2.98%	-0.63%	2.08%
Britannia	-4.07%	1.17%	2.08%
Steamship	-2.35%	-0.35%	2.06%
Market Average	- 3.44%	0.26%	2.05%
Swedish	-6.51%	2.68%	1.89%
Gard	-5.02%	-0.15%	1.81%
North of England	-2.16%	-1.53%	1.81%
Shipowners	-6.04%	2.42%	1.72%
Japan	0.83%	1.54%	1.56%
American	-4.18%	2.57%	1.42%

After the two years between 2019 and 2021, where investment yields across the market were a shade under 5%, there was a certain inevitability in the negative bounce-back that happened in the early stages of 2021-22, and which ultimately lead to an approximate breakeven year. There was, perhaps, less logic behind the more substantial collapse in 2022-23, where the overheating in the global economy, confounded by the pressures brought about by the pandemic and compounded by war and other geopolitical turbulence, finally cracked.

The market turbulence reflected in the 2022-23 negative investment yields had its origins in the back end of 2021 and the first couple of months of 2022, causing what would have been a modest yield for the 2021-22 year to become negative for the 20 February 2022 reporting Clubs. Those who reported at 31 December 2021 (American, SOP, Swedish) all reported overall investment yields in the region of 2.5%. This was then reflected in the below average negative yields seen at those Clubs in 2022-23.

Interestingly, across the seven years covered by the table to the bottom left, the Club yields remain clustered pretty closely around the market average yield of 2%, plus or minus 0.5%. The only outlier to this theory is the highest performing London Club, which has always seemed to have something of a magic touch.

Traditionally an underperformer, the Japan Club, which is not permitted to invest in equities by virtue of its constitution, was actually the only Club to record a natural positive investment return, perhaps it was saved by the prohibition on investment in equities, although, whilst the markets were declining to their nadir, there really was no safe place to hide for fund managers.

Skuld also made a small positive return, but this was because it sold its former Lloyd’s managing agency, Asta, during the year for a surplus, which was sufficient to offset its loss on its recurring investment portfolio.

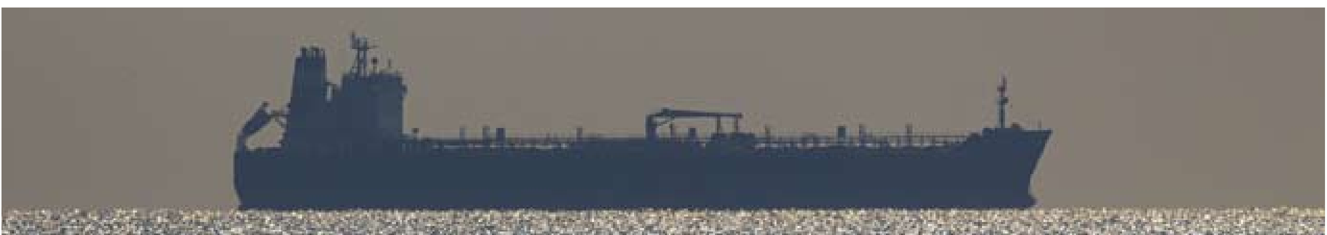
So, as interest rates rose repeatedly during the year, equity values fell and so did fixed interest rate bonds, be they sovereign, government or corporate. Whilst cash returns improved, the Clubs balance of portfolio generally meant that the immediate gains on rising interest income were massively offset by market to market losses on long term low yielding bonds etc.

By and large these losses were unrealised at the date balance sheets were struck and for so long as the Clubs had no cause to liquidate their holdings, they could withstand the storm without permanent damage to Free Reserves. In effect, as long as they could hold the investments to maturity, they would return to face value and so extinguish the unrealised loss. The question was, and still is, did they have this resilience?

So far this seems to be the case, and this is a testament to their efforts to match claims payment dates to investment maturity dates. Most Clubs hold a significant cash buffer, which would enable them to stay ahead of the cash flow crunch – effectively using this year’s premium to pay older year claims, rather than liquidated undervalued assets early to pay them.

As interest rates plateau, unrealised losses will ease, although there is still some evidence that rates have not yet hit their peak at last year end, and that further unrealised losses are dragging into 2023-24. Past investment crashes have typically been sparked by losses in the equity markets, this one was spawned in the bond markets. Past equity driven crashes have recovered relatively quickly, this one has the feel of being more of a slow burner, relying on either interest rates to fall back or investments to mature, thus releasing the unrealised losses. Time will tell how long it takes for the reversals to take place, but logically they will.

B) Investments



Investment Portfolio Mix - Proportion Invested in Equities

Year To 20 Feb	2023	2022	2021	2020	2019	2018	2017
American	17.10%	22.30%	36.41%	35.28%	40.65%	38.99%	38.16%
Britannia	28.63%	30.33%	29.21%	29.29%	23.79%	23.75%	21.90%
Gard	25.46%	24.51%	22.52%	25.05%	27.04%	28.02%	23.13%
Japan	0.00%	0.00%	0.00%	0.00%	0.02%	0.00%	0.00%
London	12.18%	13.27%	13.20%	15.38%	20.31%	20.75%	21.61%
North of England	9.69%	9.21%	11.80%	11.93%	10.75%	9.91%	8.29%
Shipowners	17.13%	19.90%	24.07%	15.73	22.16%	24.32%	25.62%
Skuld	19.48%	20.99%	23.85%	21.03%	18.46%	17.74%	15.99%
Standard	10.74%	14.95%	20.57%	21.20%	20.45%	19.30%	22.91%
Steamship	8.85%	7.45%	8.58%	7.88%	6.71%	9.17%	7.58%
Swedish	13.91%	19.67%	18.95%	19.03%	16.92%	14.95%	20.31%
UK	23.85%	23.94%	20.83%	21.61%	19.73%	26.67%	19.53%
West of England	16.09%	15.80%	14.79%	16.55%	14.35%	10.32%	7.73%
Market	17.71%	18.58%	18.75%	18.86%	19.44%	17.57%	20.50%

The table to the left 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%.

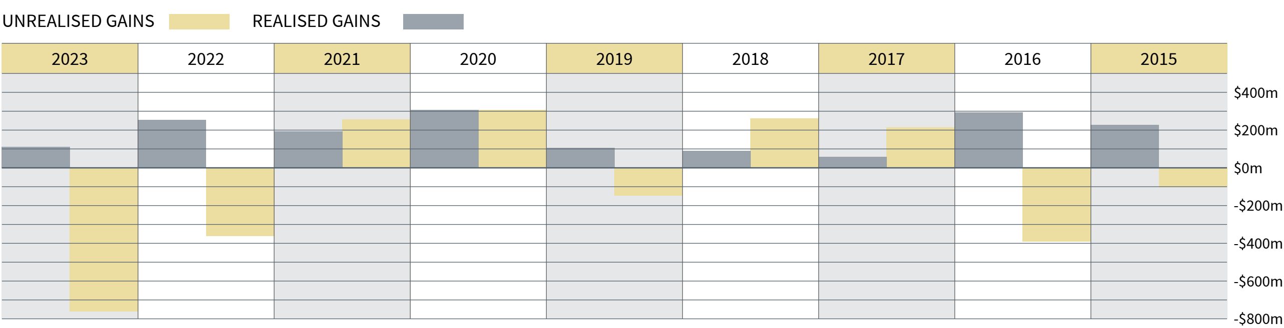
Different Clubs continue to demonstrate different risk tolerance approaches in portfolio management – although they all remain fairly similar to one another strategically. The proportion of the portfolio in equities has been fairly static between 17.5% and 20% over the last 7 years, albeit there are some Clubs who are more equity averse than others. This has not really led to any extreme differences in yield, although the return for the London Club is best, notwithstanding a generally below average equity participation. Equally Gard, with one of the higher equity involvements endured one of the worst of investment years – although that was the year that it changed year end to 31-12 and so its yield is for less than 12 months.

Equally, there has been no clear, consistent pattern of de-risking either during the first COVID lockdown inspired crash in the spring of 2020 – possibly because the market fell so rapidly, and then returned to previous levels and higher within the course of the year – or during the latest collapse, probably because there was no safe place to de-risk into, other than cash, as interest rates rose steadily and often.

This year both the American and Swedish Clubs de-risked away from equities, but still had some of the worst yields in the market, although this was probably more due to their chosen year end than their chosen investment manoeuvrings.

We are not aware of any significant de-risking or re-risking since the end of the Clubs' respective financial years, but this is not really that surprising, as to do so would inevitably result in the crystallisation of elements of unrealised loss into realised losses.

2020 Overall Results (in $ 000'S)



The above graphic, which tracks annual realised and unrealised losses on the Clubs' portfolios, together with the actual investment income receivable, provides an interesting insight into the dynamic of the investment income. The blue shaded areas represent earned investment income and are generally consistent across the past ten years at between $150 million and $200 million, despite generally increasing levels of assets invested.

The impact of the unrealised investment gains and losses, when contrasted to the realised gains and losses, demonstrate the market movements and how the Clubs, and their investment managers, react. Following the 2016 year, where substantial unrealised losses existed at year end, there were two years where significant unrealised gains accrued. Realised gains in these two years were limited as the Clubs saw their investments rebound and held on to them as they rose further.

2019 saw the return of unrealised losses, followed once more by successive years of unrealised gains but, this time, accompanied by more significant realisation of those gains. This may have just been due to more frequent turning over of the portfolio, but whatever the reason, these were two exceptional years.

What is interesting about these two cycles is that interest rates were essentially low and stable across the period, and so these cycles, both short, were equity led cycles. The most recent two years are quite different and featured rising interest rates accompanying equity volatility. Despite rising interest rates, actual investment income did not change much – this may start to move upwards in 2023-24 as maturing bond portfolios will be reinvested in higher yield instruments. But this will not be as quick an exercise as the two previous three year cycles.

C) Overall Result

A strange year then! Ultimately the Clubs collectively saw Free Reserves decline, and individually they all conformed to this dynamic, if one excludes unusual events such as excess calls and one off sales of capital assets. What makes the year strange is that the overall outcome in the two consecutive years was caused by a total turnaround in both underwriting and investment performance. If only the Clubs could combine a year with both underwriting and investment profits, things might make a little more sense. Maybe 2023-24 will be that year.

