Marsh

Marsh Specialty

Protection and indemnity clubs: financial review 2021

October 2021

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Introduction

The use of the so-called "general increase" to raise premiums is deemed by most protection and indemnity (P&I) clubs to be an essential part of mutuality. The average published general increase for the 13 P&I clubs in the 2021/22 renewal year was 7.75%. However, this one-size-fits-all approach of increasing premiums raises some questions.

For example:

- Has the modern P&I system, with its strongly capitalized clubs and sophisticated underwriting models, sufficiently evolved to allow general increases to be consigned to history?
- Are all reported underwriting losses as bad as they may seem?
- Where clubs have incurred underwriting losses, should all members be expected to contribute to the rebalancing requirement?

The 2021 Marsh Specialty Marine P&I Review looks at these questions and examines the case for and against general increases in detail.

Our analysis suggests that the clubs are highly conservative when it comes to reserving claims, giving themselves a sizeable margin for error in their underwriting costs. Surplus capital available to the P&I clubs is typically well in excess of regulatory requirements. Some of the factors referred to by the clubs as drivers for general rate increases, such as pool claims, do not seem out of trend. Is there a case for saying the mutual P&I system can take a longer, more measured view when approaching the question of underwriting balance?

Along with the arguments for and against general increases, in this edition we discuss whether a consolidated P&I system with fewer clubs might improve capital efficiency and the benefits this might bring club members. We also look at the case for improved transparency in the allocation of the cost of the International Group's excess of loss reinsurance program. Finally, our report consolidates financial data for the P&I market as a whole, and provides analysis of the individual clubs based around key financial and business data points.

Methodology

The analysis contained in our review is based on the financial year 2020/2021 reporting by the International Group's Protection and Indemnity clubs. The data sets for the analysis were compiled by the accountancy and business advisory firm BDO in the UK. We would like to thank BDO for their commentary in the Solvency II section of the report.

General increase: Anachronism or mutuality at work?

The term “general increase” as a description of insurance underwriting policy is only in use in the mutual P&I system. That is not to say other insurers — just like the P&I clubs — do not from time to time signal a general requirement to increase premiums. The insurance market cycle will see challenging, or “hard”, phases in various markets, when insurers will seek to apply blanket increases to all or most business; just as in the “soft” phases of the market cycle most risks can expect a reduction in premium. While regulators may not see this as entirely desirable, it has long been the way.

For example, hull and machinery (H&M) insurers in recent years have sought to apply minimum rate increases at renewal even for significantly claims-free businesses, where ship owners could once expect year-on-year premium reductions. Insurers do so in an effort to restore profitability.

Only the P&I clubs publish, well in advance of renewal negotiations, standard premium increases — the general increase — to be levied on all club members, without exception.

Good faith

Ship owner boards are vested with the power to decide what action is necessary to fulfil each club’s corporate purpose, including of course what is an appropriate approach to renewal. This means a significant proportion of the customer base takes an active role in the decision-making process in this respect. Ship owners, of course, are not always insurance experts. That is the dominion of the club managers, and the ship owner boards will naturally follow their managers’ lead.

We have no doubt at all that the P&I club managers are making recommendations to their boards that are appropriate for the circumstances as they see them, but there is more than one side to the story. The transparency of the P&I system enables observers to examine much of the data on which decisions are made, allowing for informed debate. The arguments for and against general increases are worthy of such debate.

The case for fair P&I rates

Marsh Specialty approaches this discussion from our position as a long-term proponent of fair P&I rates. Our view is that P&I club members should pay premiums that reflect the risk they represent individually, plus a reasonable contribution to the shared costs of the club or clubs of which they are members. This is hardly controversial. What role then do general increases have in fair rating? Do they ensure all club members are making a due contribution to fairness in the P&I system, or do they serve to frustrate that objective?

When a general increase is not a general increase

Not all clubs will actually publish a requirement for a general increase at the 2022 renewal. Skuld formally dismissed general increases as part of its approach to renewals many years ago. Gard now makes it plain general increases are not part of its approach. Britannia effectively did the same thing at the 2021 renewal, albeit without announcing a permanent policy change.

Despite the lack of a formal general increase, these three clubs at the 2021 renewal opened up with premium increases, on a “general” basis, even for risks with good records. It is likely their managers agreed a target for the 2021 renewal with their committees. In Gard’s case, that target may well have been “nil”; but we found that members not involved in decision-making often saw this approach as puzzling (at best). Many would likely have considered a published general increase to have been more transparent, even where it was eventually possible to negotiate away any actual increase.

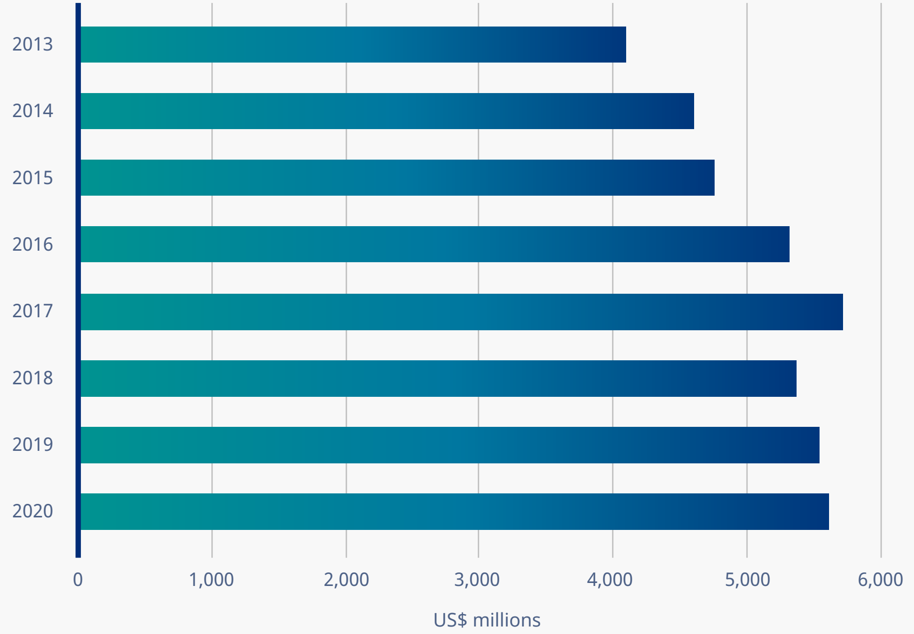
Public declarations

A majority of the clubs will avoid that criticism and publicly announce general increases for the 2022 P&I renewal. What reasons will be given for doing so?

Superior capital strength

Certainly not a requirement to restore capital strength. If overall surplus capital is a measure the clubs are fundamentally financially as strong as they have ever been. Nearly all of the P&I clubs have capital strength at the level required for Standard & Poor's AAA rating (they do not actually qualify for the AAA rating for other reasons, largely to do with scale and diversity). Under the Solvency II methodology, the capital strength of the clubs collectively is growing year on year, and all clubs comfortably exceed regulators' capital requirements. These are very well-capitalized insurers.

01| Free reserves

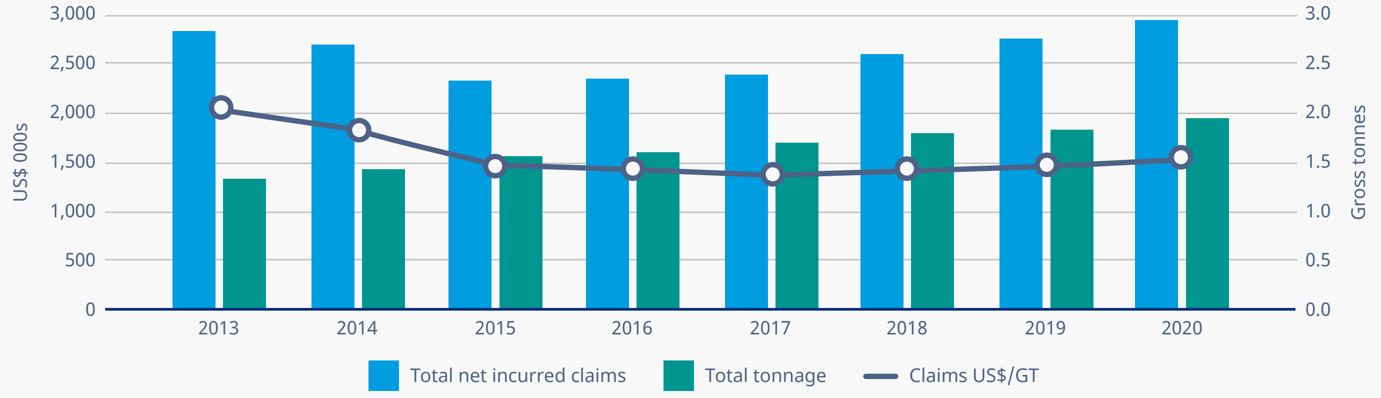


Total (includes Boudicca)

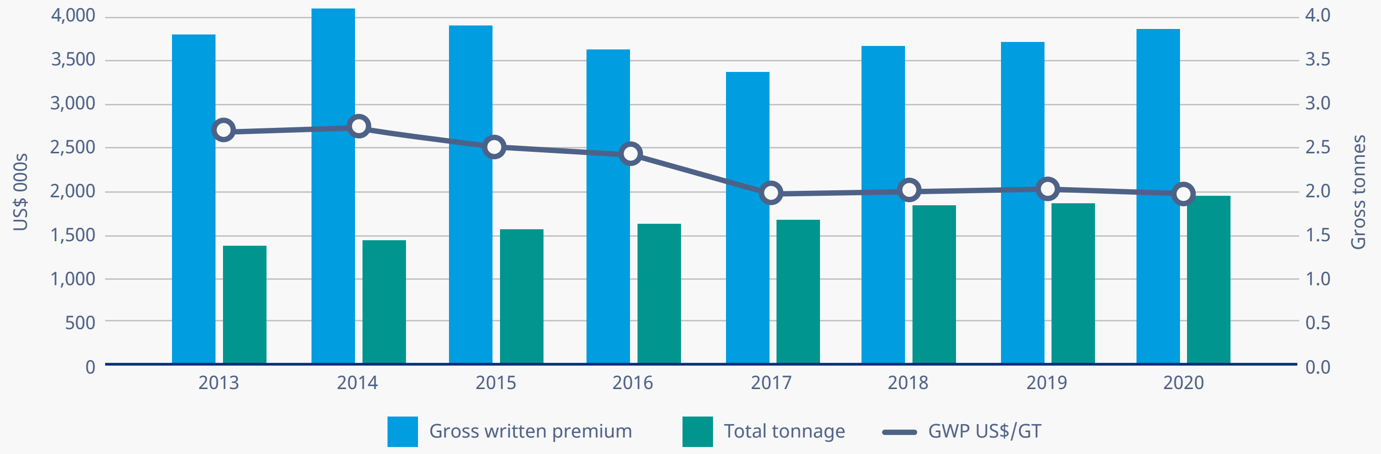
Do underwriting losses justify general increases?

Since capital inadequacy is not an issue, the argument for general increases is likely to be about recent, and in some cases growing, underwriting losses. The root cause of these losses does not seem to be increasing claims, albeit that claims costs have crept slowly up over recent years. If we go back to the early part of the past decade, P&I claims costs in both relative and absolute terms were far higher than they are today. Claims costs fell sharply, premiums appear to have followed them down, and while claims then increased over the past three or four year, premiums have remained resolutely flat. A correction is evidently necessary, the issue for us is therefore not so much whether P&I premiums need to rise overall, but whether general increases is the right approach for achieving that objective.

02| A slight increase in claims for the IG clubs over the last few years



03| Premiums have remained relatively flat for the IG clubs in recent years



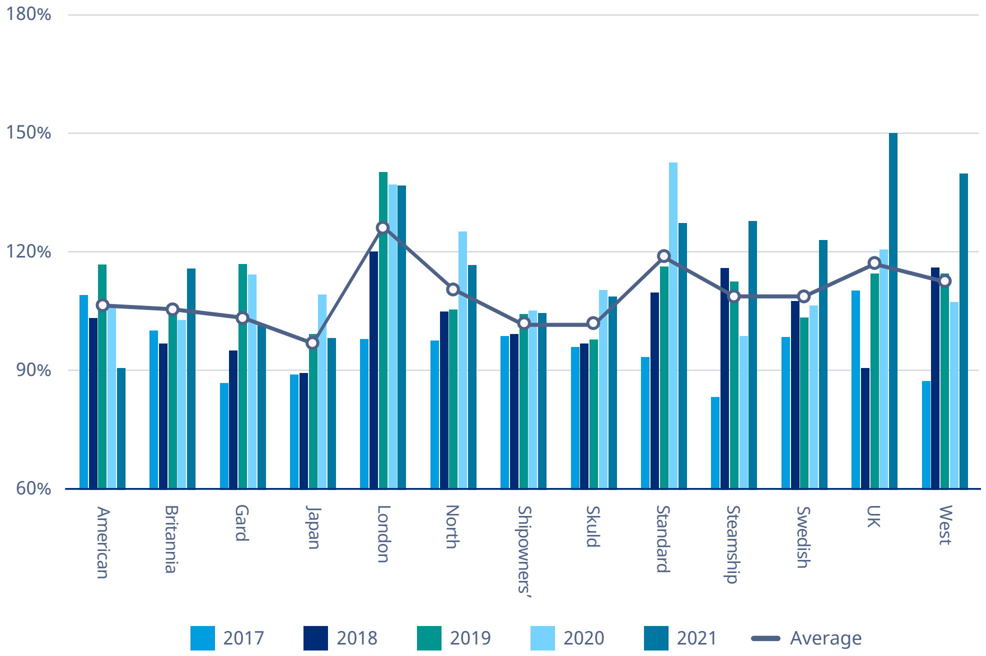
The effect of conservative reserving

Before answering that question, it is worth digging a bit deeper into the underwriting losses reported by the clubs. The 2021 P&I club reporting season saw some combined ratios that at first glance were alarming, though on closer examination may be less so. P&I clubs are highly conservative when it comes to claims reserving. For example, "worst likely outcome" is a popular methodology, and some clubs do not allow for recoveries from third parties, even when recovery is highly likely. As a result, P&I club policy year claims reserves, almost without exception, improve significantly over time.

Realistic claims development

To give an example, Britannia reports in accordance with the UK's Financial Reporting Standard (FRS102), which inter alia requires the club to publish claims reserve triangulations. These triangulations reveal that policy years have developed favorably over the last 10 years. Looking at "mature" policy years — for example, 2016 and earlier, when the final outcome of the policy year is unlikely to change outside of a very small margin — the average rate of improvement is 25.76%, equivalent to US$356 million released from reserves over this period.

04| **Net combined loss ratio** (5 year analysis)



05| **Britannia realistic claims development**

	2020									
	2011	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
End of reporting year	243,590	248,435	258,836	214,694	233,575	183,273	170,582	174,988	178,860	190,425
One year later	238,864	243,072	253,737	195,588	223,348	152,057	166,266	175,451	180,080	
Two years later	239,157	238,169	231,204	176,653	216,650	147,687	164,740	173,577		
Three years later	222,930	237,845	220,104	170,087	204,224	132,998	159,480			
Four years later	204,449	235,470	202,004	158,476	172,824	122,638				
Five years later	201,327	223,470	197,604	155,193	163,517					
Six years later	198,127	214,120	190,704	150,184						
Seven years later	196,527	209,720	187,476							
Eight years later	193,737	207,687								
Nine years later	194,787									

All figures in US$

How costs are shared

Along with the impact on claims within members' records for underwriting purposes, conservative P&I club reserving also feeds into "non-negotiable" shared costs, covering the cost of claims above a certain abatement threshold — typically around the US$3 million mark — and pool claims charges up to the pool retention limit of US$100 million. Deductions are made from members' premiums to cover these shared costs as underwriting expenses, as well as the "fixed" cost of the reinsurance protecting the pool in excess of US$100 million.

Non-negotiable costs

These deductions do not represent actual expenditure, but forecast future expenditure, based as they are on claims reserves for recent policy years. Most clubs underwrite on a loss record made up of the past six completed policy years. Reserves for at least the four most recent policy years will be immature at any given renewal, thus highly likely in future to benefit from positive reserve development. Renewals are therefore routinely negotiated on statistics that will significantly improve at a later date, but by the time that positive development feeds through the renewal negotiation will be ancient history.

Cost deductions often unduly high

It is therefore not surprising that our P&I premium modeling tool – the Marsh Specialty P&I Rating Engine – shows these cost deductions often to be much higher than necessary, and as a result have the effect of inflating P&I club premiums. The P&I Rating Engine provides an independent view of abatement and pool deductions, using similar data and analytical and actuarial techniques as the clubs themselves. It reveals that the clubs often present these costs in unduly pessimistic terms.

Prudence explains a paradox

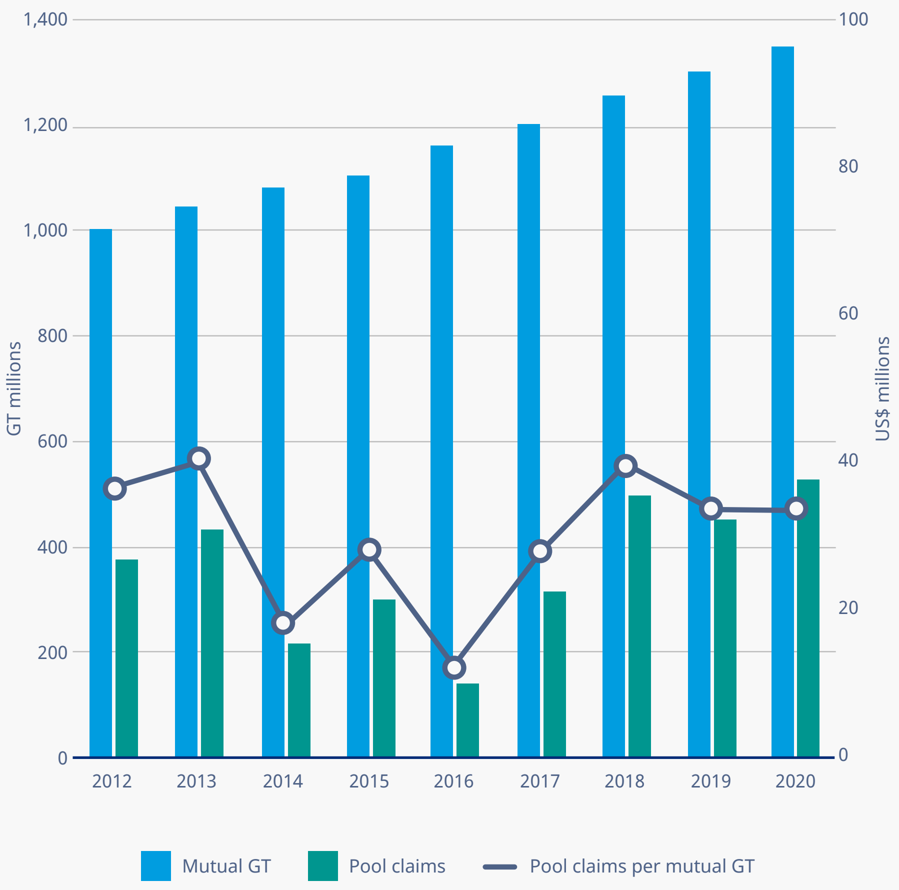
This cautious approach to claims reserving partly explains what many have noticed is a paradox of the mutual P&I system — if the clubs are underwriting at a loss, and have been doing so for a number of years, how is it that surplus funds remain constant? Over reserving certainly plays a significant part.

The true cost of pool claims

If there is a case for saying that neither capital adequacy nor underwriting performance justify general increases, are there other current challenges to the mutual P&I system that do?

The recent increase in the cost of pool claims, on its face, may look like evidence of a potentially alarming trend, but the situation is not as gloomy as it is often portrayed. As the chart below shows, the cost of pool claims per GT entered in the IG clubs in 2018 and 2019 is only slightly higher than the historical average. Allowing for general inflation, in real terms both of these recent years are probably improvements on 2012 and 2013.

06| **Pool claims**



Sufficient capital to absorb a budget overshoot?

2020 is set to be the worst year for the pool in absolute terms, with a current forecast net cost (before reinsurance) of about US$530 million, yet it does not seem hugely out of line with what the clubs might reasonably have anticipated.

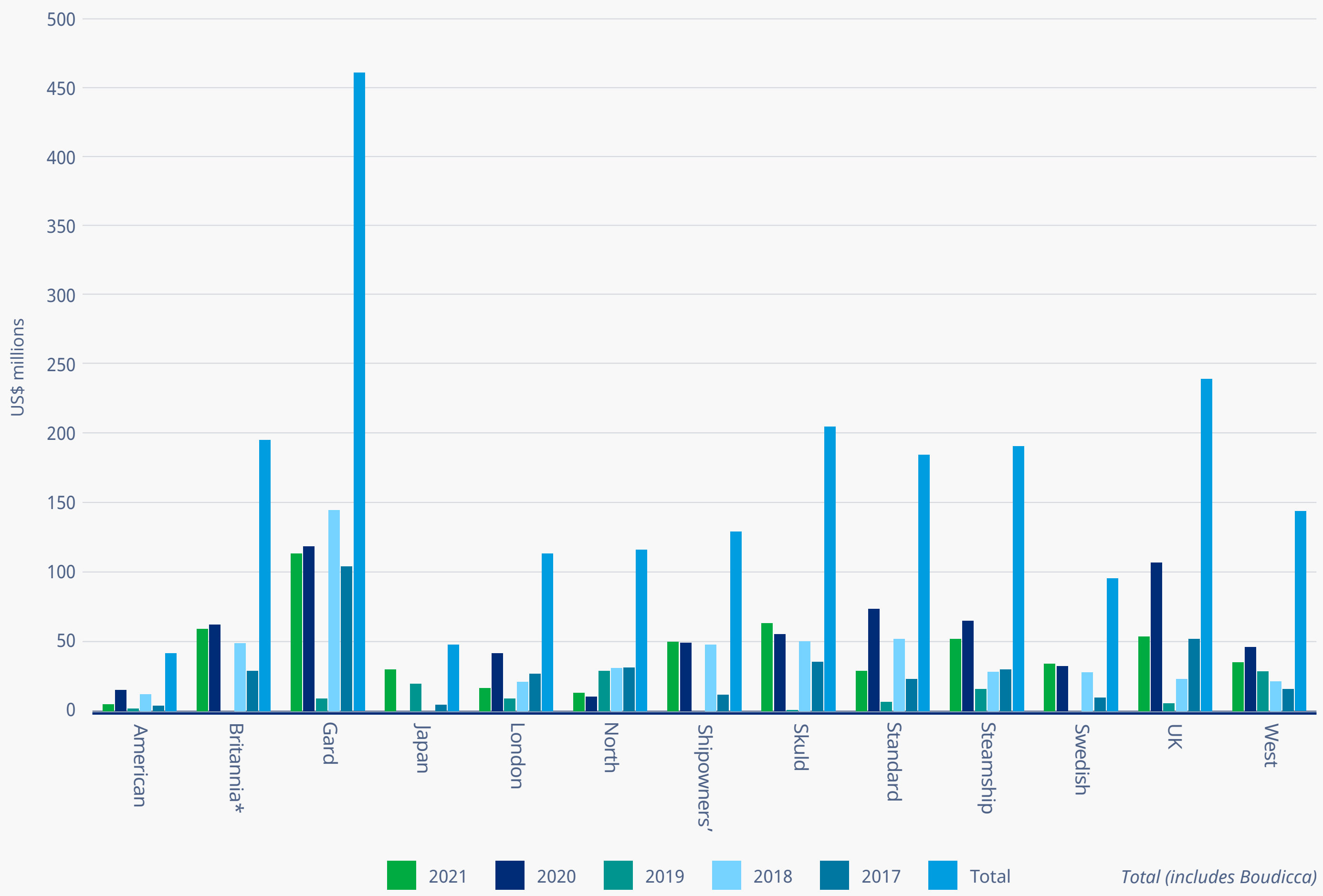
On a dollars per GT basis, the cost of pool claims in 2020 seems to be only slightly above the long term trend. Assuming the clubs also forecast pool claims with the same degree of prudence they apply to other claims, it would seem inconsistent were any to face pool contributions for 2020 that significantly exceed their budgets for that cost.

To the extent that they do have unbudgeted expenditure arising from the 2020 pool, since it should not be significant — perhaps US$100 million across the 13 clubs — there is a strong case for saying it can be funded from surplus capital.

Reliable investment income

The clubs often imply that investment income is not dependable and should not be relied on in the underwriting process. However, the evidence seems to the contrary. Most years there is a positive contribution from investments, with the clubs collectively yielding over US$2.4 billion between 2014 and 2020.

07| **Investment income** (all clubs)



Total (includes Boudicca)

Ratings agencies

The clubs, understandably, keep an eye on the ratings agencies, which for all practical purposes now means Standard & Poor's (S&P). The agency's role is fully embedded in the mutual P&I system; the historical debate around whether S&P gives sufficient weight to the way mutuality operates in the P&I system is now redundant. S&P makes its ratings for the P&I clubs more about their relative competitive positions than about their ability to honor financial obligations.

For example, in October 2020, S&P reaffirmed the A ratings of North and UK Club, but with a revised outlook on both of "negative". At the same time, S&P reaffirmed Gard's A+ rating, while also placing it on negative watch. Gard has a stated objective of generating a subsidy to the P&I account from the club's commercial underwriting business. S&P is doubtless aware of that, but observed that Gard is performing at a lower level than other A+ rated insurers.

Challenging targets

While noting that like Gard, both North and UK Club continue to hold surplus capital in excess of the requirement for an AAA rating, S&P said that "operating performance" in both cases was weak, compromising their competitive positions. S&P put this down in part to losses arising from the pool and to direct and indirect COVID-19 claims.

S&P warned both clubs it could lower their ratings if they are unable to restore their combined ratios to the 100% to 105% range by the end of the 2022 financial year. It will be challenging for either club to reach this target. If they do not, will S&P follow through?

North and UK Club remain strongly capitalized, and given their demonstrated ability to generate investment income, the likely hand played by "prudence" in claims reserves, the absence of serious external competition, and the restrictions on competition operated between the clubs themselves , a longer term view seems more realistic and appropriate.

Staying competitive

A sustained period of significant general increases could do more damage to the near-term competitive positions of the two clubs, indeed to the competitive positions of a number of other clubs. Significant general increases are unlikely to be popular with club members. It would not be surprising if many ship owners are now reviewing their P&I plans for the coming years based on the assumption that there is now a two-tier system, with one group of clubs that see the need to seek significant general increases over the next few years and another that does not.

Who will pay more?

In the end, with the clubs offering the same coverage, similar service excellence, and strong claims-paying capabilities, the difference for club members seems increasingly to be price. It is likely to become more difficult to persuade ship owners to pay higher premiums to one club than they could to another.

Of course, those that bring claims should expect to pay more as a result; however, those that do not will find it harder to reconcile paying more for no other reason than to improve a club's competitive position.

What is the solution?

The issue comes down to the efficient use of capital. Marsh Specialty has previously made the case for P&I club consolidation, there are too many clubs using capital (ship owners' money, remember) inefficiently. We will not repeat the full arguments in favor of consolidation here; instead, we offer the following summary:

- Leaving aside Japan Club, which predominantly serves a domestic market, there are 12 clubs offering essentially the same product, to the same customers, delivered in much the same way. If that number were reduced to eight, there would be no discernible loss of choice or competition.
- Eight P&I clubs would be unlikely to require US$5.5 billion in surplus capital, and could return a significant portion of it to members, most likely in the order of hundreds of millions of dollars.
- Alternatively, the additional capital not required for regulatory and "prudence" purposes under the current club pooling structure could support increased individual club retention before pooling, and retention of risk within the pool itself. This potentially would eliminate the requirement for the International Group Agreement (IGA), allowing unrestricted competition for business, reduced expenditure on pool reinsurance, and ultimately reduced P&I premiums.[1]
- Club management costs, though not in our view a main driver, could be rationalized with further savings to members.