Group Wide Overall Result (in $ millions)

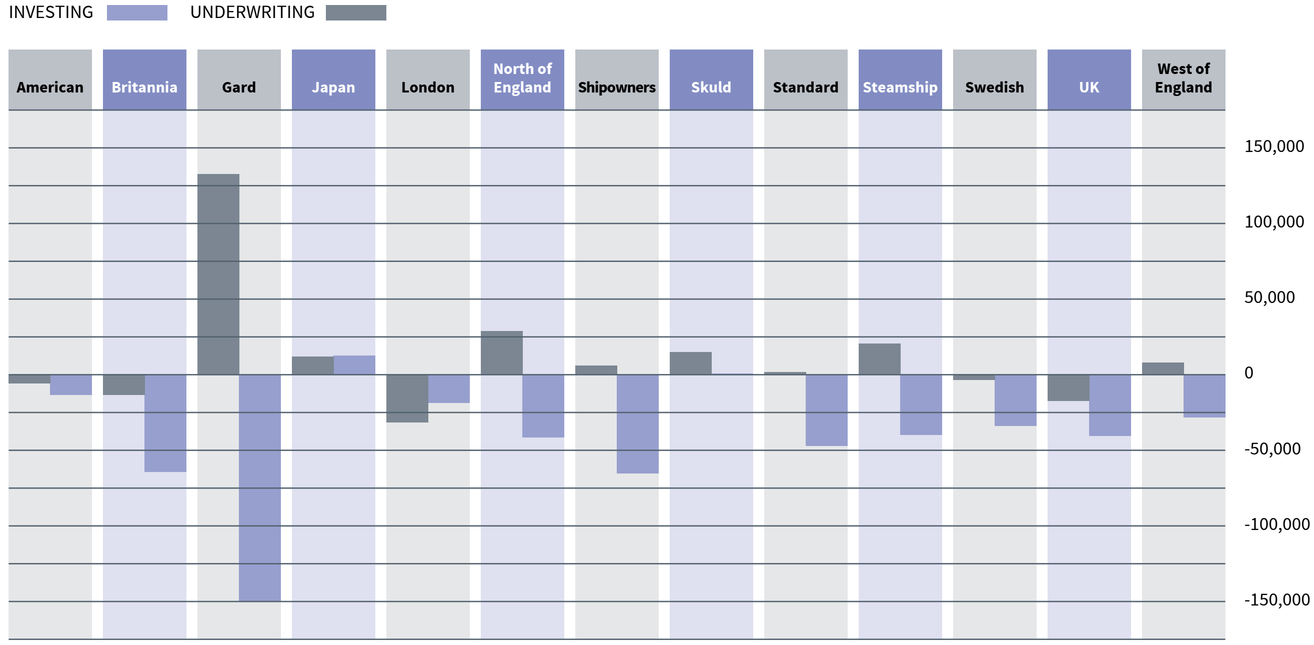
Year To 20 Feb	2023	2022	2021	2020	2019	2018	2017
FY Overall Result *	-376.8	-270.0	-+12.6	+226.8	-270.7	+459.4	+488.3
Restructuring **	0.0	-25.0	-10.0	-41.4	-133.2	-29.6	+0.4

* *Figures include call deviations, where appropriate.*
** *Including returns of capital.*

Certain of the opposite 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 Reserves and include distributions made out of capital. In the current year no restructuring took place in terms of the acquisition of new business, nor did the year contain any returns of capital.

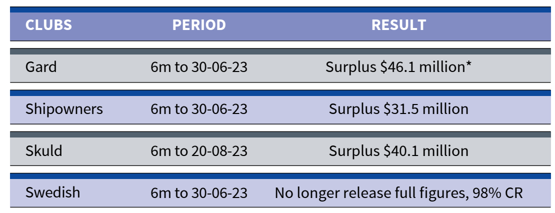
Whatever the cause of the overall deficit, Free Reserves continued to fall, albeit not to dangerous levels for the market, but some individual Clubs may be entering 2023-24 in a somewhat stressed environment. This is nothing that cannot be remedied by a good 2023-24 for both the underwriting and investment cycles, and there should be no immediate need for panic.

2000 Overall Result in $ 000s



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

Subsequent to the 2022-23 year end, various Clubs have reported interim results, as follows:



CLUBS	PERIOD	RESULT
Gard	6m to 30-06-23	Surplus $46.1 million*
Shipowners	6m to 30-06-23	Surplus $31.5 million
Skuld	6m to 20-08-23	Surplus $40.1 million
Swedish	6m to 30-06-23	No longer release full figures, 98% CR

* *Actual basis*

The results for the above Clubs reflect the two salient trends in the year today – acceptable underwriting results, with combined ratios in the 95% to 105% range, and a bounce back in investment earnings. For the first time in many years, we might ultimately see a positive contribution from both aspects of the business combined to see Free Reserves recover to above the $5 billion mark once more.

On the underwriting front, the Clubs achieved an approximate 6% increase in premium rating at 20 February 2023 and, whilst inflation is beginning to impact loss costs, the claims environment remains relatively benign – albeit not as benign as 2022-23. Pool losses are somewhat higher after 6 months of the year, but whilst some adverse back year development has happened on pool claims, it is not yet as values.

On the investment front, the Clubs have had the ability to hold parts of their devalued fixed rate instrument portfolios to maturity, so far, and thus, have seen unrealised losses booked in 2022-23 start to unwind as bond values return to par at maturity. This will not be true of the whole portfolio, as the maturity dates of parts of their portfolios will be matched to long term claims payment exposures, but with interest rates no longer rapidly escalating the growth of further unrealised losses has been limited . With “new money” earning significantly higher yields on the back of significantly higher short term interest rates, a positive yield for the full year is highly likely, absent any new volatility – such as might be introduced by an escalation of the Middle Eastern war – pushing interest rates still higher.

D) Free Reserves and Solvency II

This year is now the sixth year since the introduction of the Solvency II regime for most Clubs, and the seventh for two Clubs – Gard and Britannia – who were early adopters. We are now in a position to have built a body of data which ought to allow some meaningful conclusions to be drawn, albeit only on a limited number of Clubs. The American and Japan Clubs are not subject to the Solvency II regime, whilst the North of England only report on part of the organisation. Following the merger with North, Standard deregistered as a regulated insurer, and so did not submit a solvency return for 2022-23.

The 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 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! 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.

7 Year P&I Combined Ratio by Club

Club	Balance Sheet Free Reserve ($ Millions)	Solvency Margin Requirement ($ Millions)	Solvency Ii Tier I Net Assets ($ Millions)	Solvency Ii Total Net Assets ($ Millions)
American *	63.9	-	-	-
Britannia	510.0	292.8	523.4	658.4
Gard	1,260.5	413.0	1,160.0	1,366.0
Japan *	205.5	-	-	-
London	113.5	122.3	126.3	151.3
North of England **	420.9	150.8	256.2	330.0
Shipowners	337.4	263.0	356.0	459.4
Skuld	444.6	256.4	421.7	587.2
Standard	265.0	no longer registered insurer	no longer registered insurer	no longer registered insurer
Steamship	454.4	355.6	510.2	643.2
Swedish	149.4	102.7	172.0	241.7
UK	430.3	318.0	476.9	635.8
West of England	230.8	166.5	275.9	385.1

** 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 of the 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, by and large, all include, in the solvency returns, a not insignificant amount of AOF reflecting the 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. Subsequent to the end of the reporting cycle above, the London Club sought regulatory approval to increase the AOF value of the ability to levy supplementary calls to $50 million. This was granted. The recent excess calls levied across three years by that Club generated some $75 million, so, in this context, the $50 million allowance now available seems modest and representative of, perhaps, two years of calls.

All Clubs are compliant with the Solvency II margin requirements carrying, on average, Tier 1. assets equivalent to 173% of the solvency capital requirement. Including the Tier 2 assets, the headroom is 219%, also a 20% increase over the preceding year. This represents a 20% increase over the level carried in the preceding years, which is incongruous in light of the decline in Free Reserve and the loss in the year.

Allowing for the fact that the Standard Club is excluded from the current year's figures, available solvency assets are broadly the same as the previous year, but the required solvency levels have fallen overall.

This is essentially due to changes in two aspects of the risk modelling.

The margin required to cover underwriting has fallen significantly, no doubt reflecting the more benign claims conditions (both retained and pooled), as well as the improvement in premium levels attained in the year. Combined ratios improved substantially, thus reducing underwriting risk and hence the element of the SCR reflecting underwriting risk fell.

At the same time investment risk fell by over 20% on an adjusted basis to exclude Standard. This reflects the substantial unrealised losses reflected in the Clubs' balance sheets, and hence their BOF. In effect, the unrealised losses recognised in the year de-risked the investment portfolio, by crystalising the losses in the balance sheet - albeit on an unrealised basis. Thus, by incurring the losses, the Clubs also reduced the solvency requirement which guarded against that risk of loss.

The question of how much headroom the Clubs *need* to carry over and above that required to cover the SCR, still remains unanswered. The economic volatility over the past three to four 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 conflict and steeply rising interest rates all have increased the vulnerability of any balance sheet. The recent escalation of the conflict in Palestine has done little to ease concerns in this direction.

Whilst two Clubs have sought to reduce capital in the autumn of 2023, this is more part of an exercise in management of members premium expectations as anything else, and has only been done by two of the stronger Clubs.

The 2022-23 renewal, coming out of a fixed two year deal, was both technically complex due to issues with COVID, the pandemic and malicious cyber risks, and costly for owners, who saw rises in their contributions towards the reinsurance cost of as much as 55% for container vessel operators.

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.

The 2023-24 renewal was less complex and the increase in contribution less costly as the structural / risk related concerns had been addressed in the previous year and the claims record of both the upper stretches of the pool and the excess of loss programme itself had eased considerably. The two layers that spanned $100 million and $750 million in 2022-23 were consolidated into one layer for 2023-24, and only 25% of that layer was subject to a private placement, as opposed to 30% in the prior year.

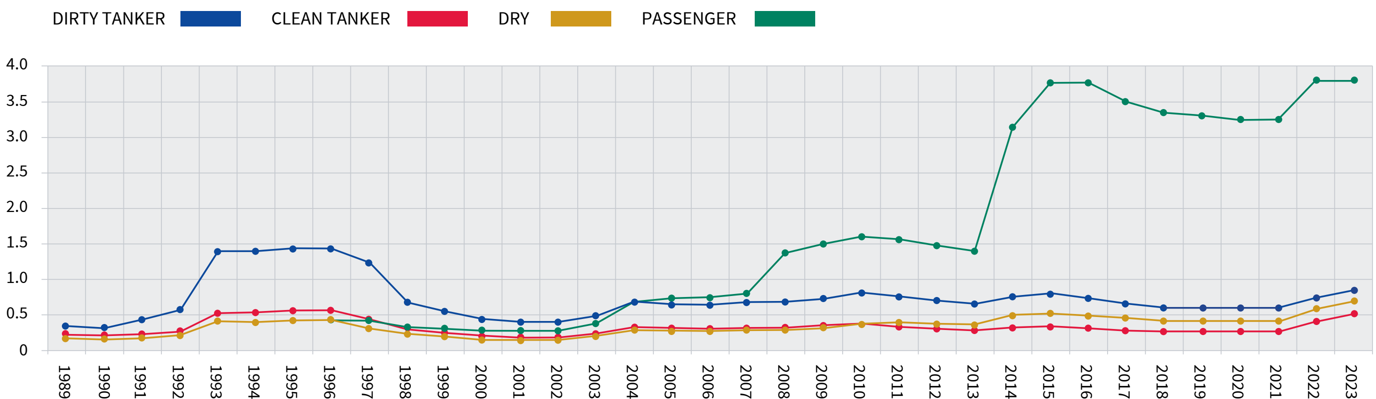
	Dirty Tanker	Clean Tanker	Dry Cargo	Container	Passenger
Owned					
2023-24	$ 0.6663	$ 0.4051	$ 0.5991	$ 0.7277	$ 3.8677
2022-23	$ 0.6469	$ 0.3666	$ 0.5639	$ 0.6586	$ 3.8677
Change	-$ 0.0194	$ 0.0385	$ 0.0352	$ 0.0691	$ 0.0000
%age Change	+3.0%	+10.5%	+6.2%	+10.5%	+0.0%
%age Change History					
2022-23	+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%
2019-20	0.00%	0.00%	0.00%	0.00%	0.00%
2018-19	-1.68%	-1.68%	-1.66%	-1.66%	-1.67%

Whilst the pure 2022-23 pool loss experience was benign in comparison to the two previous years, and no claims breached the Hydra AAD or hit the excess reinsurance layers, there was considerable adverse claim development in the two previous years. This predominantly impacted the higher pool layers but both Huntington Beach claims mentioned under pool claims above, exceeded the pool limit, and will have slightly impacted the excess layer and/or the AAD buffer protecting the market share of the first excess layer.