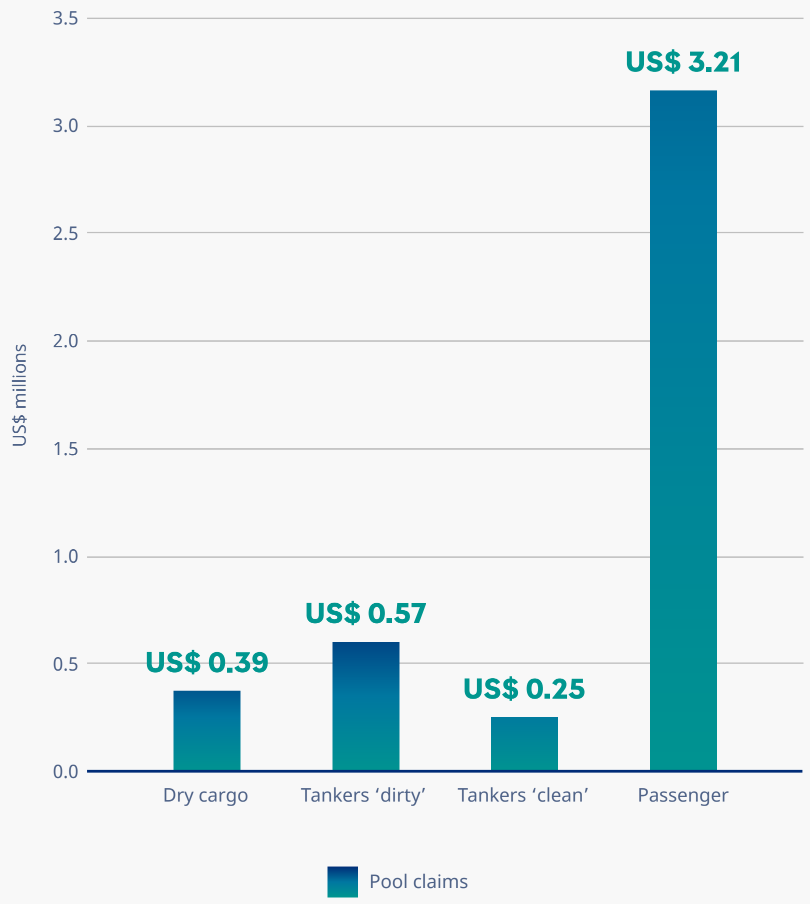
1 The International Group Agreement (IGA) is the anti-competition agreement operated by the P&I clubs.

Is greater transparency needed?

There have been calls for the IG to be more transparent about pool claims, but it is unlikely they will be, nor would it be wise for them to do so. Individual claim reserves at this level must remain confidential, for obvious reasons, and the clubs publish the aggregate value of pool claims per policy year. It is hard to see what use could be made by club members of more detailed information.

Where there might be a case for greater transparency is in the allocation of the cost of the IG's excess of loss reinsurance program (IGXL). This program holds the excess of the pool retention of US$100 million. For the 2020/21 policy year there were four rate allocations for the IGXL, as below (the fifth rate, for pure container ships, came into force from February 20, 2021).

08| International Group excess of loss rates 2020/21

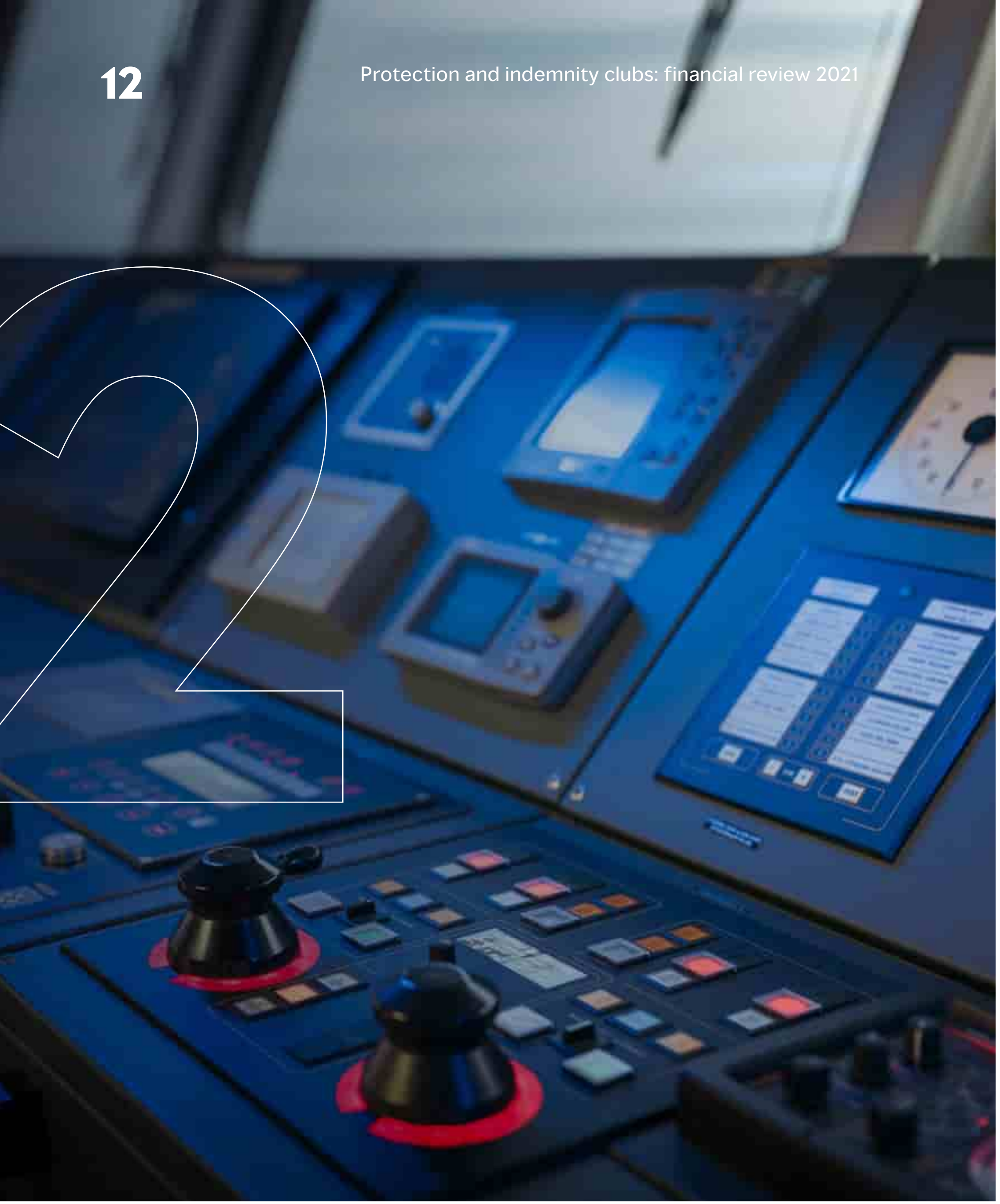


According to information provided by the clubs (see page 15 onwards) about two-thirds of vessels insured by P&I clubs in 2020/21 fitted into the "dry" category. There are probably more "dirty" tankers than there are "clean"; passenger ships pay a much higher rate, but make up a small component of P&I club business by gross tonnage.

Accordingly, it seems the dry rate is a reasonable "mean" from which to roughly calculate what these rate allocations collect in premiums. There were 1.3 billion gross tonnes of vessels entered on mutual terms in the P&I clubs in 2020/21, which would therefore appear to have generated about US$530 million in contributions towards the cost of the IGXL.

Based on an order of 100% on the first US$650 million excess of US$100 million program layer (the order was in fact 70%), and treating the annual aggregate deductible on that layer as premium, we believe the current cost of the IGXL is about US$430 million.

It would be interesting for club members to understand what accounts for the difference.



Solvency II analysis

Solvency II is an EU measure of an insurer's financial strength. It is based on each entity's specific risks, including operating and investment risks, through which their individual solvency capital requirement (SCR) is calculated.

The coverage of this SCR is a key metric in assessing P&I clubs' financial strength — with the coverage calculated by taking a club's "free reserves" and dividing it by the SCR to get a solvency ratio. Regulators require coverage of at least 100%, which all clubs comfortably exceed.

The benefit of reviewing the P&I clubs' financial strength by reference to the Solvency II reporting is that, in theory at least, all clubs prepare their Solvency II reporting on the same basis — in accordance with the directive's requirements.

The financial statements are prepared under various financial reporting frameworks, including UK GAAP, Luxembourg GAAP, and IFRS. Under UK GAAP, in particular, there is wide divergence in the accounting for technical provisions — particularly the prudence margin attached and accounted for. Under Solvency II, the technical provisions are restated to a pure best-estimate position, with prudence stripped out. As a result, each P&I club's position can be assessed and reviewed without the additional prudence included in the technical provisions.

The clubs' mutuality and their ability to make additional (or supplementary) calls is recognized in the solvency calculations, through the inclusion of auxiliary own funds (AOF) — effectively an additional amount of capital.

In the table provided, we quote own funds, both including and excluding the AOF balance. In order to include AOF, the clubs are required to obtain clearance from their regulator. The maximum that may be included in the solvency calculation is an amount up to 50% of the SCR, which is why most clubs have a 50% difference in solvency ratio between the pre- and post-AOF solvency position. The PRA (the relevant UK regulator) has not always granted 50% AOF in respect of the supplementary calls, and therefore reviewing solvency on the pre-AOF balance is the most appropriate measure by which comparisons can be made.

International Group: Solvency II
Group solvency fund capital requirement

	2020							Coverage SCR		2020 versus 2019		
	Total free reserves	Own funds excluding auxilary own funds (AOF)	AOF	Hydra restricted**	Total own funds	Solvency captial requirement (SCR)	Minimum capital requirement (MCR)	Coverage SCR excluding AOF	Coverage SCR with AOF	Movement excluding AOF	Movement including AOF	Difference
Britannia	449.1	435.5	129.5		565.0	298.1	74.5	146%	190%	-6%	-12%	6%
Gard	1,263.0	1,155.0	279.0	-	1,434.0	558.0	288.0	207%	257%	-6%	-6%	0%
London	153.6	126.4	25.0	-	151.4	111.4	46.6	113%	136%	-8%	-7%	-1%
North*	450.0	230.2	66.1		296.3	132.5	40.6	174%	224%	4%	4%	0%
Shipowners’	379.1	322.5	115.1		437.6	230.3	116.7	140%	190%	0%	0%	0%
Skuld	459.1	347.0	129.5		476.5	259.0	103.7	134%	184%	7%	7%	0%
Standard (UK)*	360.0	60.0	13.0		73.0	44.0	11.0	136%	166%	-7%	-5%	-2%
Steamship	511.1	465.7	62.0	14.3	542.1	277.3	112.0	168%	195%	-16%	-23%	8%
Swedish	231.0	233.0	64.5		297.5	129.0	41.8	181%	231%	-47%	-47%	0%
UK	507.4	446.7	165.7		612.4	331.3	60.2	135%	184.8%	-32%	-32%	0%
West	191.1	248.6	237.5		486.1	358.7	248.5	69%	136%	-114%	-97%	-16%

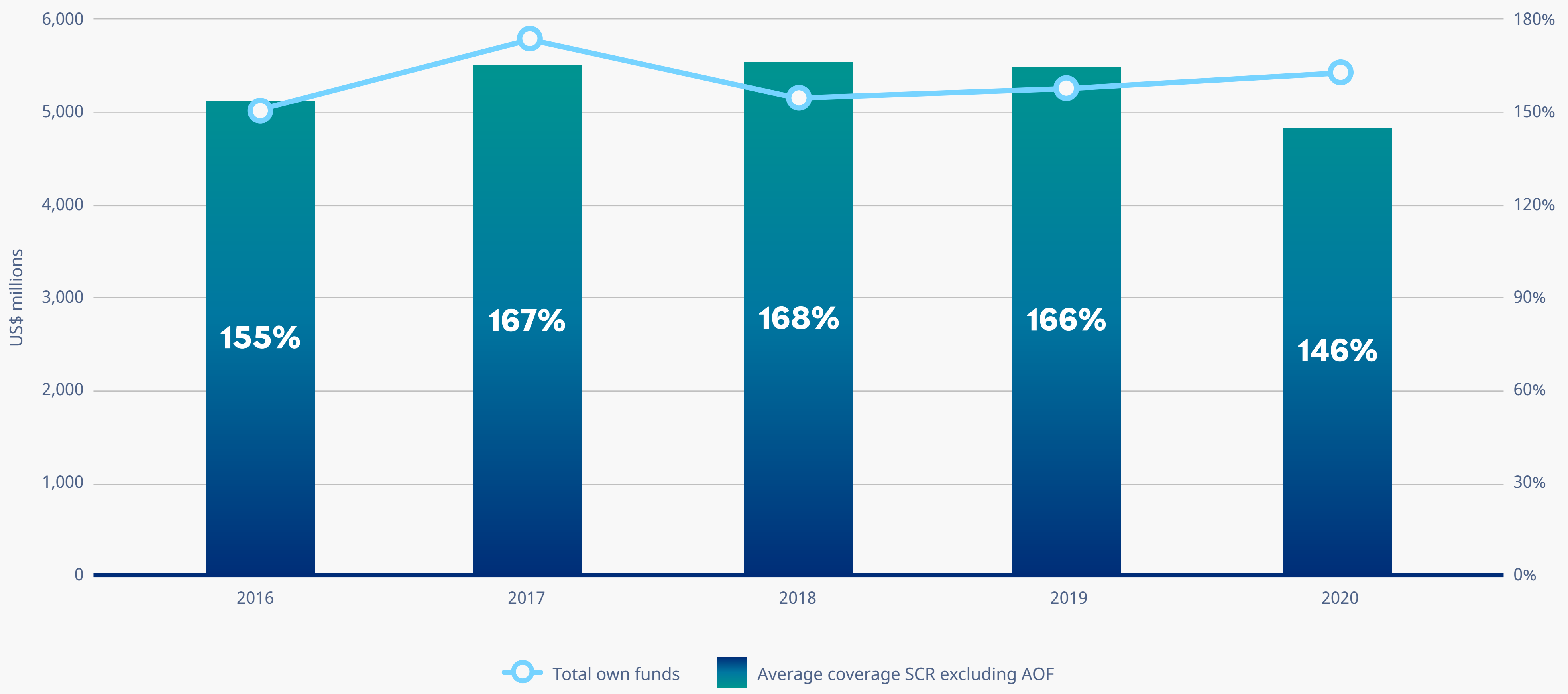
+ Standard as a group is regulated in Bermuda. Bermuda operates an equivalent regime to Solvency II, and while it is not identical, Standard Group’s coverage as below, measured under the Bermuda regime, is a better guide to its overall position.