Container vessels once again saw the highest rate rises at 10.5%, still perhaps paying for the poor record of the vessel type in the past, when containers were rated in conjunction with other dry vessels. Perhaps, ironically, dirty tanker owners received one of the lower rate rises of just 3%, at a time when two late reported pollution claims hit the pool, each in excess of $100 million.

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's fundamental role was largely unchanged for the period from 2016-17 to 2018-19, with the exception of minor tinkering. In 2019-20, two of the three private placements straddled the first two layers of the programme, with Hydra insuring an AAD of $100 million in respect of the 80% conventional market share of the 1st excess layer of $650 million, as well as its involvement below $100 million.

Between 2020-21 and 2021-22, the structure was slightly changed and the "straddle" with respect to the private placements was removed. The private placement lines, then underwritten on multi-year bases of 10% each by Liberty Mutual, Hannover Re and Sompo Insurance, now related only to the first layer of the programme. Hydra's AAD, remained at $100 million, and is only in respect of the conventional market placement of 70%. This arrangement was unchanged within the 2022-23 renewal but, in 2023-24, the private placements were reduced to 25% and, hence, the AAD on the now 75% open market placing rose proportionately to $107.1 million.

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.

GROUP RE-INSURANCE

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. 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 six 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.

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 2023-24 (Simplified Structure)

Cumulative Value	Layers	
$8,600m	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	Private Placing 25%*
$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	

For malicious cyber, COVID and pandemic risks is amended as follows:

- Layer 2 has a separate aggregate limit for these risks of $400 million;
- Layer 3 has a separate aggregate limit for these risks 0f $750 million;
- Layer 4 has a separate aggregate limit for these risks 0f $600 million.

In the event of exhaustion of the aggregate limits on either layers 2 or 3 of this coverage, the reinsurance on the respective higher layers will drop down, subject to their own aggregate limits.

Group Reinsurance Programme 2022-23 (Simplified Structure)

Cumulative Value	Layers			
$8,500m	Uninsured Overspill: reverts to Pooling. Approximately $5,400 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	3rd Excess Layer $750 million ($1.0b to $1.5b) General Tower only ($1.0b to $1.5b) Unlimited Reinstatements			
$750m	2nd Excess Layer $200 million. Hydra: $100 million AAD in respect of 70% conventional market	Private Placing 10%*	Private Placing 10%*	Private Placing 10%*
$550m	1st Excess Layer $450 million. Hydra: $100 million AAD in respect of 70% conventional market			
$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			

For malicious cyber, COVID and pandemic risks is amended as follows:

- Layer 2 has a separate aggregate limit for these risks of $400 million;
- Layer 3 has a separate aggregate limit for these risks 0f $750 million;
- Layer 4 has a separate aggregate limit for these risks 0f $600 million.

In the event of exhaustion of the aggregate limits on either layers 2 or 3 of this coverage, the reinsurance on the respective higher layers will drop down, subject to their own aggregate limits.

For 2022-23 the Clubs imposed the highest average general/target increase rate, at around 11%, since the "naughties", and, anecdotally, robustly defended the correction to premium levels. This is seen in the increase in policy year premium income earlier in this report of 10.7%, or approximately $300 million year on year. This figure has, however, been significantly impacted by very large increases in the reinsurance cost passed on to members, although much of that charge is to fund pooling and other Hydra losses.

Club	Free Reserve $ Millions Start 2023-24	Owned Tonnage Millions GT Start 2023-24	Charter Tonnage Million GT Start 2023-24	Market Share by Owned GT Start 2023-24
American *	63.9	23.0	4.5	1.64%
Britannia	510.0	142.0	51.0	10.15%
Gard *	1,260.5	277.0	95.0	19.80%
Japan	205.5	92.2	10.0	6.45%
London	113.5	44.2	20.0	3.16%
NorthStandard *	685.9	255.0	110.0	18.23%
Shipowners	337.4	30.0	0.5	2.14%
Skuld *	444.6	115.7	75.0	8.27%
Steamship	454.4	117.1	113.5	8.37%
Swedish *	149.4	55.7	37.2	3.98%
UK	430.3	143.0	110.0	10.94%
West of England	230.8	95.9	51.0	6.86%

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

In 2023-24 it was a case of "Oliver asking for more" - albeit at only an average 8.9% rate. We will have to await next years report to assess the effectiveness of these corrections to the rate (not forgetting change in deductibles and other terms and conditions), but we expect to see an increase of some 6% on renewing business for this year.

The increase in 2022-23, surprisingly, saw a return to combined ratios in the "breakeven range" of 100%, although this was in part down to a benign claims year. Interim results for 2023-24 suggest that combined ratios will remain in much the same range, with the premium increase attained offsetting a hardening claims environment, particularly attributed to both simple inflation, coupled with punitive levels of social inflation.

The two years of recovery towards underwriting equilibrium has also been blighted with negative investment income across the combined 24 months. Whilst this should not directly require funding by increased premiums, the fluctuations in, and volatility of, investment income will, no doubt, somewhat colour managers and Club Boards deliberations on the 2024-25 requirements.

The tables illustrate key factors in these deliberations that have taken place, and are taking place, in the autumn of 2023 with respect to the 2024-25 premium requirements:

In many cases these Free Reserves have been impacted by deviations from planned call income over the past seven years, capital returns, the issuance and cancellation of subordinated debt, and various aspects of corporate restructuring.

Club	2023-24	2022-23	2021-22	2020-21	2019-20
American	0%/0% -	0%/0% -	30%/0% +$20.9m	35%/0% +$18.8m	35%/0% +$19.5m
Britannia	0%/0%	0%/0%	0%/0%	0%/0%	45%/45%
Gard	-5%/-5% -$25.0m	-5%/-5% -$22.8m	-5%/-5% -$19.0m	-10%/0% -$38.4m	-5%/0% -$18.5m*
Japan	0%/0%	40%/40%	65%/40% $26.5m	65%/40% $25.0m	40%/40%
London	0%/0%	0%/0%	35%/0% +$27.7m	30%/0% +$22.5m	35%/0% +$26.0m
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%	0%/0%	0%/0%	0%/0%
Standard	n/a	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%

* *Gard initially waived 20% ($72m) subject to ratification in November, when the waiver was reduced to 5%.*

In the early part of the seven year cycle, the majority of the deviations from expected call levels were relatively small under calls against final instalments of premium, or returns of premium already paid. Unsurprisingly, the more recent years, where volatility and premium inadequacy has informed the results, excess calls have been needed by the American Club as part of its various renewal strategies, the London Club, as part of its 2022-23 deliberations in the autumn of 2021, and the Japan Club, in February 2023, albeit foreshadowed in the autumn of 2022. Free Reserves have also been impacted by various Club moves in (and out) of diversified operations, some of whom may still be regretting the consequences of so doing.

The table to the left shows the approximate impact of call deviations for the last five 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 9 November 2023 as part of the general increase strategies, hence not all of the income and costs associated to these decisions have yet been reflected in the Free Reserves of each Club, which are shown above as at 20 February 2023 or equivalent as indicated in this report.

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

2023-2024 RENEWAL CIRCUMSTANCES

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 2023-24	2022-23	2021-22	Last Updated
American		20%	20%	30%	Jul 23
Britannia	15%	7.5%	5%	0%	Oct 23
Gard	10%	10%	5%	5%	Nov 23
Japan		3.5%	5%	5%	Aug 23
London		15%	15%	15%	Nov 22
North		12.5%	5%	0%	May 23
Shipowners	n/a	n/a	n/a	n/a	n/a
Skuld		15%	10%	7.5%	Jun 23
Standard	n/a	n/a	5%	0%	May 23
Steamship	10%	10%	5%	5%	Oct 23
Swedish		15%	15%	15%	Mar 23
UK	15%	10%	7.5%	5%	Nov 23
West	15%	15%	15%	10%	Nov 23

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

Premium risk • Reserve risk • Catastrophe risk • Market risk • Counterparty default 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 2023, the release call margins were on balance increased as volatility and poor combined ratios enhanced the risk of a need for further calls. We would expect to see the required level of release call falling in general terms as ratios improve and the prospect of further excess calls recede – but for some of the smaller Clubs this may not be the case, and the security blanket of comparatively high release calls will still be attractive.

The following table summarises the General Increases and Call Changes to date (9 November 2023) for 2023-24:

Club	P&I	FD&D	Notes	Value
American				
Britannia	5.0%		Capital Return	$10 million
Gard	5.0%	5.0%	Owners General Discount inc to 10%	$50 million
Japan				
London				
NorthStandard				
Shipowners	5.0%	n/a	Inclusive of change in IGRI	
Skuld				
Steamship	5.0%		7.5% Capital Return	$25 million
Swedish				
UK / UKDC	7.5%	-	10% on deductibles under $50,000	
West of England	7.5%	5.0%	10% on deductibles under $50,000	

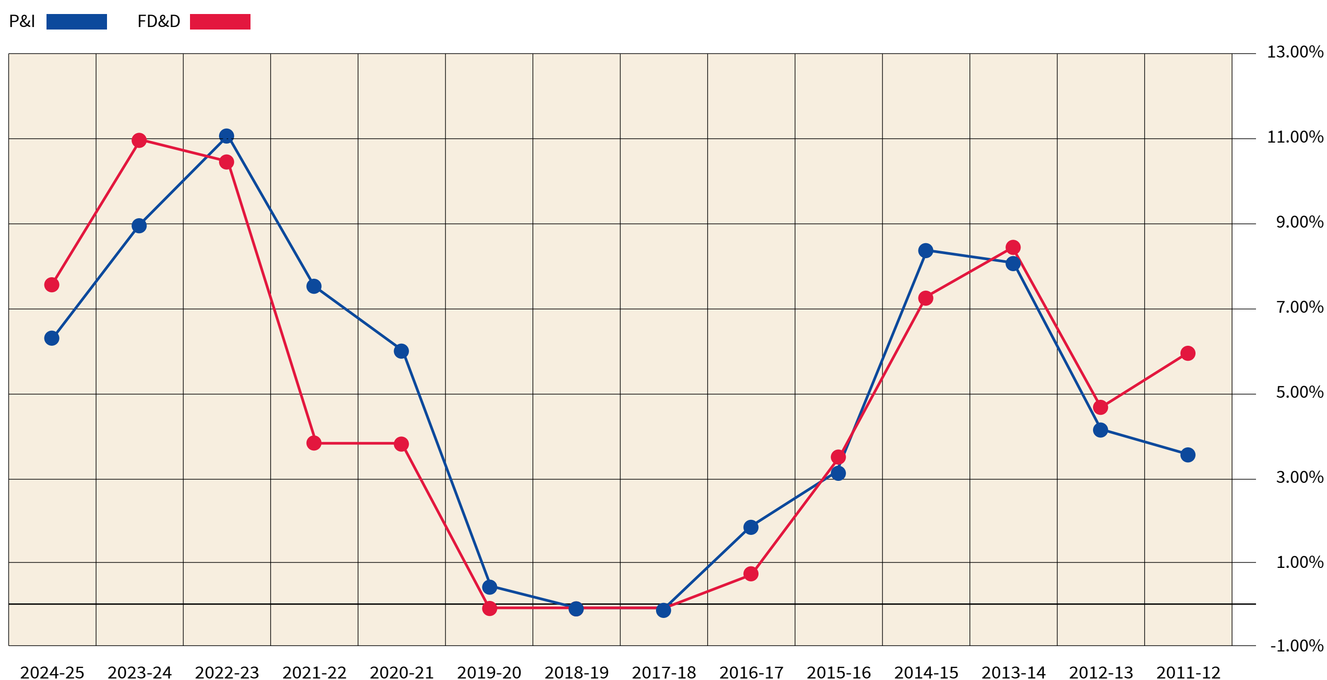
With half of the market having announced their plans at the time of going to print, we are seeing a clear trend of continuing increased requirements. Those Clubs who have made their requirements known are all looking for 5%-7.5% premium increases, with some still looking to adjust deductibles upwards. Most Clubs attribute the need for the increase on general inflation, which, for example, Lloyd's recently estimates at 7.5%. This will particularly apply to the wage elements of the staffing costs, and also to repair costs within claims. Inflation in more liability focussed claims such as crew injuries, pollution or wreck removal will be less directly linked to general inflation, but more to changes in the compensation regimes ("social inflation"), so less easy to quantify.

Several Clubs have sweetened the pill of continuing premium increases by offering capital returns (Britannia and Steamship) or enhancing discounts (Gard). There is sound logic to this approach, as the premium increase is embedded for years to come, whereas the capital distribution of discount might be a one-off, and can be tuned off at will.

With the exception of the Shipowners Club, all announcements to date call for the incremental cost of the Group Reinsurance Programme would to be passed on to members.

The gradual drift away from the term "general increase" and greater focus on underwriting "to claims record and future risk profile" looks to be continuing in 2024-25, although various Clubs seem to dip in and out the terminology. Nonetheless, most Clubs still speak in terms of target increases to be achieved over the whole book of business which, in terms of impact on total premium, amounts to the same thing. There is most likely a direct relationship between the size of the required increase and the clarity of the announcement of the increase. The lower the requirement, the more likely Clubs are to say how much the increase is going to be!

Should the next 12 months follow the pattern of the past 12 months – with the return to near breakeven underwriting being sustained – then it is reasonable to say that the hard market cycle should end with this round of increases. Indeed, some say that the market is already soft to softening: the ability of the Clubs to stick to the increase targets at February 2024 will be critical if they truly believe that they need more premium. No doubt some fleets are still underpriced and some are the cash cows that underpin the current breakeven position. This renewal will be an interesting one as underwriters resolve will come under pressure and they may not be able to achieve targets – one might say it's a brokers market coming up, after two or three years where underwriters (quite correctly) played hardball.



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 - i.e. generally call decisions made before June 2023.

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 tables, a colour coding system is used as follows:

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;

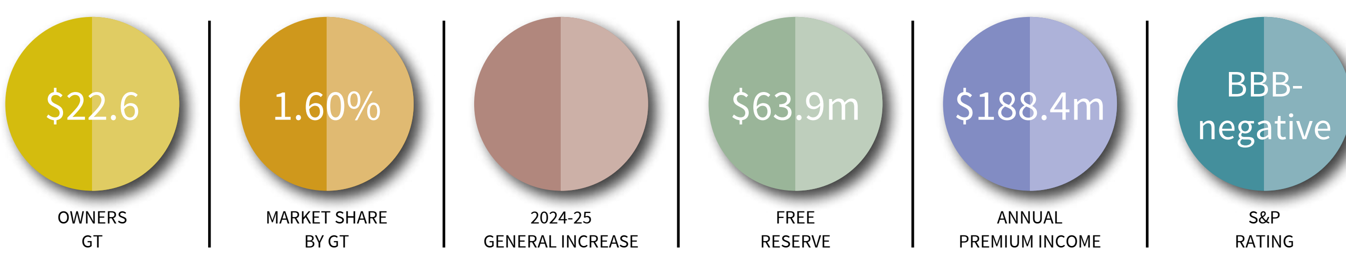
indicates that, whilst a call deviation has been announced, the figure has not yet incorporated the financial impact of that decision, since the decision was made after the finalisation of the financial statements at February 2023.

All data is current as at 9 November 2023.

APPENDIX 4.01

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 has 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.

CALLS

	2024-25	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19
Original		0%	0%	0%	0%	0%	0%
Latest		0%	0%	30%	35%	35%	15%
$ Difference		0	+18.3m	+20.9	+18.8m	+19.5	+6.9m
Release		20%	20%	30%	15%	-	-

SUMMARY FINANCIAL PERFORMANCE IN $000,000's

Year to 31 Dec	2022	2021	2020	2019	2018	2017	2016
PY Premium*	120.4	143.9	121.6	122.2	109.9	101.1	108.9
PY Claims	60.9	85.6	65.0	59.2	47.1	49.2	59.2
PY Result	-2.1	-1.1	-1.2	0.0	+6.3	-0.5	+4.2
FY UW Result	-5.9	-16.7	-10.9	-2.2	-12.3	-2.4	-8.9
FY Invest Result	-13.4	+8.4	+7.2	+15.3	-0.5	+8.6	+3.9
FY Overall Result	-19.3	-8.3	-3.8	+13.1	-12.4	+6.2	-5.0
Retro EBUB Adj	-	-	-	-	17.5	-	-
Claims O/S	192.3	175.8	148.3	154.4	141.6	145.5	171.7
Free Reserve	44.4	63.7	72.0	75.8	62.7	57.6	51.4
Capital Issue	19.5	19.5	19.5	19.5	19.5	19.5	19.5
Total Funds	319.4	324.1	298.6	301.7	274.4	274.2	284.3

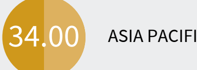
* Years highlighted in green include EBUB, those in red include actual excess cells. Amounts are net of brokerage.

UNDERWRITING OFFICES

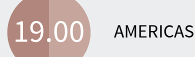
NEW YORK	HOUSTON	LONDON	PIRAEUS	SHANGHAI	HONG KONG

GEOGRAPHY (%)

EUROPE



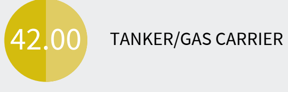
ASIA PACIFIC



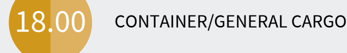
AMERICAS

REST OF THE WORLD

VESSEL TYPE (%)

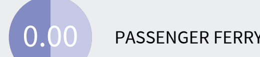


TANKER/GAS CARRIER

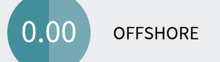


CONTAINER/GENERAL CARGO

BULKER



PASSENGER FERRY

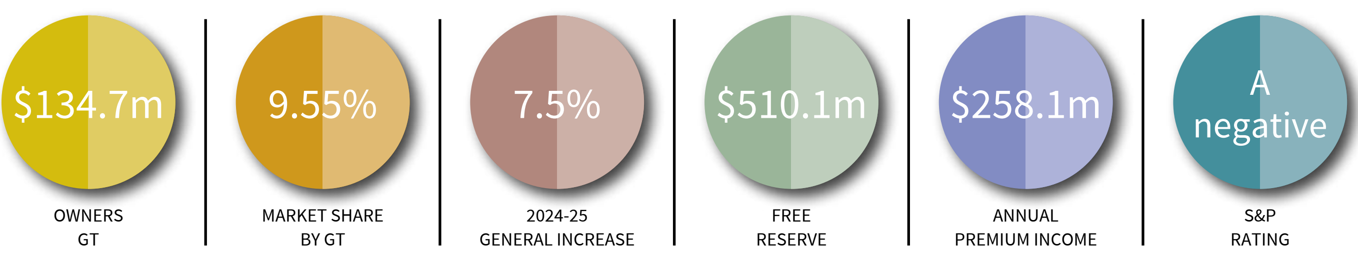


OFFSHORE

OTHER

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.

CALLS

	2024-25	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19
Original	0%	0%	0%	0%	0%	45%	45%
Latest	0%	0%	0%	0%	0%	45%	45%
$ Difference	0	0	0	0	0	0	0
Release	15%	7.5%	5%	-	-	-	-

SUMMARY FINANCIAL PERFORMANCE IN $000,000's

Year to 20 Feb	2023	2022	2021	2020	2019	2018	2017
PY Premium	253.4	208.5	193.5	191.0	198.5	196.1	232.8
PY Claims	183.9	248.4	271.0	216.2	164.8	150.9	141.4
PY Result	-6.7	-95.3	-119.8	-52.8	-22.3	-14.2	+32.9
FY UW Result	-13.4	-28.8	-32.2	-53.7	-21.5	+33.2	+5.1
FY Invest Result	-64.4	16.4	+71.1	+88.6	-0.3	+47.4	+27.8
FY Overall Result	-77.8	-14.0	+42.5	+31.8	-24.0	+80.6	+32.9
Capital Returns	0.0	-25.0	-10.0	-25.0	-30.0	-30.0	-
Claims O/S	740.5	754.8	778.2	674.4	714.5	721.2	775.6
Free Reserve	510.1	587.9	626.9	422.1	390.7	429.9	379.3
Boudiicca *	-	-	-	172.3	196.9	211.6	221.7
Total Funds	1,272.3	1,396.9	1,430.9	1,110.3	1,123.0	1,174.6	1,176.6

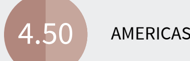
* Boudicca consolidated with effect from 2021

UNDERWRITING OFFICES

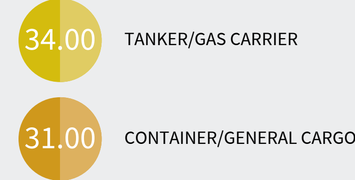
LONDON	PIRAEUS	COPENHAGEN	BERMUDA	HONG KONG	TOKYO	KOBE	SINGAPORE

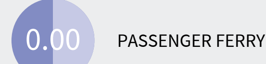
GEOGRAPHY (%)

48.30 EUROPE



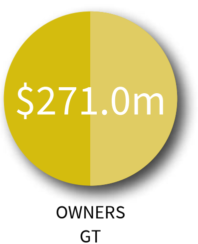
VESSEL TYPE (%)



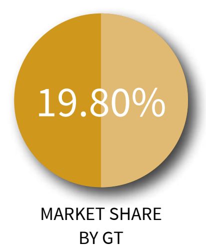


Assuranceforeningen Gard - Gjensidig

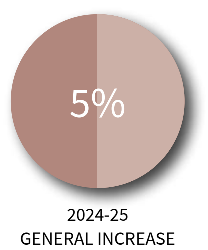
www.gard.no



OWNERS
GT

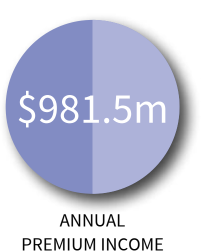


MARKET SHARE
BY GT

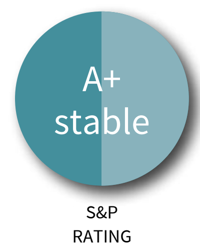


2024-25
GENERAL INCREASE

FREE
RESERVE



ANNUAL
PREMIUM INCOME



S&P
RATING

CALLS

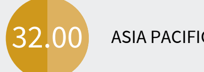
	2024-25	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19
Original	-10%	-5%	-5%	-5%	-5%	0%	25%
Latest	-10%	-5%	-5%	-5%	-5%	-5%	12.5%
$ Difference	-50.0m	-25.0m	-23.5m	-19.1m	-38.4m	-18.5m	-37.3m
Release	10%	10%	5%	5%	-	-	0

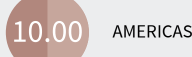
* Figures in pale blue represent value of owners general discount.