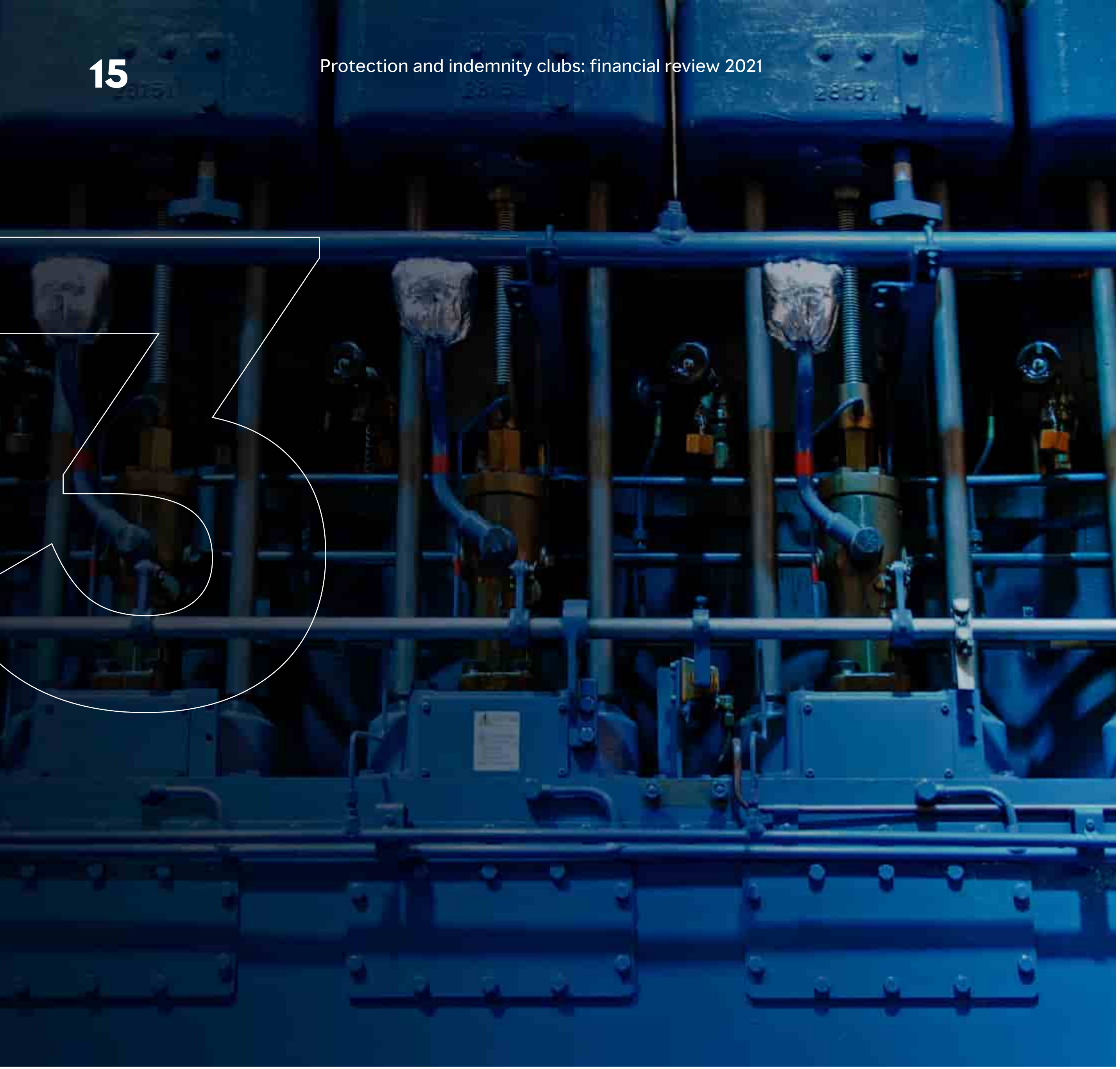
All figures in US$ millions.
* Solo basis.
** Only Steamship accounts for this.

						Coverage	
	Free reserves	Own funds	AOF	Available capital	BSCR	Excluding AOF	Including AOF
2021	360.3	303.3	45.5	348.8	228.0	133%	153%
2020	393.7	346.8	52.0	398.9	230.9	150%	173%

BSCR is Bermuda solvency capital ratio.

09| **Consolidated development of International Group own funds and average coverage solvency capital requirement**





Individual P&I club profiles

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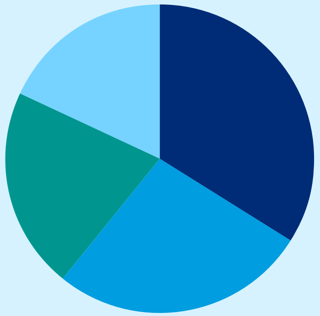
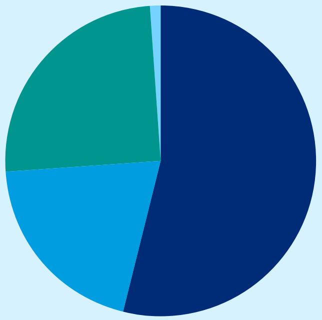
THE AMERICAN CLUB | S&P RATING: BBB- (STABLE)

Tonnage profile



Tonnage by area of management



Consolidated income and expenditure account (US$ 000's)	2016	2017	2018	2019	2020
Gross written premium	104,183	98,673	96,977	141,006	162,258
Reinsurance (RI) premiums	(14,168)	(24,194)	(22,546)	(28,411)	(23,306)
Change in unearned premium reserve, unbilled assessments and return premiums	5,310	(284)	(1,026)	(3,921)	(26,767)
Recovery from US oil spill liability trust fund	4,264	0	0	0	0
Net Calls	**99,589**	**74,195**	**73,405**	**108,674**	**112,185**
Net incurred claims	(70,761)	(36,302)	(45,905)	(71,443)	(59,033)
Expenses	(37,744)	(40,300)	(39,805)	(43,545)	(42,502)
Surplus/(deficit)	**(8,916)**	**(2,407)**	**(12,305)**	**(6,314)**	**10,650**
Investment income and exchange	6,951	8,049	6,383	7,871	4,550
Unrealised investment income (net of gains and losses)	(2,948)	525	(6,911)	7,414	2,611
Tax	(79)	29	444	(4)	(3)
Surplus/(deficit)	**(2,190)**	**(4,992)**	**(12,389)**	**8,967**	**17,808**
Total balance available (total assets less RI recoveries)	280,836	271,886	256,949	301,656	298,658
Outstanding net claims liabilities (gross claims less RI)	(171,706)	(145,465)	(143,006)	(158,123)	(154,429)
Free Reserves	**51,418**	**57,614**	**45,225**	**75,749**	**72,000**
Net loss ratio	71.05%	48.93%	62.54%	65.74%	52.62%
Net combined ratio	**108.95%**	**103.24%**	**116.76%**	**105.81%**	**90.51%**

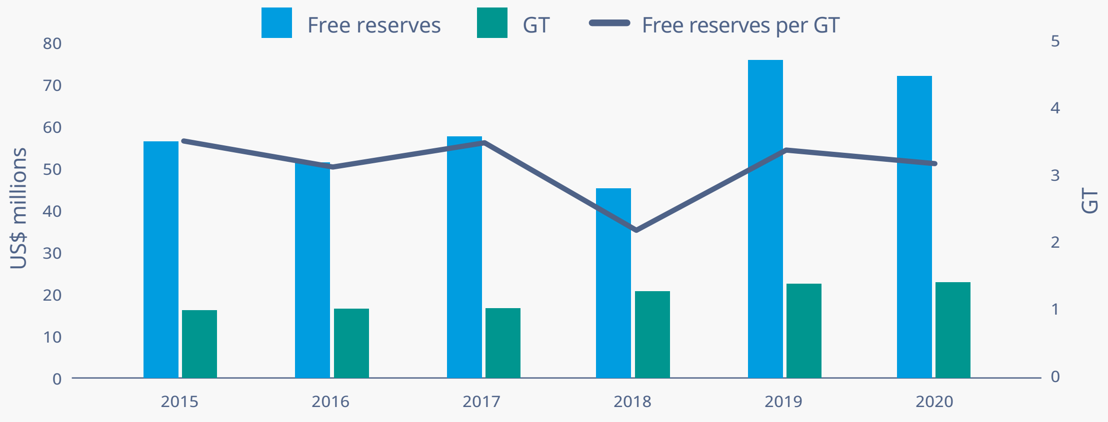
Key performance indicators

	2019	2020
Free reserves	75.7	72.0
Gross written premium	141	162
Net claims	71.4	59.0
Combined ratio	105.8	90.5
Balance available	301.7	298.7
Investment income	7.9	4.6
Total gross tonnage	22.4	22.8
Mutual GT	19.0	18.0
Reserves / gross call	54%	44%
Reserves / total liabilities	48%	47%
Solvency II CSCR ex AOF	NA	NA

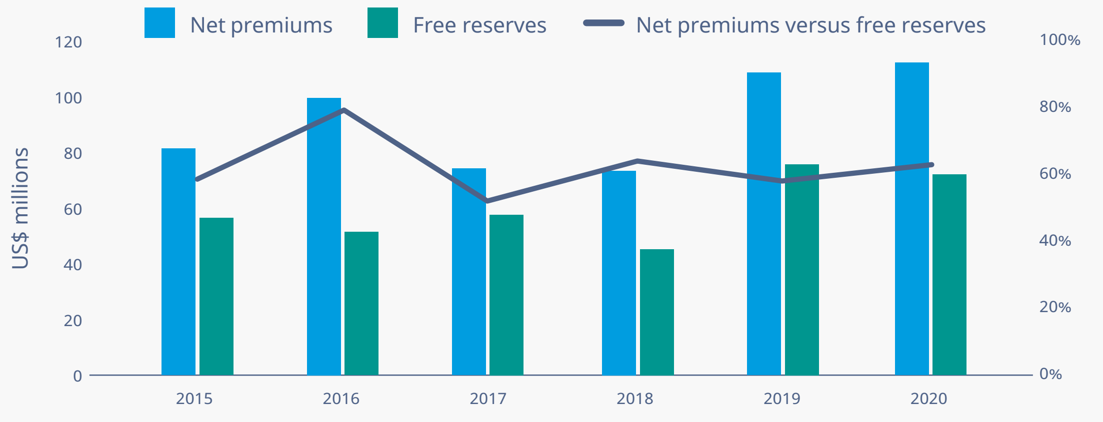
All figures in US$ millions

THE AMERICAN CLUB

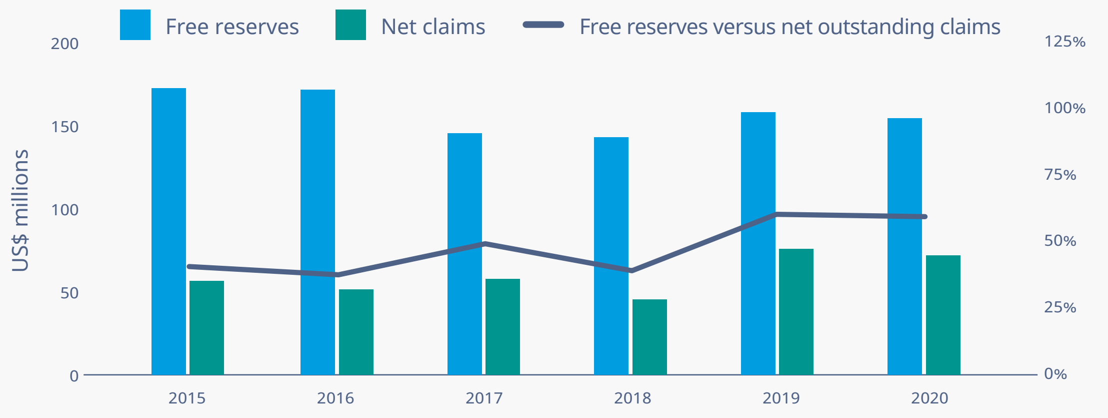
10| Free reserves



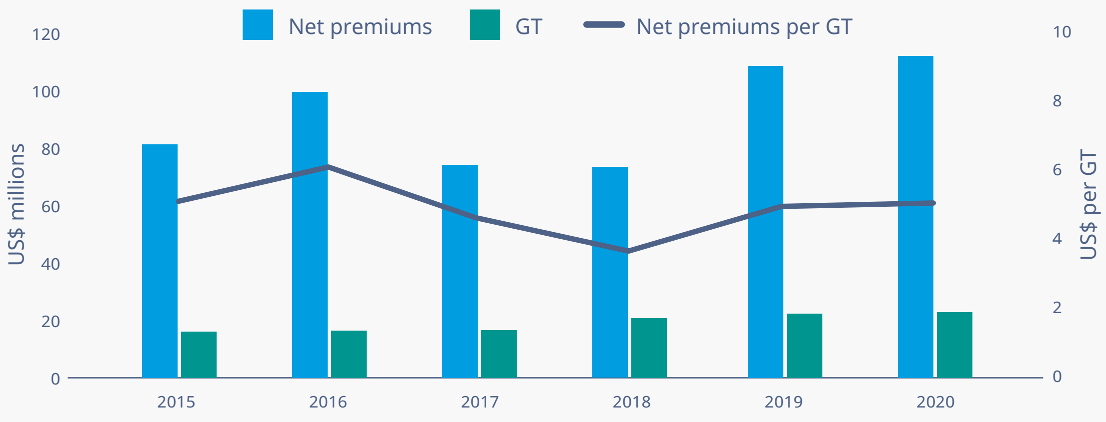
12| Net premiums



11| Net outstanding claims

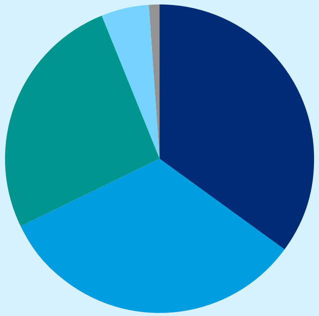


13| Net premium per GT

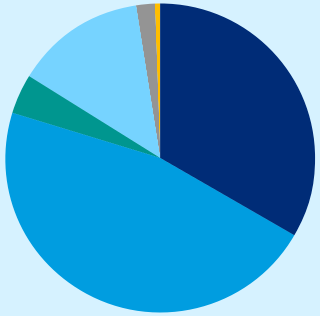


BRITANNIA | S&P RATING: A (NEGATIVE)