SUMMARY FINANCIAL PERFORMANCE IN $000,000's

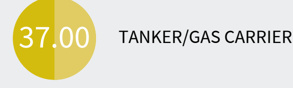
Year to 31 Dec	12/22	02/22	2021	2020	2019	2018	2017
PY Premium	478.1	499.2	469.2	498.2	482.6	464.6	529.5
PY Claims	334.9	419.6	409.8	421.7	422.3	340.9	316.2
PY Result	-9.1	-68.7	-79.0	-61.9	-146.6	-27.2	+36.3
FY UW Result	+132.6	+21.6	-18.6	-85.8	-101.0	-24.3	+28.2
FY Invest Result	-150.4	-4.7	+112.6	+122.8	-1.5	+138.5	+96.5
FY Overall Result	-17.8	+15.4	+83.7	+20.3	-90.2	+114.2	+124.7
Claims O/S	1,276.2	1,233.9	1,225.8	1,153.9	1,152.1	1,087.2	1,152.4
Free Reserve	1,260.5	1,278.3	1,262.9	1,179.2	1,158.9	1,249.1	1,134.9
Total Funds	2,972.1	3,052.6	2,958.9	2,654.2	2,601.2	2,595.1	2,508.3

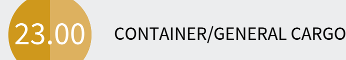
GEOGRAPHY (%)

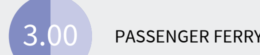


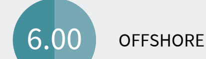


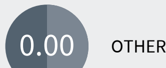
VESSEL TYPE (%)



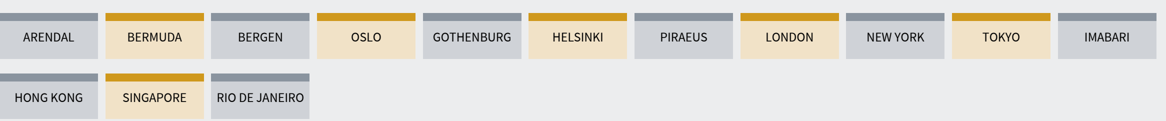






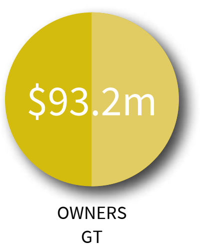


UNDERWRITING OFFICES

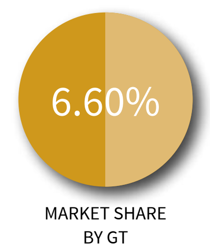


The Japan Ship Owners' Mutual Protection & Indemnity Association

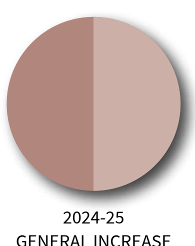
www.piclub.or.jp



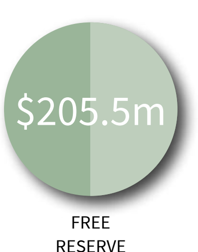
OWNERS GT



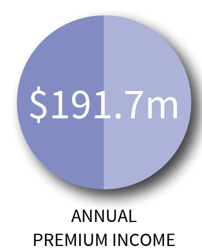
MARKET SHARE BY GT



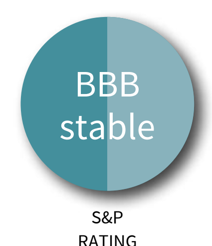
2024-25 GENERAL INCREASE



FREE RESERVE



ANNUAL PREMIUM INCOME



S&P RATING

CALLS

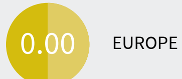
	2024-25	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19
Original		0%	40%	40%	40%	40%	40%
Latest		0%	40%	65%	65%	40%	40%
$ Difference		0	0	+26.5m	+24.9m	0	0
Release		35%	5%	5%	5%	-	-

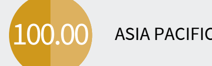
SUMMARY FINANCIAL PERFORMANCE IN $000,000's

Year to 31 Mar	2023	2022	2021	2020	2019	2018	2017
PY Premium *	186.9	184.0	178.0	157.5	189.8	217.4	221.8
PY Claims	115.7	162.7	142.0	125.0	124.6	132.5	112.1
PY Result	+13.6	-26.6	-9.4	-13.7	-5.5	+15.0	+27.7
FY UW Result	+12.1	-58.3	-11.4	-7.2	+6.9	+14.2	+23.9
FY Invest Result	+12.7	+9.1	+24.0	+2.0	+8.1	+3.9	-2.6
FY Overall Result	+24.8	-63.0	+7.8	-2.0	+11.4	+18.1	+21.3
Claims O/S	314.2	306.7	327.3	332.1	306.1	306.3	293.3
Free Reserve	205.5	180.7	243.7	235.9	237.9	226.5	208.4
Total Funds	664.2	592.4	673.1	659.5	643.6	645.2	626.8

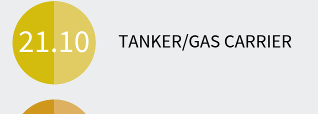
* Full annual estimated 2022-23 includes $48.7 million deferred call not yet accounted for

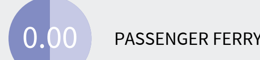
GEOGRAPHY (%)

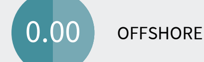




VESSEL TYPE (%)



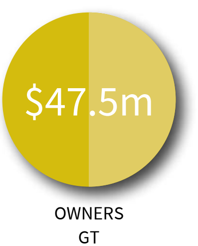


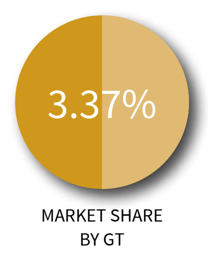


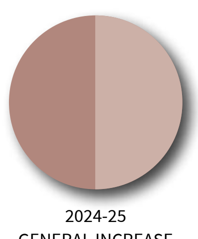
UNDERWRITING OFFICES

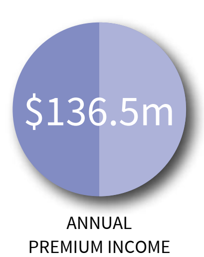
The London Steam-Ship Owners Mutual Insurance Association Limited

www.londonpandi.com









CALLS

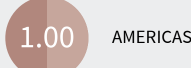
	2024-25	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19
Original		0%	0%	0%	0%	0%	0%
Latest		0%	0%	35%	30%	35%	0%
$ Difference		0	0	+26.3m	+25.2m	+26.8m	0
Release		15%	15%	15%	5%	-	-

SUMMARY FINANCIAL PERFORMANCE IN $000,000's

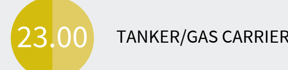
Year to 20 Feb	2023	2022	2021	2020	2019	2018	2017
PY Premium	113.2	151.1	131.9	132.0	93.6	92.0	93.8
PY Claims	103.6	154.6	106.1	114.7	98.2	76.9	73.6
PY Result	-32.4	-30.3	+12.5	+5.0	-21.5	+9.1	-1.9
FY UW Result	-31.7	+14.7	-36.7	-36.1	-33.7	-15.2	+1.7
FY Invest Result	-18.8	-4.3	+16.4	+41.0	+7.9	+21.8	+25.6
FY Overall Result	-50.5	10.4	-20.3	+5.1	-25.8	+6.6	+27.3
Claims O/S	303.3	280.0	263.4	247.0	224.0	219.1	206.3
Free Reserve	113.5	164.0	153.6	173.9	168.8	194.6	+188.0
Total Funds	454.7	497.3	456.3	438.6	409.4	433.8	401.0

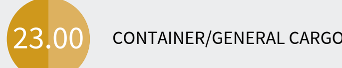
GEOGRAPHY (%)

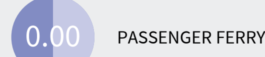
42.00 EUROPE



VESSEL TYPE (%)



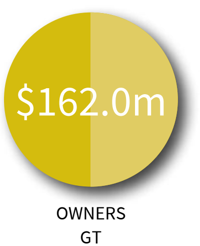




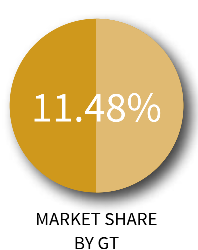
UNDERWRITING OFFICES

North of England P&I Association Limited (renamed NorthStandard Limited wef 21.02.2023)

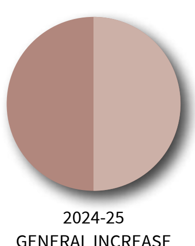
www.northstandard.com



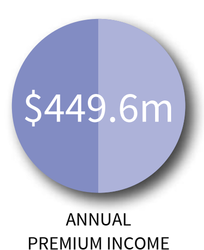
OWNERS GT



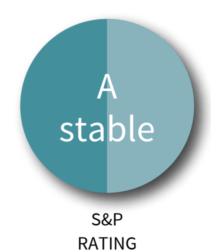
MARKET SHARE BY GT


2024-25 GENERAL INCREASE

FREE RESERVE



ANNUAL PREMIUM INCOME



S&P RATING

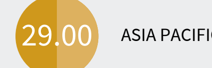
CALLS

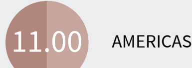
	2024-25	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19
Original		0%	0%	0%	0%	0%	0%
Latest		0%	0%	0%	0%	0%	0%
$ Difference		0	0	0	0	0	0
Release		12.5%	5%	0%	-	-	-

SUMMARY FINANCIAL PERFORMANCE IN $000,000's

Year to 20 Feb	2023	2022	2021	2020	2019	2018	2017
PY Premium	333.6	276.6	276.7	255.8	259.5	277.5	293.5
PY Claims	149.9	272.0	210.7	230.2	219.3	215.5	173.6
PY Result	+66.5	-87.9	-9.1	-69.1	-36.7	-26.6	+20.5
FY UW Result	+28.7	+3.3	-56.4	-84.3	-16.4	-12.7	-19.2
FY Invest Result	-41.5	-20.3	+60.0	+66.0	+26.4	+32.5	+21.7
FY Overall Result	-12.8	-16.7	+6.5	-19.3	+12.6	+19.8	+2.5
Claims O/S	674.8	671.5	668.4	627.6	621.6	643.4	612.9
Free Reserve	420.8	433.6	450.3	443.8	463.1	450.5	+430.8
Total Funds	1,327.9	1,329.2	1,317.3	1,243.4	1,211.7	1,231.1	1,234.3

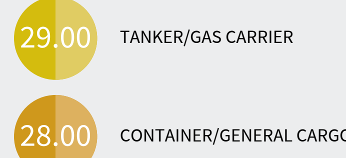
GEOGRAPHY (%)

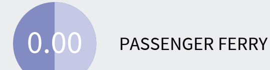


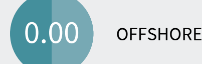


10.00 REST OF THE WORLD

VESSEL TYPE (%)







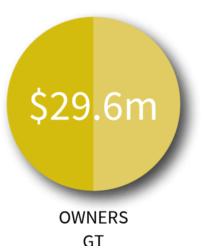
UNDERWRITING OFFICES

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

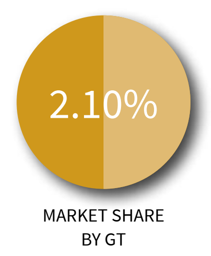
APPENDIX 4.07

The Shipowners' Mutual Protection and Indemnity Association (Luxembourg)

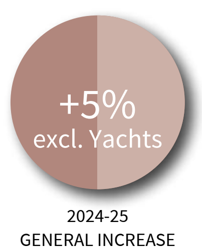
www.shipownersclub.com



OWNERS GT

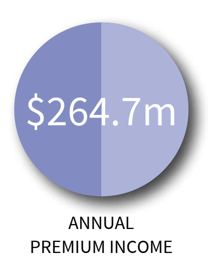


MARKET SHARE BY GT

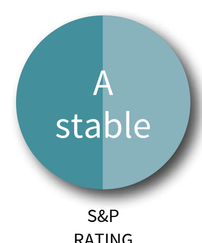


2024-25 GENERAL INCREASE

FREE RESERVE



ANNUAL PREMIUM INCOME



S&P RATING

CALLS

	2024-25	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19
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	-	-	-	-	-	-	-

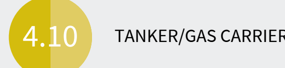
SUMMARY FINANCIAL PERFORMANCE IN $000,000's

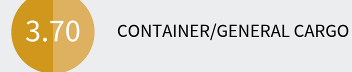
Year to 31 Dec	2022	2021	2020	2019	2018	2017	2016
PY Premium	267.7	253.0	231.3	228.1	223.0	216.8	226.4
PY Claims	171.4	180.2	156.3	168.6	172.9	135.1	150.1
PY Result	+3.9	-13.5	-8.7	-22.5	-29.9	+5.4	-1.6
FY UW Result	+6.2	+2.9	-9.0	-10.3	-8.2	+1.8	+2.8
FY Invest Result	-65.3	+21.8	+42.4	+47.8	-20.6	+45.9	+11.9
FY Overall Result	-59.1	+17.3	+39.1	+36.2	-37.9	+47.7	+14.7
Claims O/S	410.2	392.1	384.2	367.1	356.1	342.7	330.0
Free Reserve	337.3	396.4	379.1	340.0	303.8	341.7	294.0
Total Funds	867.2	902.3	870.4	808.5	759.0	776.7	719.5

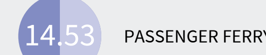
GEOGRAPHY (%)

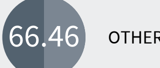
15.89 REST OF THE WORLD

VESSEL TYPE (%)







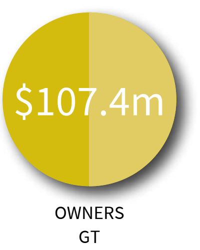


UNDERWRITING OFFICES

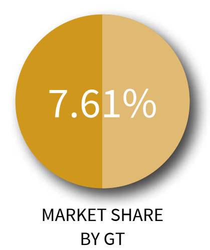
LONDON	LUXEMBOURG	SINGAPORE	HONG KONG	PIRAEUS

Assuranceforeningen Skuld (Gjensidig)

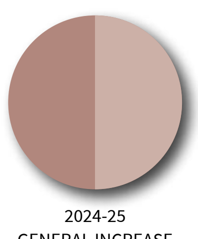
www.skuld.com



OWNERS
GT

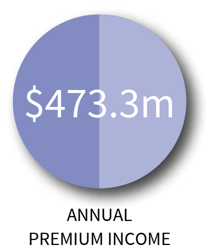


MARKET SHARE
BY GT

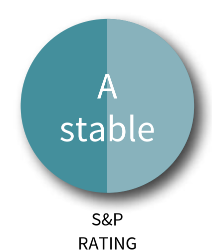


2024-25
GENERAL INCREASE

FREE
RESERVE



ANNUAL
PREMIUM INCOME



S&P
RATING

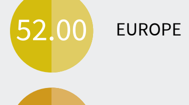
CALLS

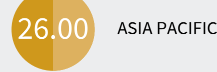
	2024-25	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19
Original		0%	0%	0%	0%	0%	0%
Latest		0%	0%	0%	0%	0%	0%
$ Difference		0	0	0	0	0	0
Release		15%	10%	7.5%	-	-	-

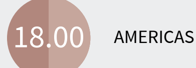
SUMMARY FINANCIAL PERFORMANCE IN $000,000's

Year to 20 Feb	2023	2022	2021	2020	2019	2018	2017
PY Premium	293.5	290.0	279.1	268.9	273.6	281.9	290.0
PY Claims	177.7	231.4	235.1	181.6	185.6	214.1	167.0
PY Result	+11.8	-28.1	+0.1	+36.8	-5.3	+3.5	+48.4
FY UW Result	+15.0	-30.3	-30.1	-35.2	+8.0	+2.0	+9.2
FY Invest Result	-0.5	-1.3	+55.7	+48.9	+0.4	+46.0	+36.6
FY Overall Result	+14.5	-29.0	-6.7	+13.1	+10.7	+48.0	+45.8
Claims O/S	608.0	595.2	529.9	546.9	529.0	527.7	507.2
Free Reserve	444.6	430.1	459.1	465.8	452.7	442.0	394.0
Total Funds	1,156.6	1,116.0	1.081.0	1.067.1	1,040.1	1,070.1	1,000.5

GEOGRAPHY (%)

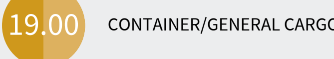


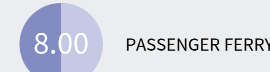


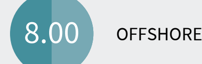


VESSEL TYPE (%)

22.00 TANKER/GAS CARRIER





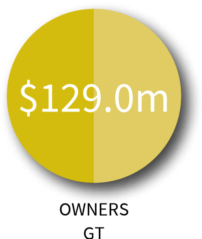


UNDERWRITING OFFICES

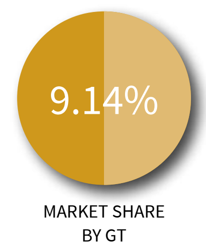
OSLO	BERGEN	BERMUDA	COPENHAGEN	HAMBURG	PIRAEUS	HONG KONG	SINGAPORE	NEW YORK	LONDON

The Standard Club (merged into NorthStandard Limited wef 21/01/2023)

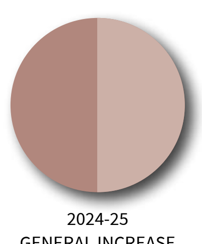
www.standard-club.com



OWNERS
GT

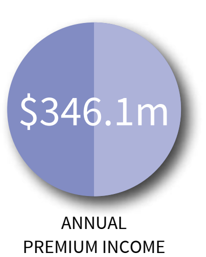


MARKET SHARE
BY GT

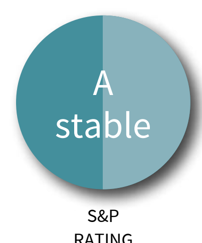


2024-25
GENERAL INCREASE

FREE
RESERVE



ANNUAL
PREMIUM INCOME



S&P
RATING

CALLS

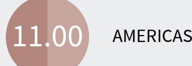
	2024-25	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19
Original		0%	0%	0%	0%	0%	0%
Latest		0%	0%	0%	0%	0%	0%
$ Difference		0	0	0	0	0	0
Release		12.5%	5%	0%	-	-	-

SUMMARY FINANCIAL PERFORMANCE IN $000,000's

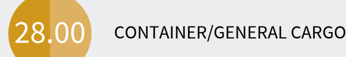
Year to 20 Feb	2023	2022	2021	2020	2019*	2018	2017
PY Premium	304.8	249.5	250.1	252.2	269.0	284.0	298.0
PY Claims	154.7	233.3	237.5	218.7	220.1	186.4	180.2
PY Result	+17.2	-86.7	-37.1	-4.3	-49.5	+41.7	+36.1
FY UW Result	+1.9	-14.4	-62.1	-109.7	-49.5	-24.5	+17.5
FY Invest Result	-47.1	-14.8	+30.9	+83.9	+18.3	+55.5	+22.9
FY Overall Result	-45.2	-50.1	-33.4	-41.0	-45.3	+31.0	+40.4
Claims O/S	543.2	549.3	585.8	646.7	618.8	578.0	554.2
Free Reserve*	265.0	310.2	360.2	393.7	434.7	461.5	430.5
Total Funds	880.2	956.2	1,005.4	1,133.9	1,201.5	1,148.5	1,060.2

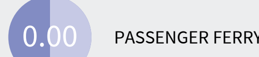
* During 2018-19 the Club acquired the Strikes Club, including $18.5 million of Free Reserve

GEOGRAPHY (%)



VESSEL TYPE (%)

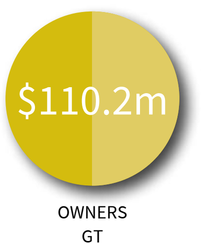


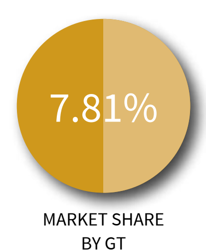


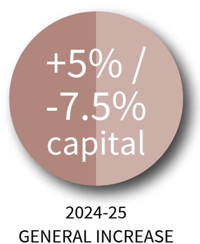
UNDERWRITING OFFICES

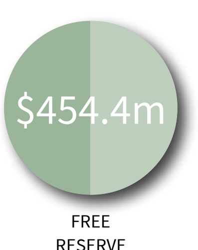
The Steamship Mutual Underwriting Association (Bermuda) Limited

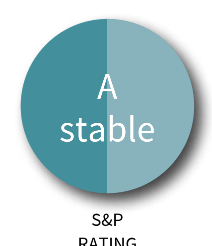
www.simsl.com











CALLS

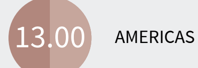
	2024-25	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19
Original	0%	0%	0%	0%	0%	0%	0%
Latest	0%	0%	0%	0%	0%	0%	0%
$ Difference	0	0	0	0	0	0	0
Release	10%	10%	5%	5%	-	-	-

SUMMARY FINANCIAL PERFORMANCE IN $000,000's

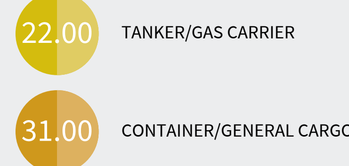
Year to 20 Feb	2023	2022	2021	2020	2019	2018	2017
PY Premium	364.9	286.2	259.9	282.2	282.1	294.1	300.5
PY Claims	234.2	250.0	241.3	248.9	217.7	221.9	217.6
PY Result	-8.0	-50.7	-3.6	+14.0	-7.5	+29.6	+19.2
FY UW Result	+20.6	-29.4	+65.0	+3.7	-31.8	-38.7	+42.0
FY Invest Result	-39.8	-4.2	+55.2	+64.5	+16.0	+44.4	+28.0
FY Overall Result	-19.2	-37.6	-4.2	+64.6	-27.1	+5.7	+70.0
Capital Distribution	-	-	-	-16.3	-21.9	-	-
Claims O/S	737.3	700.7	675.7	593.0	607.4	589.7	562.6
Free Reserve	454.4	473.5	511.1	515.3	467.0	516.0	510.3
Total Funds	1,227.8	1,216.9	1,227.4	1,153.5	1,123.2	1,136.9	1,099.2

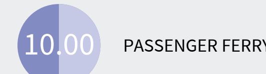
GEOGRAPHY (%)

41.00 EUROPE



VESSEL TYPE (%)





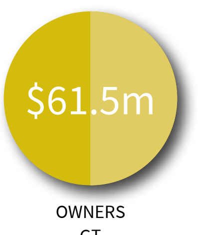
UNDERWRITING OFFICES

LONDON	BERMUDA	HONG KONG	RIO DE JANEIRO	PIRAEUS	SINGAPORE	TOKYO	CYPRUS

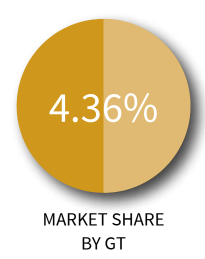
APPENDIX 4.11

Sveriges Angfartygs Assurans Forening (The Swedish Club)

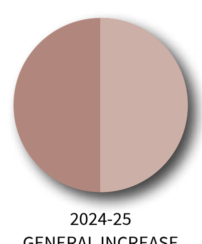
www.swedishclub.com



OWNERS
GT

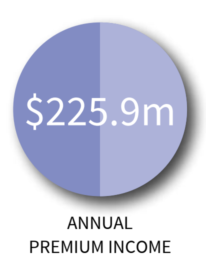


MARKET SHARE
BY GT

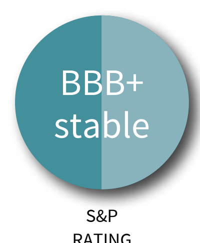


2024-25
GENERAL INCREASE

FREE
RESERVE



ANNUAL
PREMIUM INCOME



S&P
RATING

With the exception of policy year data, figures set out below are group figures and include the results and the Free Reserves applicable to both the P&I and the Hull and Energy business portfolios.