Tonnage profile



Tonnage by area of management



Consolidated income and expenditure account (US$ 000's)	2016	2017	2018	2019	2020
Gross written premium	225,854	208,147	204,415	201,185	200,086
Reinsurance (RI) premiums	(64,748)	(55,757)	(61,683)	(61,402)	-69,798
Net Calls	**161,106**	**152,390**	**142,732**	**139,783**	**130,288**
Net incurred claims	(130,268)	(93,552)	(119,599)	(111,667)	(118,257)
Expenses	(25,719)	(25,666)	(28,649)	(31,891)	(32,520)
Surplus/(deficit)	**5,119**	**33,172**	**(5,516)**	**(3,775)**	**(20,489)**
Investment income and exchange	32,122	48,626	(2,643)	61,868	58,970
Unrealised investment income (net of gains and losses)	(3,406)				14,591
Tax	(889)	(1,183)	(1,137)	(1,666)	(1,514)
Surplus/(deficit)	**32,946**	**80,615**	**(9,296)**	**56,427**	**51,558**
Total balance available (total assets less RI)	1,176,564	1,174,559	1,123,046	1,110,319	1,108,631
Outstanding net claims liabilities (gross claims less RI)	(775,651)	(721,179)	(714,454)	(674,400)	(633,838)
Free reserves excluding Boudicca	379,342	429,957	390,661	422,088	449,055
Boudicca adjustment	221,700	211,600	196,900	172,300	177,800
Free Reserves	**601,042**	**641,557**	**587,561**	**594,388**	**626,855**
Net loss ratio - excluding Boudicca	86.15%	80.86%	83.79%	79.89%	90.77%
Net combined ratio - excluding Boudicca	**100.02%**	**96.82%**	**103.86%**	**102.70%**	**115.73%**

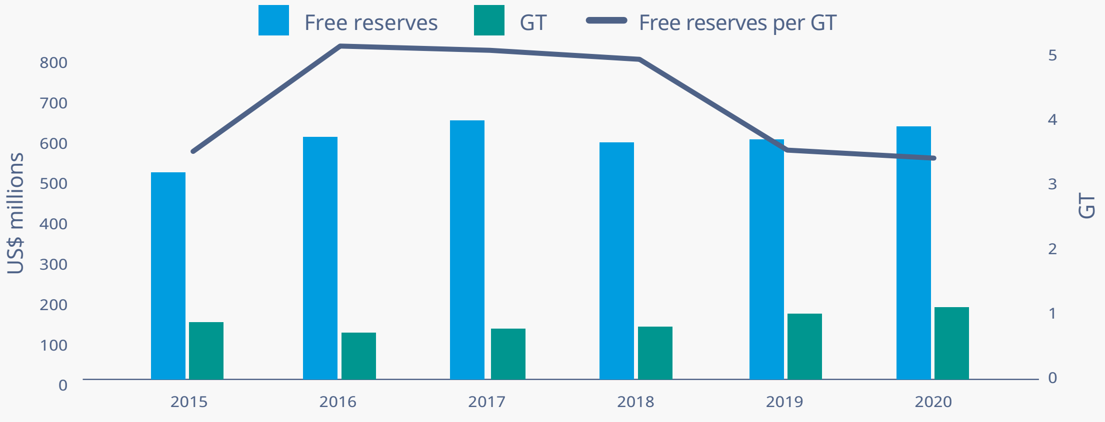
Key performance indicators

	2019	2020
Free reserves	422.1	449
Gross written premium	201.2	200.1
Net claims	-111.7	-118.3
Combined ratio	102.7%	115.7%
Balance available	1,110.0	1,108.6
Investment income	61.8	58.9
Total gross tonnage	162.5	178.7
Mutual GT	117.5	125.2
Reserves / gross call	210%	224%
Reserves / total liabilities	63%	71%
Solvency II CSCR ex AOF	152%	146%

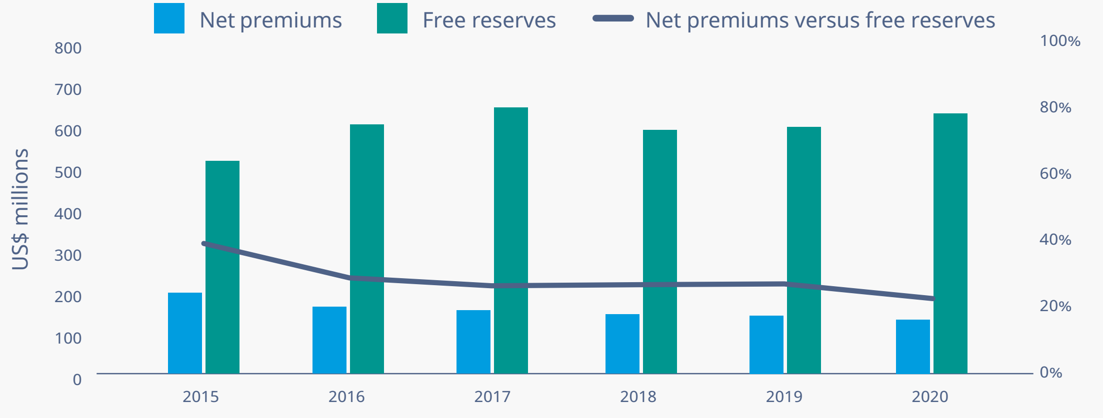
All figures in US$ millions

BRITANNIA

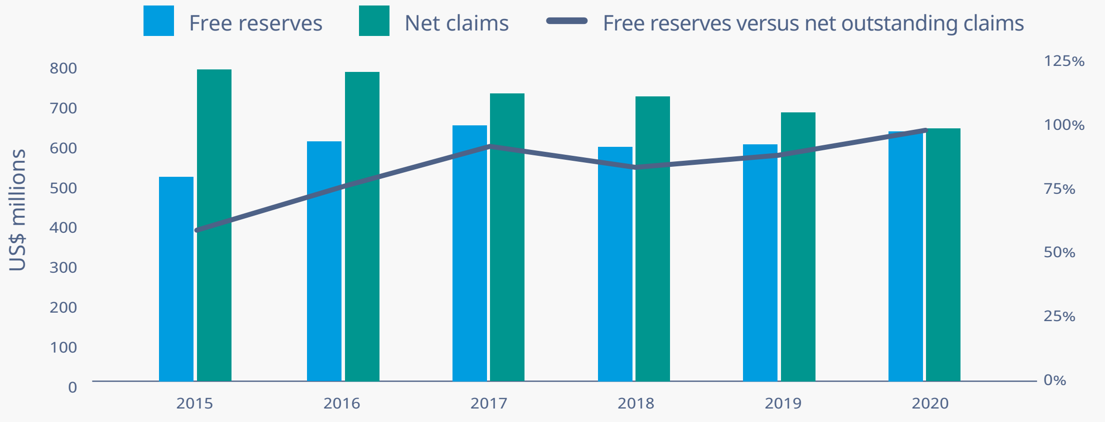
10| Free reserves



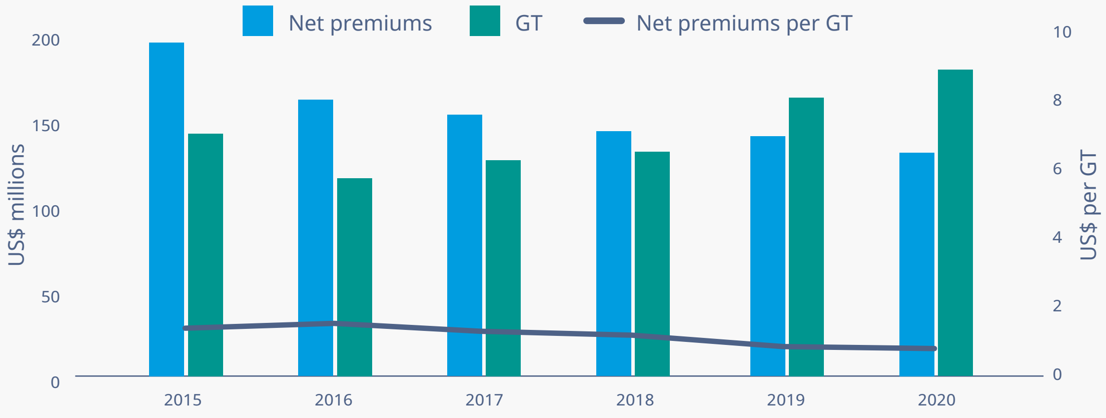
12| Net premiums



11| Net outstanding claims

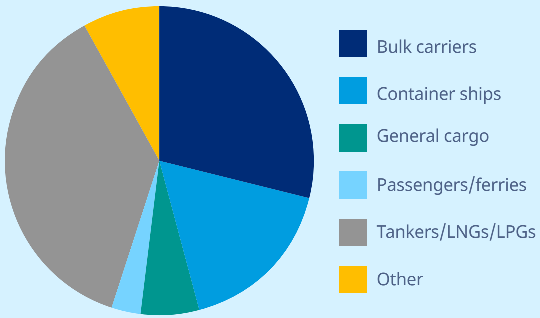


13| Net premium per GT

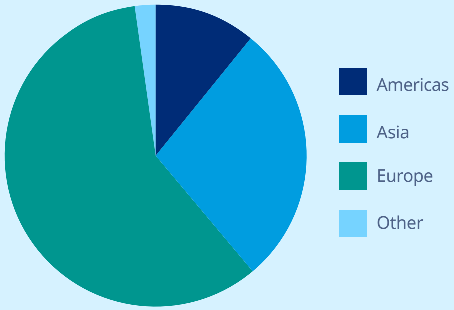


GARD | S&P RATING: A+ (NEGATIVE)

Tonnage profile



Tonnage by area of management



Consolidated income and expenditure account (US$ 000's)	2016	2017	2018	2019	2020
Gross earned premium	767,364	681,244	734,916	755,283	887,651
Reinsurance premiums	(150,181)	(134,172)	(153,708)	(172,668)	(183,438)
Change in unearned premium reserve, unbilled assessments and return premiums	1,395	1,659	2,084	2,118	938
Net Calls	**618,578**	**548,731**	**583,292**	**584,733**	**705,151**
Net claims	(493,045)	(479,232)	(537,093)	(585,767)	(631,830)
Expenses	(94,392)	(89,540)	(144,696)	(81,799)	(84,000)
Surplus/(deficit)	**31,141**	**(20,041)**	**(98,497)**	**(82,833)**	**(10,679)**
Investment income and exchange	8,920	36,254	37,855	27,291	33,490
Unrealised investment income	94,744	107,547	(47,045)	90,472	79,116
Tax	(8,909)	(8,918)	18,659	(12,807)	(16,008)
Surplus/(deficit)	**125,896**	**114,842**	**(89,028)**	**22,123**	**85,919**
Other comprehensive		(675)	(1,148)	(1,777)	(2,181)
Total comprehensive income/(loss)		**114,167**	**(90,176)**	**20,348**	**83,739**
Total balance available (total assets less RI)	2,750,391	2,612,144	2,586,158	2,615,945	2,917,452
Outstanding net claims liabilities	(1,249,629)	(1,199,205)	(1,277,886)	(1,291,028)	(1,419,832)
Free reserves	**1,134,862**	**1,249,030**	**1,158,853**	**1,179,200**	**1,262,920**
Net loss ratio	73.12%	79.71%	92.08%	100.16%	89.60%
Net combined ratio	**86.78%**	**94.97%**	**116.89%**	**114.15%**	**101.51%**

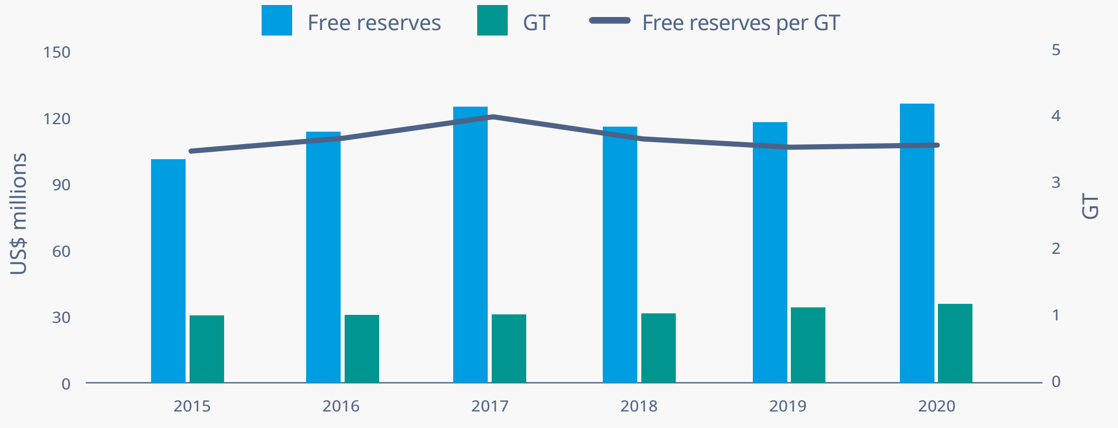
Key performance indicators

	2019	2020	
Free reserves	1,179.2	1,262.9	↑
Gross written premium	755.2	887.6	↑
Net claims	(585.7)	(631.8)	↑
Combined ratio	114.2%	101.5%	↓
Balance available	2,615.9	2,917.4	↑
Investment income	61.8	58.9	↓
Total gross tonnage	339.7	356.4	↑
Mutual GT	214	246.0	↑
Reserves / gross call	156%	142%	↓
Reserves / total liabilities	91%	89%	↓
Solvency II CSCR ex AOF	213%	207%	↓