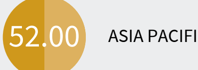
CALLS

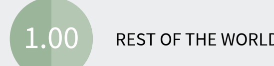
	2024-25	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19
Original		0%	0%	0%	0%	0%	0%
Latest		0%	0%	0%	0%	0%	-5%
$ Difference		0	0	0	0	0	-4.4m
Release		15%	15%	15%	-	-	-

SUMMARY FINANCIAL PERFORMANCE IN $000,000's

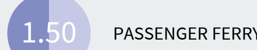
Year to 31 Dec	2021	2021	2020	2019	2018	2017	2016
PY Premium	126.6	105.7	94.6	94.1	90.5	95.4	104.1
PY Claims	92.9	98.4	72.1	71.6	67.2	69.4	78.4
PY Result	-45.5	-44.3	+7.1	-0.7	-14.7	+5.5	-6.8
FY UW Result	-3.6	-38.6	-28.8	-8.1	-5.8	-11.1	+5.5
FY Invest Result	-33.9	+15.9	+27.5	+32.8	-4.5	+28.8	+5.5
FY Overall Result	-37.5	-35.6	+0.5	+18.5	-8.3	+17.7	+11.0
Claims O/S	254.4	245.2	211.3	186.4	166.3	184.5	188.2
Free Reserve	149.4	186.9	222.5	222.0	203.5	211.8	194.1
Total Funds	569.4	593.0	564.8	528.4	468.2	460.0	445.1

GEOGRAPHY (%)





VESSEL TYPE (%)

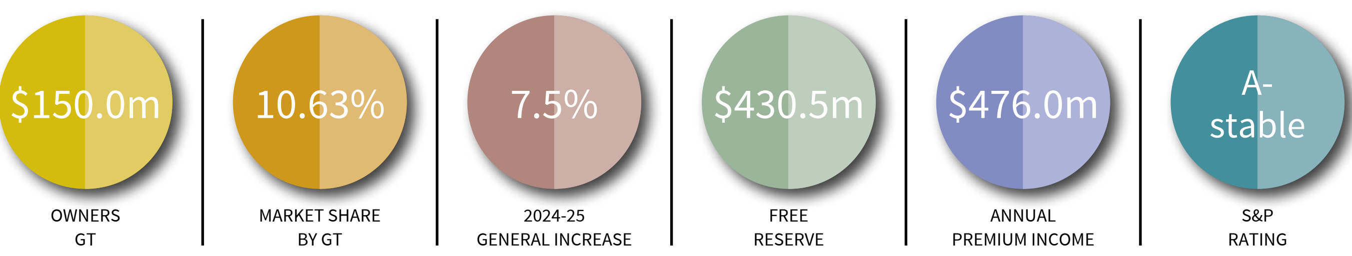


UNDERWRITING OFFICES

APPENDIX 4.12

The United Kingdom Mutual Steam Ship Assurance Association (Bermuda) Limited

www.ukpandi.com



Figures up to 2018-19 include the $100 million subordinated loan capital issued in 2013 as part of the Club's Free Reserve

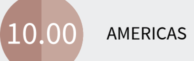
CALLS

	2024-25	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19
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	15%	10%	7.5%	5%	-	-	-

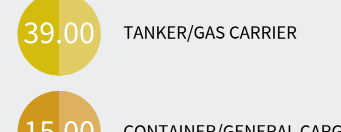
SUMMARY FINANCIAL PERFORMANCE IN $000,000's

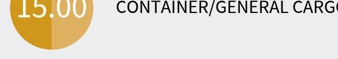
Year to 20 Feb	2023	2022	2021	2020	2019	2018	2017
PY Premium	351.1	296.0	280.0	306.4	322.9	357.4	387.0
PY Claims	182.5	272.0	270.4	259.2	296.6	283.2	260.3
PY Result	+2.5	-100.9	-87.8	-13.6	-46.7	-7.8	+21.1
FY UW Result	-17.3	-38.8	-106.6	-50.8	-37.1	+49.2	-22.1
FY Invest Result	40.5	+19.6	+53.4	+106.4	+23.3	+35.7	+32.6
FY Overall Result	-57.8	-19.1	-51.8	+54.4	-32.4	+71.9	+17.5
Claims O/S	741.6	749.6	843.1	811.6	840.7	830.3	710.0
Free Reserve	430.5	488.3	507.4	559.2	504.8	537.2	465.3
Capital Issue	0.0	0.0	0.0	0.0	0.0	99.8	99.5
Total Funds	1,331.2	1,323.6	1,413.4	1,389.9	1,363.9	1,485.1	1,294.5

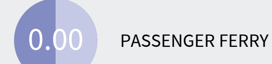
GEOGRAPHY (%)



VESSEL TYPE (%)





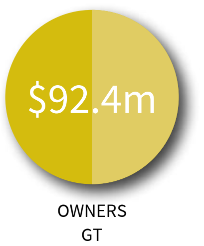


UNDERWRITING OFFICES

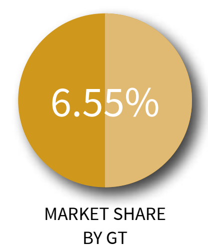
APPENDIX 4.13

The West Of England Ship Owners Mutual Insurance Association (Luxembourg)

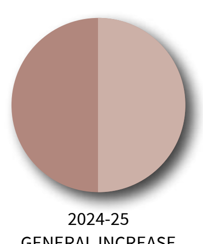
www.westpandi.com



OWNERS GT

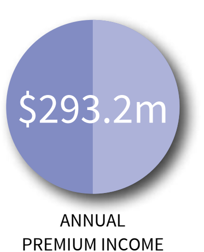


MARKET SHARE BY GT

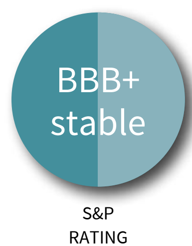


2024-25 GENERAL INCREASE

FREE RESERVE



ANNUAL PREMIUM INCOME



S&P RATING

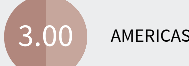
CALLS

	2024-25	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19
Original		0%	0%	0%	0%	0%	0%
Latest		0%	0%	0%	0%	0%	0%
$ Difference		0	0	0	0	0	0
Release		15%	15%	10%	-	-	-

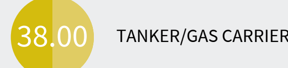
SUMMARY FINANCIAL PERFORMANCE IN $000,000's

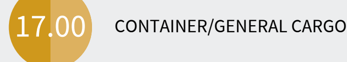
Year to 20 Feb	2023	2022	2021	2020	2019	2018	2017
PY Premium	269.4	253.4	230.1	209.3	206.3	203.2	208.5
PY Claims	183.9	237.7	226.5	176.6	184.1	189.5	127.6
PY Result	-6.6	-69.3	-59.6	-15.8	0.0	0.0	+15.1
FY UW Result	+8.0	-32.1	-80.4	-13.2	-26.0	-28.2	+23.2
FY Invest Result	-28.4	-5.4	+31.7	+47.1	+37.7	+30.2	+6.6
FY Overall Result	-20.4	-39.9	-47.1	+31.8	-2.2	+2.0	+29.8
Claims O/S	565.9	524.7	508.3	411.3	408.8	428.8	396.5
Free Reserve	230.8	251.2	291.1	338.2	306.4	308.5	306.5
Total Funds	861.8	863.1	878.7	789.6	754.2	769.7	732.5

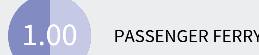
GEOGRAPHY (%)

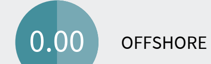


VESSEL TYPE (%)

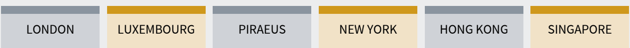








UNDERWRITING OFFICES



Including Fixed Premium Options

The bluewater P&I insurance market is dominated by the International Group of P&I Clubs, but there are, nonetheless, other facilities which offer alternative coverage aimed at specific types of vessel operator. Many of these are situated in local ports, but we will focus on those facilities, predominantly fixed, which are generally accessed via London brokers.

These alternative 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 is 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.

The facilities mentioned below offer various limits of liability, but 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 USD1 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.

There had been no major stand-alone entrants into the London market for a number of years, since Carina (now rebranded as Aurora) in 2012/13, but it remains the case that the small vessel sector remains saturated with over capacity, particularly since many of the P&I Clubs themselves now have specialised covers available for smaller vessel owners.

The most recent entrant into the international fixed premium was a Swiss Re facility managed by Dutch/Singaporean MGA, EF Marine. Perversely, this facility is also the most recent exit from the market as it merged with Hydor earlier this year.

In the specialist charterers market the Norwegian Hull Club recently withdrew from involvement but there has been a new entrant, IMU, underwriting under authority of NorthStandard Limited.

This new entrant neatly leads us on to the P&I Club's involvement in the fixed premium sector. Thomas Miller Specialty has become an established player with the successive acquisitions of the Osprey facility, the former Navigators renewing book, the Hanseatic facility and, lastly, the renewal book of the Lodestar facility. The consolidated entity is significantly smaller (in premium terms) than the aggregate of the four stand-alone components, as the book has been rationalised. This facility is now fronted by the UK Club, but the Club also retains a limited element of the portfolio risk.

The Standard Club has traditionally had a considerable suite of arrangements with alternative P&I markets, as well as in the offshore energy sector, including cooperation agreements with Ping An Insurance, Korea P&I, and Tokio Marine & Fire. The Club's involvement with the Hydor facility has, however, ended following the cessation of the Standard Lloyd's syndicate and, following the merger with North of England, the new combined entity have / will be rationalising their involvement in the fixed premium sector.

The American Club involvement in the fixed premium sector is via Eagle Ocean Marine, which underwrites on American Club paper. West of England and the London Club are making small steps into the sector, but have only relatively limited market share at present.

So, whilst the alternative markets are on the one hand consolidating, the market itself is being broadened by the increased involvement of the P&I Clubs who can move in and out of the market with relative simplicity, as the infrastructures are already in place. There may be more consolidation to follow, with yet more P&I Clubs moving into the sector, most likely as part of a quasi-diversification process, with the small ships being underwritten on a fixed basis and thus free from the constraints of the IGA and the risk of excess calls.

The continuing viability of the non IG alternatives will continue to be under pressure, as they generally have smaller portfolios of business, and will also suffer wage inflation on the MGA operating costs. Recent increases in interest rates may also discourage new capital entering the market and / or lead to the withdrawal of capital – although the return to profitability of P&I underwriting this year may counteract that trend.

All in all, the amount of premium received in the combined IG and alternative fixed premium markets is likely to continue to rise, although in the medium term the number of players may shrink. The following pages provide brief details on the current non IG participants.

QBE Insurance (Europe) Ltd t/a "British Marine" (Inc QBE Asia P&I)

Estimated Premium Income:	P&I Tonnage	S&P Rating:
$98.2 million	11.9 million GT	A+ (rated as core QBE company)

British Marine is now but a trading style, with the company itself having been integrated into the Australian QBE Insurance Group. For many years it was itself a mutual, but outside the International Group, until demutualization in 2000.