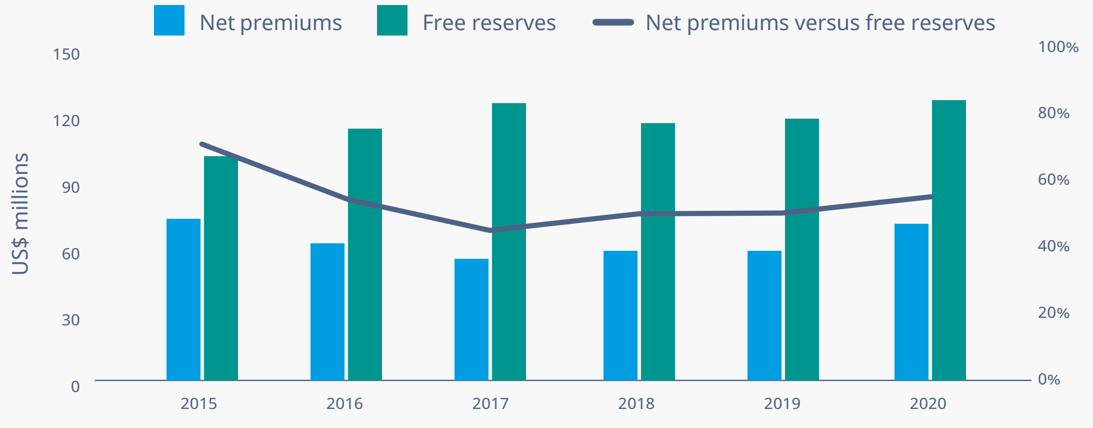
All figures in US$ millions

GARD

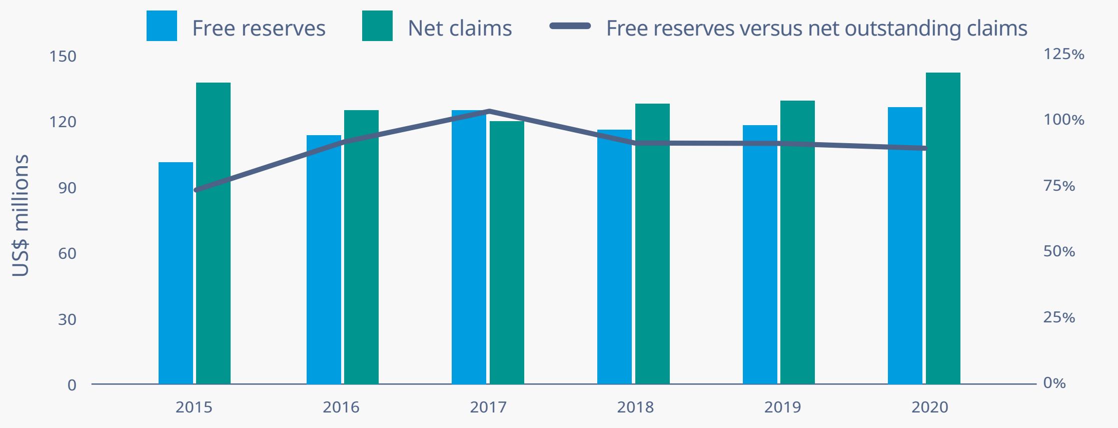
10| Free reserves



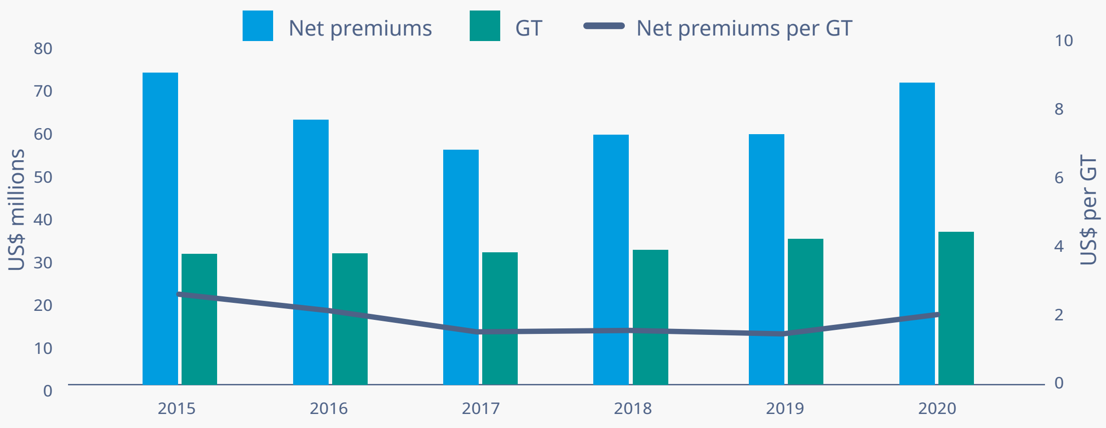
12| Net premiums



11| Net outstanding claims

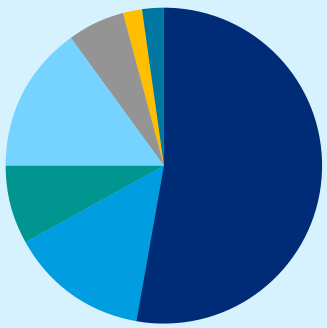


13| Net premium per GT

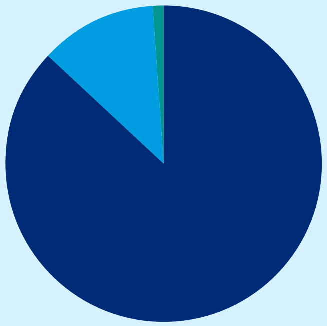


THE JAPAN P&I CLUB | S&P RATING: BBB+ (POSITIVE)

Tonnage profile



Tonnage by area of management



Consolidated income and expenditure account (US$ 000's)	2016	2017	2018	2019	2020
Gross written premium	209,115	201,515	189,836	183,414	179,426
Reinsurance premiums	(49,132)	(50,681)	(42,351)	(46,174)	(44,157)
Change in unearned premium reserve, unbilled assessments and return premiums	12,011	12,726	3,895	(351)	(1,973)
Net Calls	**171,994**	**163,560**	**151,380**	**136,889**	**133,296**
Net incurred claims	(127,432)	(118,248)	(123,140)	(122,513)	(104,100)
Expenses	(25,441)	(27,863)	(26,854)	(26,808)	(26,607)
Surplus/(deficit)	**19,121**	**17,449**	**1,386**	**(12,432)**	**2,589**
Investment income and exchange	4,942	(1,706)	20,962	(3,160)	31,163
Unrealised investment income	0				
Other special gains			19	0	0
Other special losses	(18)	(5)	(15)	(2)	(1)
Tax	(6,713)	(4,536)	(6,279)	4,267	(9,444)
Surplus/(deficit) after tax	**17,332**	**11,202**	**16,073**	**(11,327)**	**24,307**
Surplus balance after appropriation			11	48	22
Unappropriated surplus, ending balance			**16,084**	**(11,279)**	**24,329**
Total balance available (total assets less RI)	626,834	646,160	643,569	659,533	673,058
Net outstanding claims liabilities	(293,292)	(306,324)	(306,148)	(332,143)	(327,285)
Free reserves	**208,423**	**226,524**	**237,876**	**235,935**	**243,666**
Net loss ratio	74.09%	72.30%	81.34%	89.50%	78.10%
Net combined ratio	**88.88%**	**89.33%**	**99.08%**	**109.08%**	**98.06%**

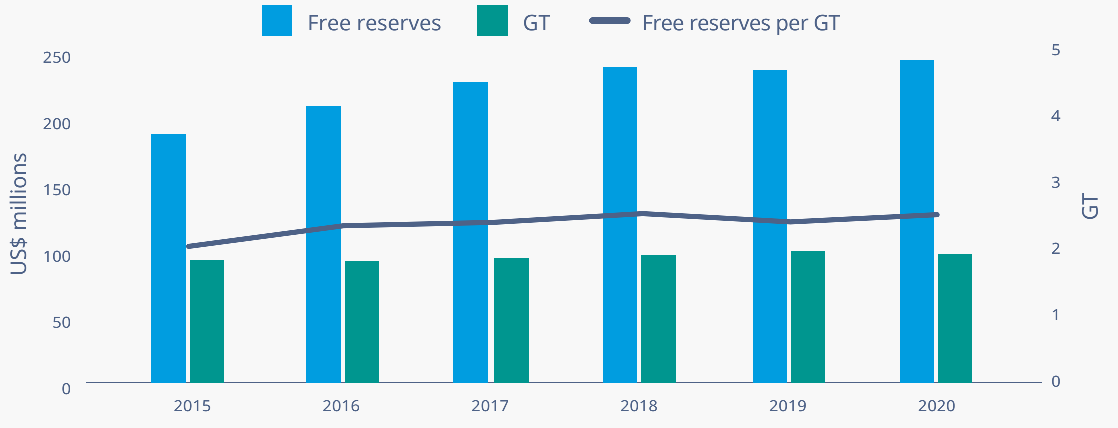
Key performance indicators

	2019	2020
Free reserves	235.9	243.6
Gross written premium	183.4	179.4
Net claims	-122.5	-104.1
Combined ratio	109.1%	98.1%
Balance available	659.5	673.0
Investment income	-3.0	31.0
Total gross tonnage	99.30	97.00
Mutual GT	96.60	94.40
Reserves / gross call	129%	136%
Reserves / total liabilities	71%	74%
Solvency II CSCR ex AOF	NA	NA

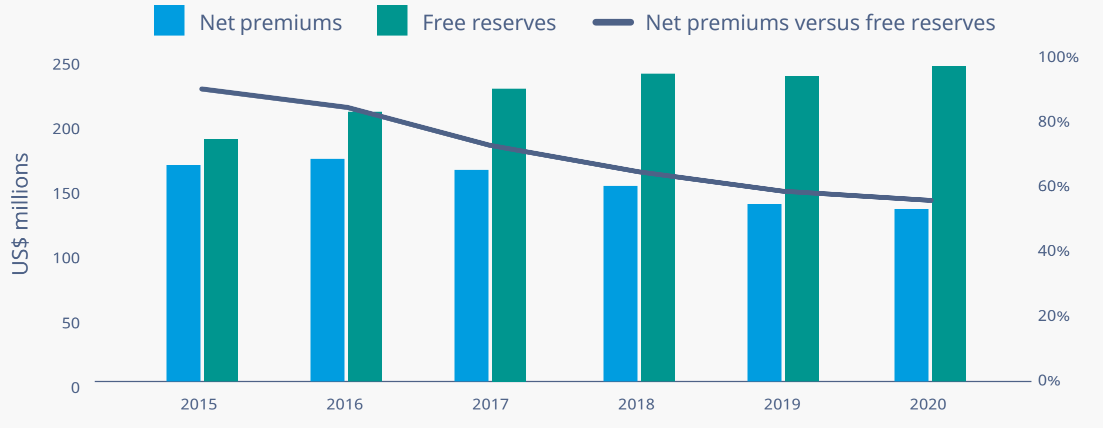
All figures in US$ millions

THE JAPAN P&I CLUB

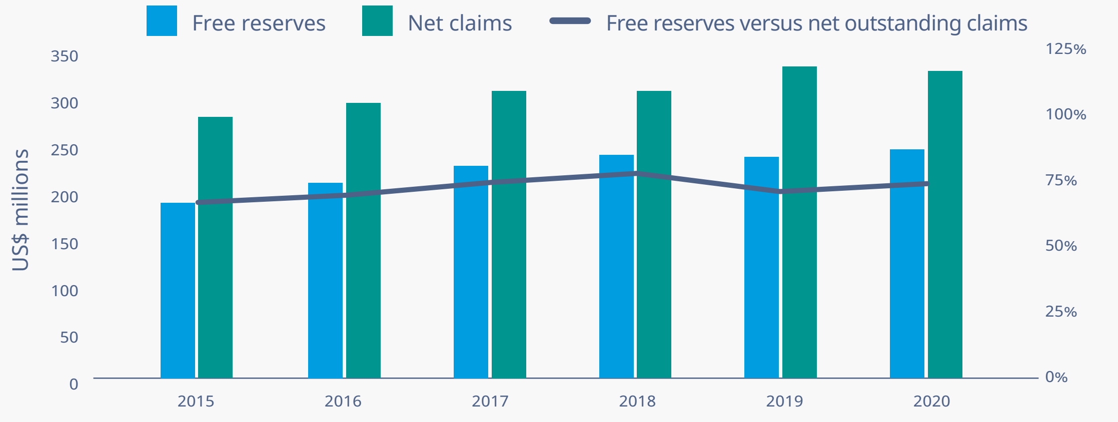
10| Free reserves



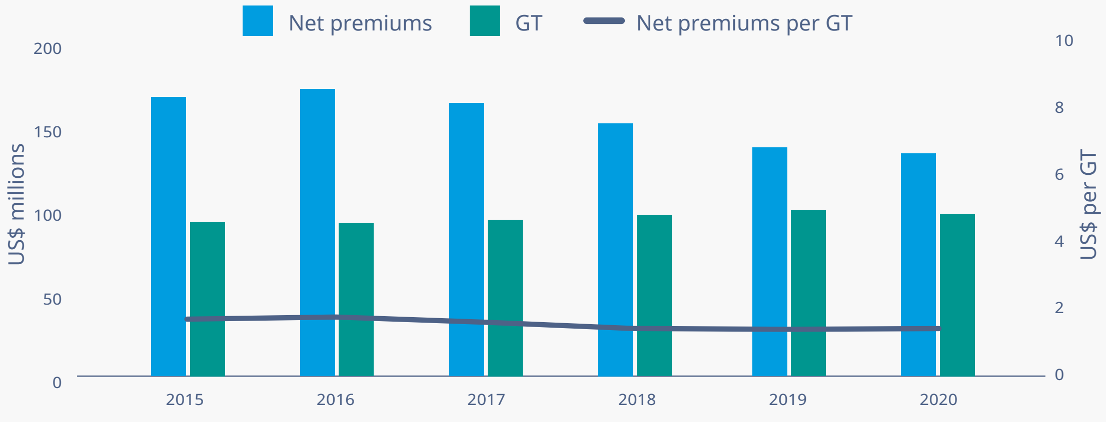
12| Net premiums



11| Net outstanding claims

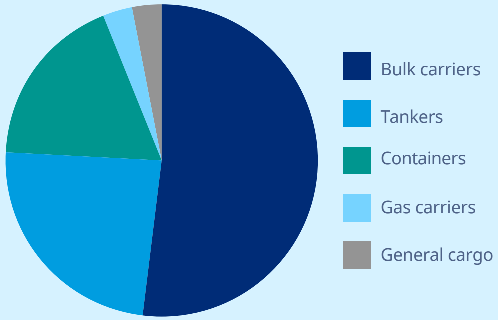


13| Net premium per GT

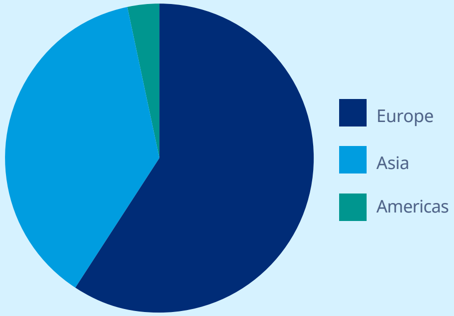


THE LONDON P&I CLUB | S&P RATING: BBB (STABLE)

Tonnage profile



Tonnage by area of management



Consolidated income and expenditure account (US$ 000's)	2016	2017	2018	2019	2020
Gross written premium	104,002	102,258	104,896	117,251	119,382
Reinsurance premiums	(19,927)	(20,817)	(19,347)	(18,901)	(19,459)
Change in provision for unearned premium reserve	(1,365)	(954)	(1,560)	(677)	45
Net Calls	**82,710**	**80,487**	**83,989**	**97,673**	**99,968**
Net incurred claims	(69,472)	(83,902)	(104,019)	(118,680)	(120,194)
Expenses	(11,542)	(12,655)	(13,644)	(15,093)	(16,489)
Surplus/(deficit)	**1,696**	**(16,070)**	**(33,674)**	**(36,100)**	**(36,715)**
Investment income and exchange	11,083	22,951	13,887	21,615	20,720
Unrealised investment income	14,778	(874)	(5,711)	19,902	(4,205)
Tax	(252)	(225)	(301)	(369)	(120)
Surplus/(deficit)	**27,305**	**5,782**	**(25,799)**	**5,048**	**(20,320)**
Total balance available (total assets less RI)	409,333	433,755	409,355	438,592	456,254
Outstanding net claims liabilities	(206,284)	(219,059)	(223,945)	(246,942)	(263,443)
Free reserves	**188,012**	**194,642**	**168,843**	**173,890**	**153,571**
Net loss ratio	83.99%	104.24%	123.85%	121.51%	120.23%
Net combined ratio	**97.95%**	**119.97%**	**140.09%**	**136.96%**	**136.73%**

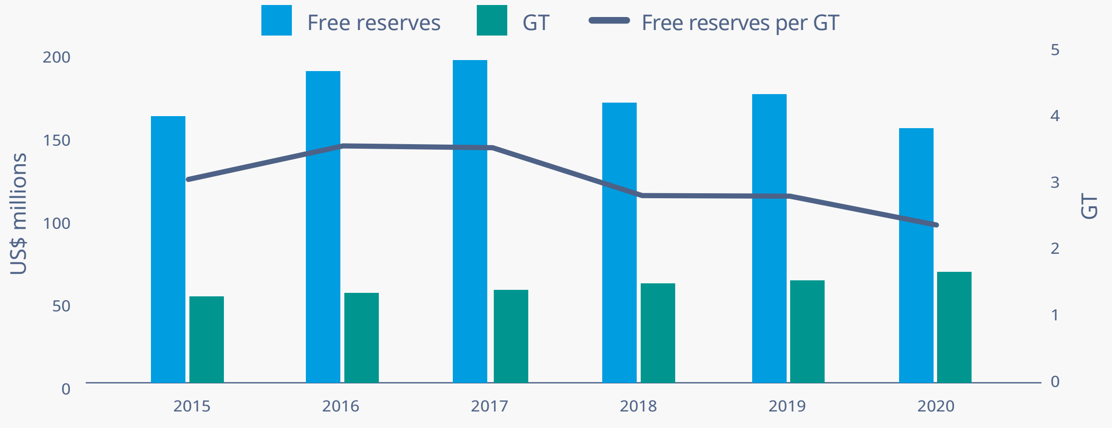
Key performance indicators

	2019	2020
Free reserves	174	154
Gross written premium	117	119
Net claims	(119)	(120)
Combined ratio	137.0%	136.7%
Balance available	439	456
Investment income	22	21
Total gross tonnage	61.8	66.7
Mutual GT	48.6	49.9
Reserves / gross call	148%	129%
Reserves / total liabilities	70%	58%
Solvency II CSCR ex AOF	122%	113%

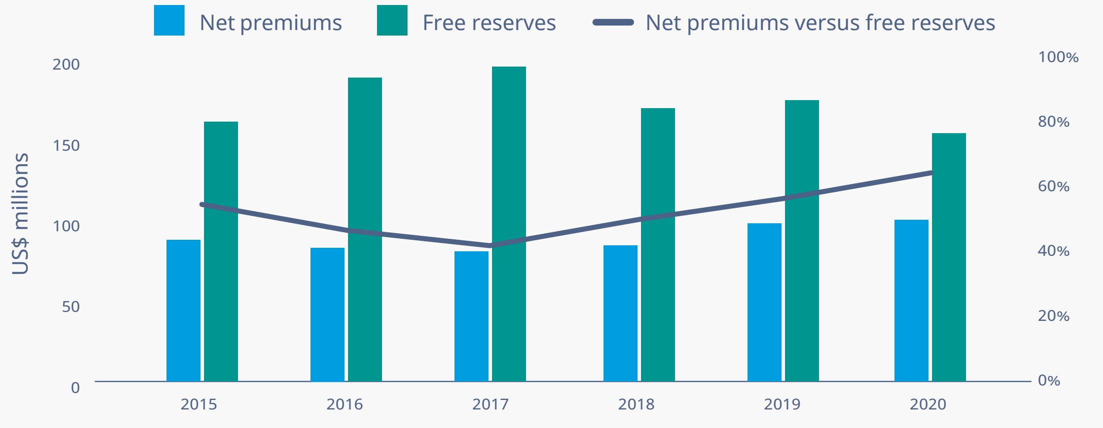
All figures in US$ millions

THE LONDON P&I CLUB

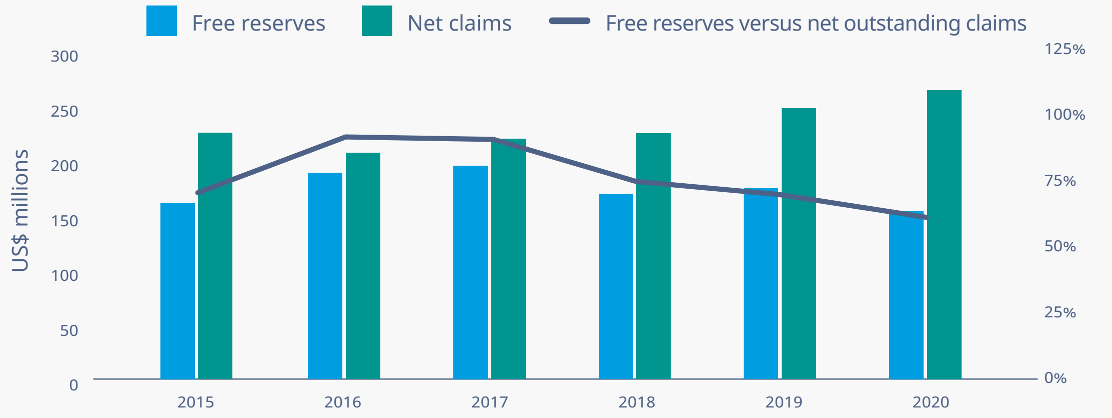
10| Free reserves



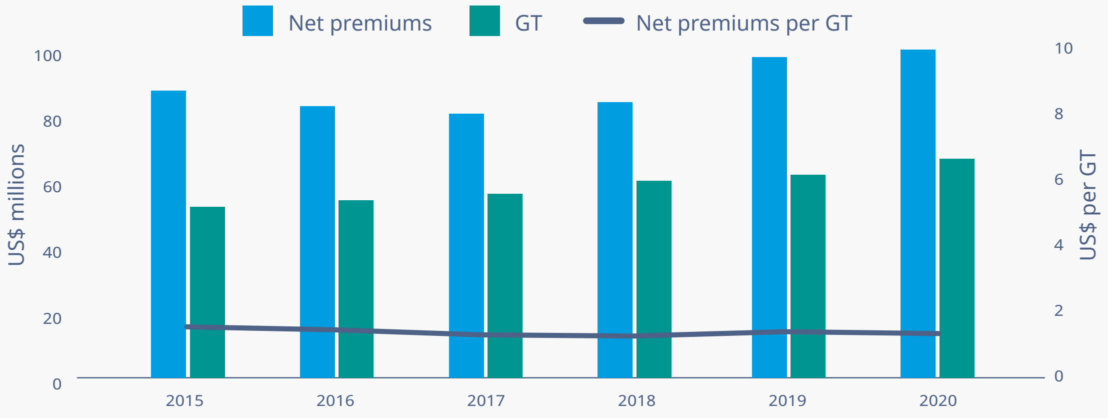
12| Net premiums



11| Net outstanding claims

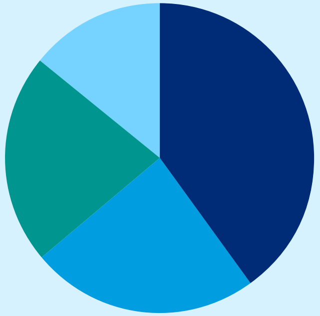


13| Net premium per GT

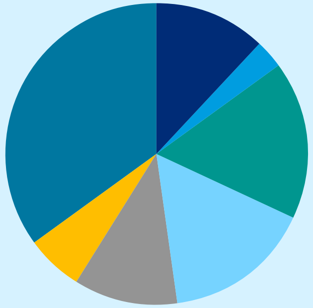


NORTH OF ENGLAND | S&P RATING: A (NEGATIVE)

Tonnage profile



Tonnage by area of management



Consolidated income and expenditure account (US$ 000's)	2016	2017	2018	2019	2020
Gross written premium	420,040	367,981	339,597	357,417	425,385
Reinsurance premiums	(92,096)	(68,176)	(58,043)	(79,077)	(103,586)
Net change in provisions for unearned premiums	2,015	6,468	1,764	2,715	4,548
Net Calls	**329,959**	**306,273**	**283,318**	**281,055**	**326,347**
Net claims	(246,013)	(243,994)	(227,138)	(274,490)	(301,885)
Expenses	(75,698)	(77,410)	(71,411)	(77,082)	(78,767)
Surplus/(deficit)	**8,248**	**(15,131)**	**(15,231)**	**(70,517)**	**(54,305)**
Investment income and exchange	14,199	19,129	20,040	3,461	104
Unrealised investment income	16,130	9,851	17,590	66,436	62,006
Tax	(1,621)	(926)	(469)	(540)	(3,665)
Surplus/(Deficit)	**36,956**	**12,923**	**21,930**	**(1,160)**	**4,140**
Exchange differences on translation of foreign operations			(5,547)	(2,491)	6,747
Net other comprehensive income not to be reclassified to profit or loss			(3,755)	(15,454)	(13,079)
Total comprehensive income for the year, net of tax			**12,628**	**(19,105)**	**(2,192)**
Total balance available (total assets less RI)					
Net outstanding claims liabilities	(612,936)	(643,412)	(621,584)	(627,639)	(668,438)
Free reserves	**430,775**	**450,462**	**463,037**	**443,810**	**450,273**
Net loss ratio	74.56%	79.67%	80.17%	97.66%	92.50%
Net combined ratio	**97.50%**	**104.94%**	**105.38%**	**125.09%**	**116.64%**

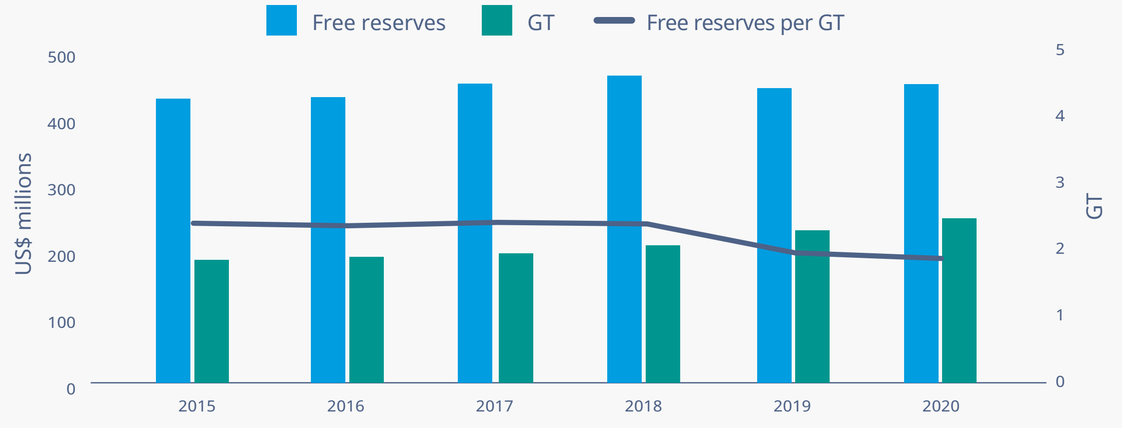
Key performance indicators

	2019	2020
Free reserves	443.8	450.2
Gross written premium	357.4	425.3
Net claims	(274.4)	(301.8)
Combined ratio	125.1%	116.6%
Balance available	1,235.5	1,303.0
Investment income	3.4	0.1
Total gross tonnage	230.0	248.0
Mutual GT	160.0	158.0
Reserves / gross call	124%	106%
Reserves / total liabilities	71%	67%
Solvency II CSCR ex AOF	169%	174%