Its roots are in coastal trade, which remains its main target business, looking to underwrite vessels of up to 10,000 GT (30,000 GT Charterers' Liability) whilst avoiding passenger vessels, dirty tankers and reefers. British Marine also avoids vessels trading to the USA and vessels plying transatlantic or transpacific routes, and no longer accepts Turkish business. Maximum limit USD1 billion. It also offers Hull and FD&D risks.

Thomas Miller Specialty

Estimated P&I Premium Income:	P&I Tonnage	S&P Rating:
$80.1 million	9.6 million GT	A+ (Lloyd's syndicates) A- (UK Club)

London/Hamburg based agency underwriting under Lloyd's and other company binding authorities fronted by the UK Club, who also retain some risk. The aggregation of the former Osprey, Hanseatic, Navigators and Lodestar books of business.

P&I coverage limits generally USD1 million for US business and up to USD500 million for the rest of the world. Maximum vessel size: 25,000 GT. Following the integration and rationalisation of the various businesses, Americas business is now just 32% of the portfolio, whilst 30% is Asia Pacific. The facility also offers Crew Only, Yacht Hull and Liability, MEL, MGL and various other liability coverage as well as Hull & Machinery.

Including Fixed Premium Options

Ms Amlin Marine NV (formerly RaetsMarine BV)

Owners P&I: Estimated Premium Income:	Charterers P&I: Estimated Premium Income:	S&P Rating:
$32.8 million: Tonnage $17.7 million GT	$21.0 million: 23,000 vessels	A+ Lloyd's; (A: Amlin Insurance SE)

This facility has its roots in the consolidation and rebranding of the former Raets Club (Charterers P&I) and Intercoastal (Owners P&I) facilities. In March 2013, the facility was acquired by Amlin Corporate Insurance NV, with the combined operations being streamlined into centres of excellence. Amlin was acquired by Mitsui Sumitomo in 2016.

Maximum size of vessel up to 40,000 GT for owners P&I, but in practice the typical vessel is under 10,000GT. It avoids passenger vessels, dirty tankers and reefers. Trading limits are restricted to non USA and no vessels plying transatlantic or transpacific routes: business being predominantly European dry cargo vessels. Maximum limit increased to USD1 billion in 2016 (P&I) and USD2 million (FD&D).

Eagle Ocean Marine

Estimated Premium Income:	P&I Tonnage	S&P Rating:
$18.3 million	2.2 million GT	BBB- (The American Club)

The facility started underwriting in October 2010, focussing on smaller ships involved in regional trade. It offers a total limit of USD500 million for P&I and USD2 million for FD&D. The facility is managed by a sister company to that of the Manager of The American Club, and so can access their network of correspondents and claims servicing staff.

Security is the American Club as regards the primary USD2 million, with a reinsurance programme in Lloyd's up to USD500 million.

Hydor AS

Estimated Premium Income:	P&I Tonnage	S&P Rating:
$40.0 million	Owners: 7.0 million GT Charterers: 3.6 million GT	A+ (Lloyd's syndicates)

The facility started underwriting in 2010 and is based in Oslo. 57% of the shares were acquired by a Norwegian investment fund, Longship Fund II, the balance being controlled by the managers. In August 2023, the facility merged with that of EF Marine.

It underwrites Owners' and Charterers' P&I business, up to USD1 billion limit, and also Hull & Machinery business with a EUR5 million limit. It targets smaller vessels up to 45,000 GT.

Aurora (formerly Carina) P&I - managed by Michael Else & Co

Estimated Premium Income:	P&I Tonnage	S&P Rating:
$12.5 million	1.2 million GT	AA - Great Lakes / Munich Re

This facility started in 2013 and is now focussed on owned and chartered small craft of under 5,000 GT. The facility management company was sold by Tindall Riley to MECO in December 2018. In July 2022, the facility rebranded itself and relaunched with a new underwriting strategy. Additionally, Defence cover is available to USD2 million.

Korea Shipowners Mutual P&I Association

Estimated Premium Income:	P&I Tonnage	S&P Rating:
$33.6 million	8.0 million GT	A+ re Lloyd's security; AM Best B++ rating for KPI itself

The Club was established in 2000 offering a basic limit of liability of USD300 million (up to USD1 billion with reinsurance from Lloyd's, Korean Re and ACR). The Club attracts large tonnage up to 100,000 GT for dry cargo but limits itself to just 10,000 GT for tankers.

The vast majority of its business is Korean, but it has sought to expand into other Far Eastern countries as well as by "sponsoring" a fledgling Indonesian P&I facility, Proteksi Maritim Indonesia (Promindo). KPI entered into a collaboration agreement with the Standard Club in 2016, aimed at developing Korean smaller vessel business, and entered into a similar cooperation agreement with Britannia in 2020.

During 2023 the facility ceased offering Crew Only coverage, which resulted in a significant loss of entered tonnage, although premium levels were less severely impacted.

Including Fixed Premium Options

Coastal Marine Services Limited

Estimated Premium Income:	P&I Tonnage	S&P Rating:
$5.0 million	1.0 million GT	AA- (Chaucer Syndicate 1084 & Amlin Syndicate 2001) AIG

The facility was launched in 2011, with the formation of a coverholder partnership between Coastal and Chaucer to underwrite P&I and Hull and Machinery risks on behalf of the latter. It restricts itself to vessels of up to 5,000 GT (no US FOM) and offers a standard limit of USD25 million increasing to USD500 million as required.

Alandia Forsakring Abp

Annual Premium Income:	P&I Tonnage	S&P Rating:
$6.3 million	1.6 million GT	A- (Alandia Forsakring Abp); A+ (Lloyd's)

Alandia is a Finnish company that has been involved in the marine insurance market since 1938. It is based in Mariehamn in the Aaland Islands. Business accepted is 100% European, predominantly Nordic.

The company offers fixed premium P&I as part of its wider marine insurance portfolio. It offers a EUR500 million limit for vessels of up to 10,000 GT. Ita also offers FD&D and Charterers Liability cover.

EF Marine Pte Limited

Annual Premium Income:	P&I Tonnage	S&P Rating:
n/a	n/a	AA- (Swiss Re Corporate Solutions former carriers)

The facility started underwriting in January 2019 by staff formerly with RaetsMarine and is based in Rotterdam and Singapore. The facility merged with Hydor AS in August 2023, see above and accordingly figures are not presented.

Including Fixed Premium Options

Charterers P&I Club

Estimated Premium Income:	Accounts	S&P Rating:
$29.0 million	415	AA- (Great Lakes/Munich Re)

A facility managed by Michael Else & Co, with underwriting security having changed from Lloyd's to Great Lakes in 2009. Charterers Club was formerly a mutual facility, but demutualised and became a fixed premium facility in 2000. As its name suggests, it underwrites Charterers Risks only, offering a basic limit of up to USD50 million, but with options to USD500 million. The facility also offers FD&D protection to a USD5 million limit.

Charterama

Estimated Premium Income:	Accounts	S&P Rating:
$12.75 million	500	Moody's: A2 (RSA Luxemburg SA)

Charterama is a Charterers Risks only facility based in Rotterdam, which was started in March 2009 by staff formerly with RaetsMarine. Limits offered are up to USD350 million for Charterers Liability and Cargo Owners Legal Liability and USD2 million for Charterers FD&D.

Capacity is provided by RSA from November 2012, having previously been provided by REAAL Schadeverzekeringen NV.

Insure Marine Underwriting

Estimated Premium Income:	Accounts	S&P Rating:
$9.5 million	250 (charterers)	A (North Standard Limited)

Insure Marine is a Dutch underwriting agency offering a suite of Marine Liability insurance covers. It was formed in 2019 and is based in Rotterdam. Until the current year, volumes of business were marginal but it has now become more established.

The facility provides up to USD500 million of limit and has no restrictions on the size of vessels underwritten. IMU can also offer owners P&I and FD&D protection.

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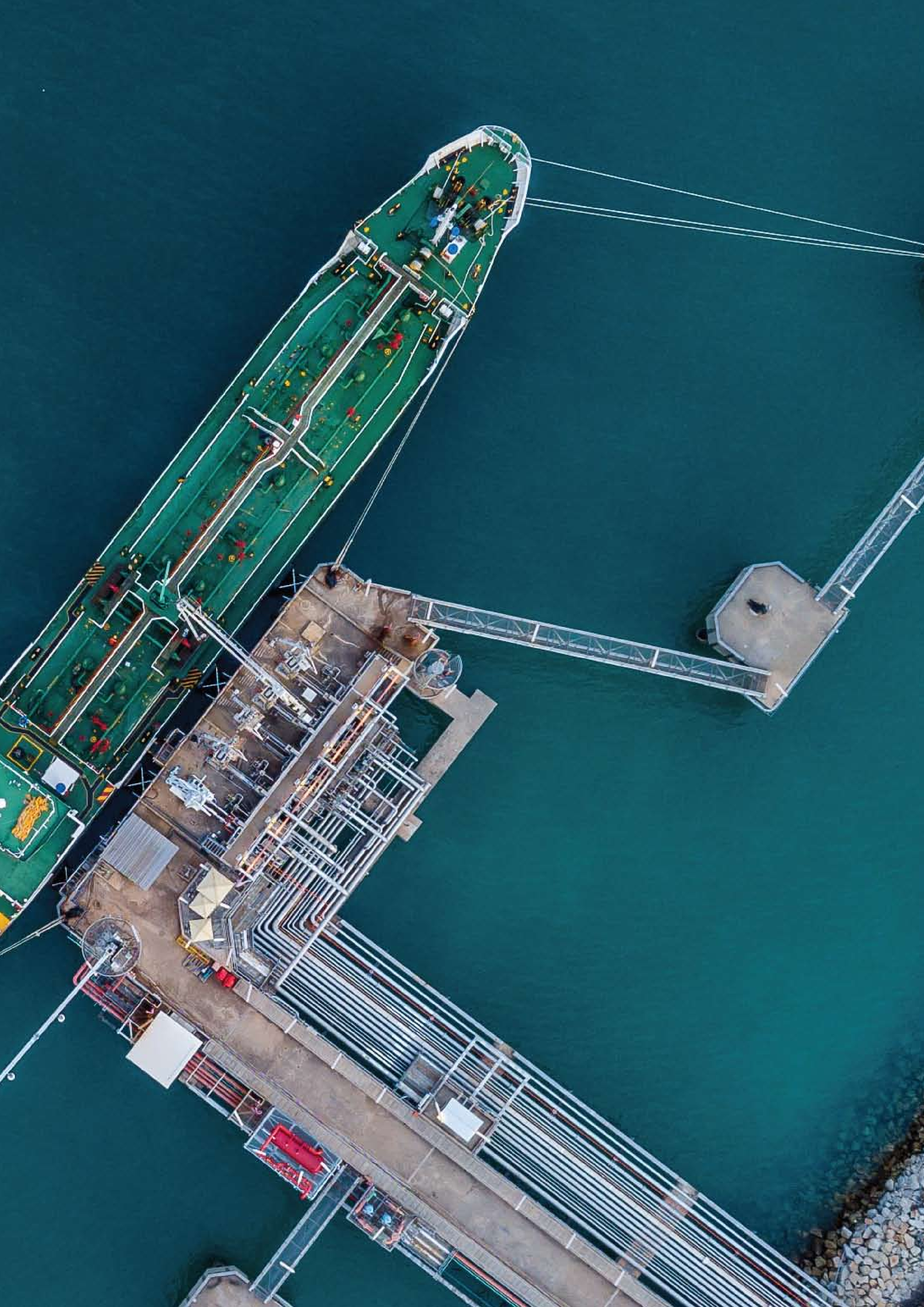

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