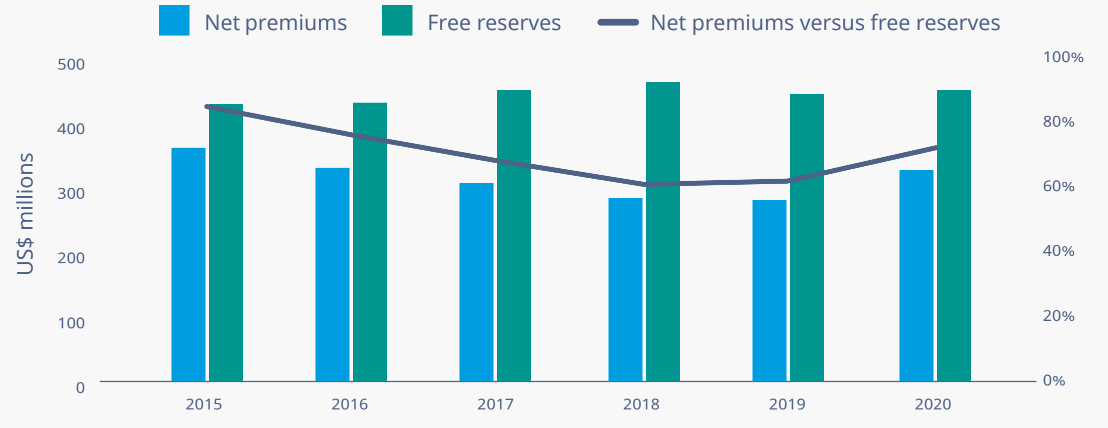
All figures in US$ millions

NORTH OF ENGLAND

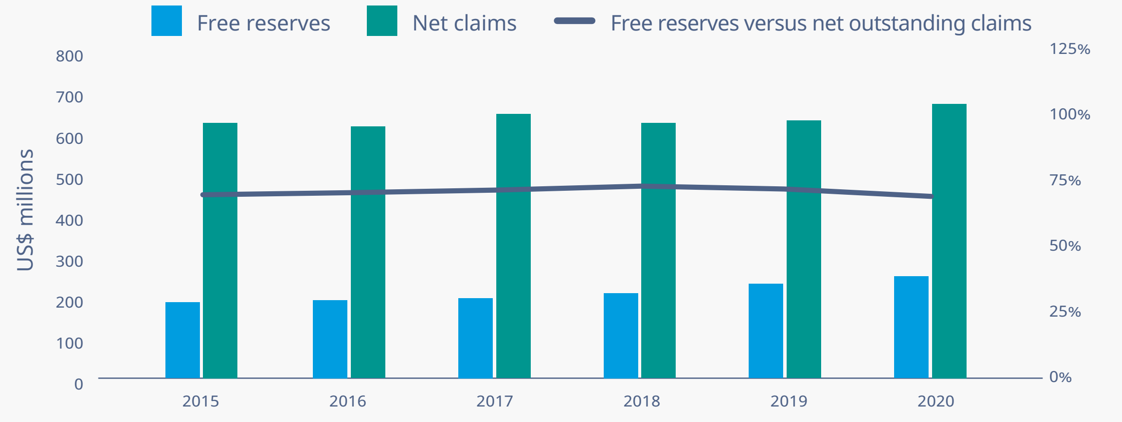
10| Free reserves



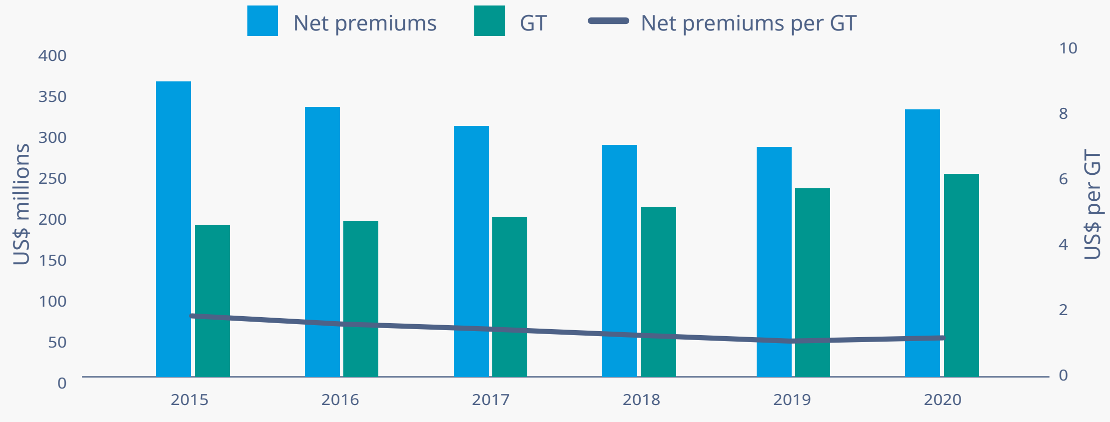
12| Net premiums



11| Net outstanding claims

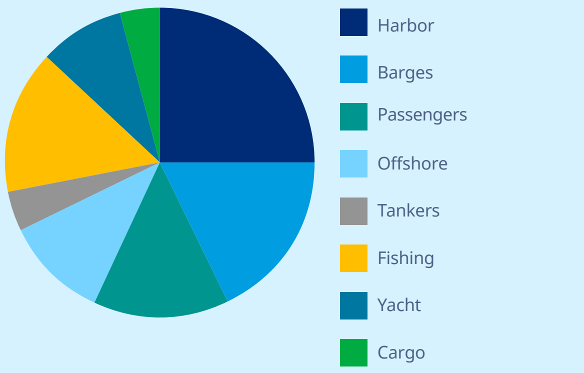


13| Net premium per GT

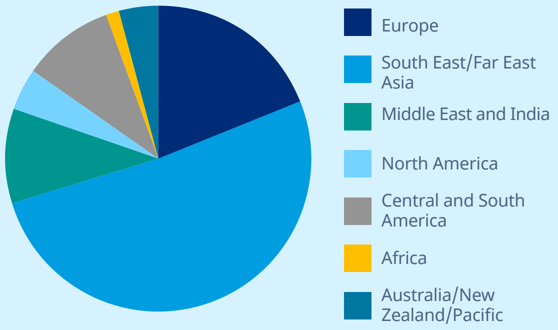


THE SHIPOWNERS' CLUB | S&P RATING: A (STABLE)

Tonnage profile



Tonnage by area of management



Consolidated income and expenditure account (US$ 000's)	2016	2017	2018	2019	2020
Gross written premium	228,585	217,832	228,391	230,472	234,100
Reinsurance premiums	(27,365)	(29,314)	(29,644)	(24,911)	(24,380)
Change in unpaid premium reserve	(167)	(1,883)	(3,750)	(5,602)	(2,503)
Net Calls	**201,053**	**186,635**	**194,997**	**199,959**	**207,217**
Net claims	(149,087)	(136,165)	(151,038)	(156,491)	(157,091)
Expenses	(49,164)	(48,709)	(52,156)	(53,741)	(59,159)
Surplus/(deficit)	**2,802**	**1,761**	**(8,197)**	**(10,273)**	**(9,033)**
Investment income and exchange	11,726	47,442	(28,754)	48,827	49,755
Unrealised investment income			(236)	(544)	(372)
Tax	135	(1,518)	(714)	(1,861)	(1,259)
Surplus/(deficit)	**14,663**	**47,685**	**(37,901)**	**36,149**	**39,091**
Total balance available (total assets less claims outstanding)	719,655	776,696	759,025	808,474	870,374
Outstanding net claims liabilities	(329,975)	(342,723)	(356,157)	(367,127)	(384,200)
Free reserves	**294,041**	**341,726**	**303,825**	**339,974**	**379,065**
Net loss ratio	74.15%	72.96%	77.46%	78.26%	75.81%
Net combined ratio	**98.61%**	**99.06%**	**104.20%**	**105.14%**	**104.36%**

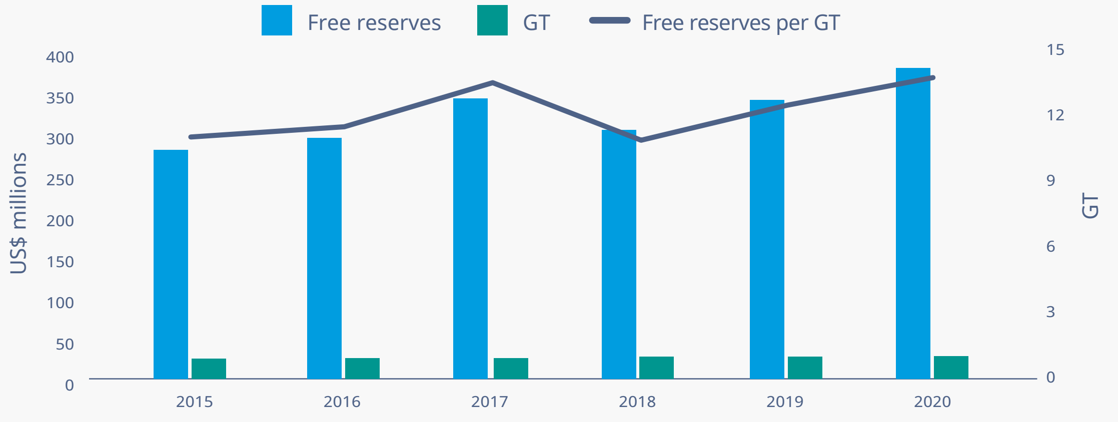
Key performance indicators

	2019	2020
Free reserves	339.9	379.0
Gross written premium	230.4	234.1
Net claims	-156.4	-157.0
Combined ratio	105.1%	104.4%
Balance available	808.4	870.3
Investment income	48.8	49.7
Total gross tonnage	27.1	27.8
Mutual GT	NA	NA
Reserves / gross call	148%	162%
Reserves / total liabilities	93%	99%
Solvency II CSCR ex AOF	140%	140%

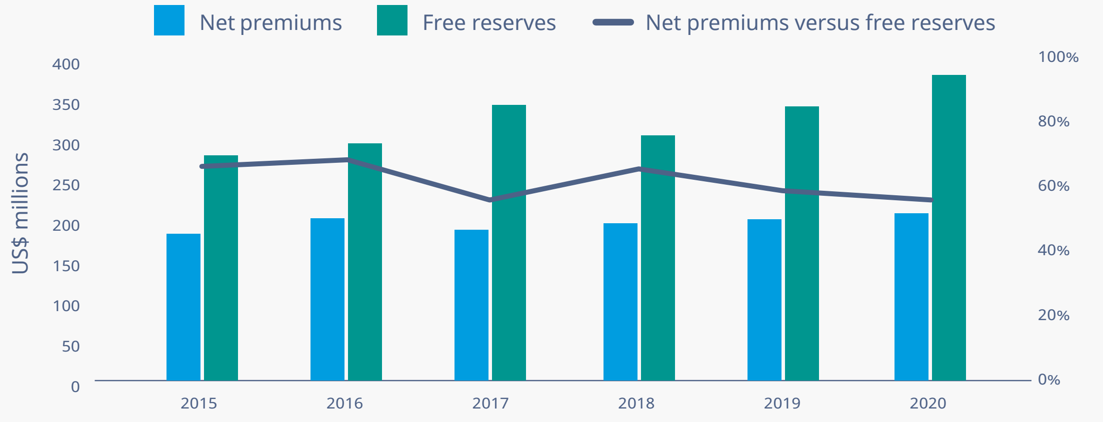
All figures in US$ millions

THE SHIPOWNERS' CLUB

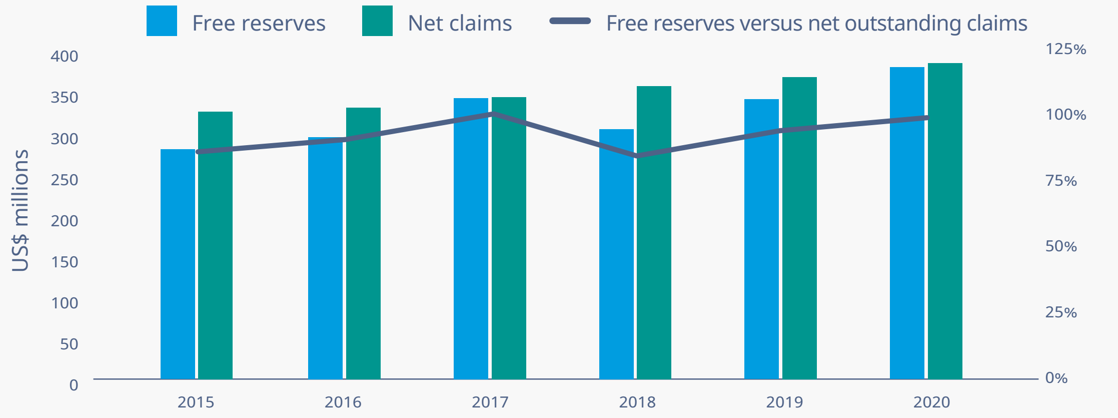
10| Free reserves



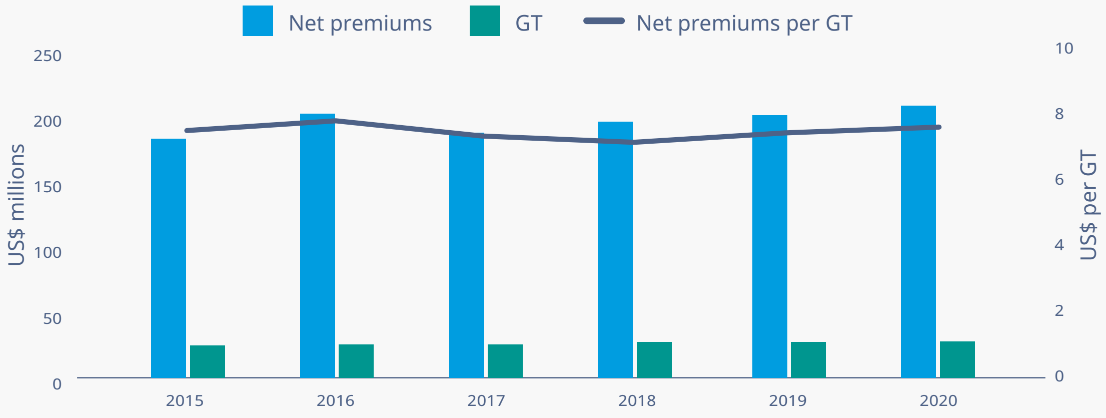
12| Net premiums



11| Net outstanding claims

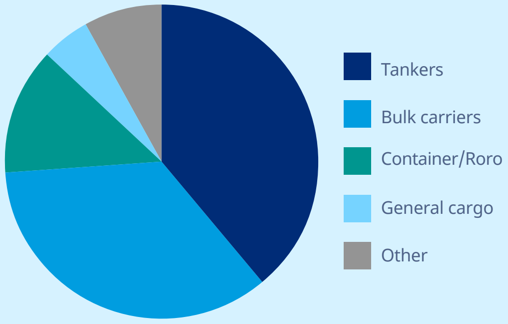


13| Net premium per GT

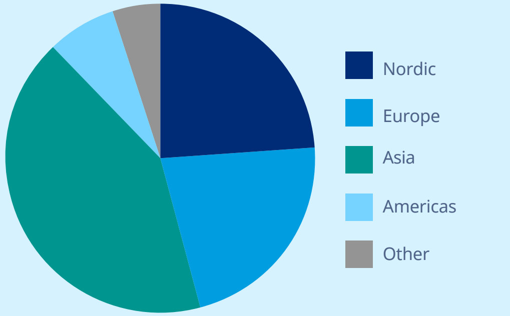


SKULD | S&P RATING: A (NEGATIVE)

Tonnage profile



Tonnage by area of management



Consolidated income and expenditure account (US$ 000's)	2016	2017	2018	2019	2020
Gross written premium	403,235	412,739	401,621	390,760	390,839
Reinsurance (RI) premiums	(71,636)	(57,363)	(56,070)	(47,361)	(44,736)
Net Calls	**331,599**	**355,376**	**345,551**	**343,399**	**346,103**
Net claims	(229,143)	(251,580)	(244,577)	(288,842)	(301,168)
Expenses	(88,510)	(92,244)	(92,937)	(89,775)	(75,065)
Surplus/(deficit)	**13,946**	**11,552**	**8,037**	**(35,218)**	**(30,130)**
Investment income and exchange	4,365	(2,485)	13,799	14,376	12,229
Unrealised investment income	33,966	48,630	(10,680)	41,290	48,734
Tax	(1,712)	(166)	(458)	5,045	(6,266)
Distribution to members		(9,580)			
Surplus/(deficit)	**50,565**	**47,951**	**10,697**	**25,492**	**24,566**
Total balance available (total assets less RI)	1,000,465	1,070,091	1,028,801	1,067,131	1,080,979
Outstanding claims liabilities	(507,194)	(527,741)	(528,971)	(546,913)	(529,937)
Free Reserves	**394,075**	**442,026**	**452,723**	**465,845**	**459,079**
Net loss ratio	69.10%	70.79%	70.78%	84.11%	87.02%
Net combined ratio	**95.79%**	**96.75%**	**97.67%**	**110.26%**	**108.71%**

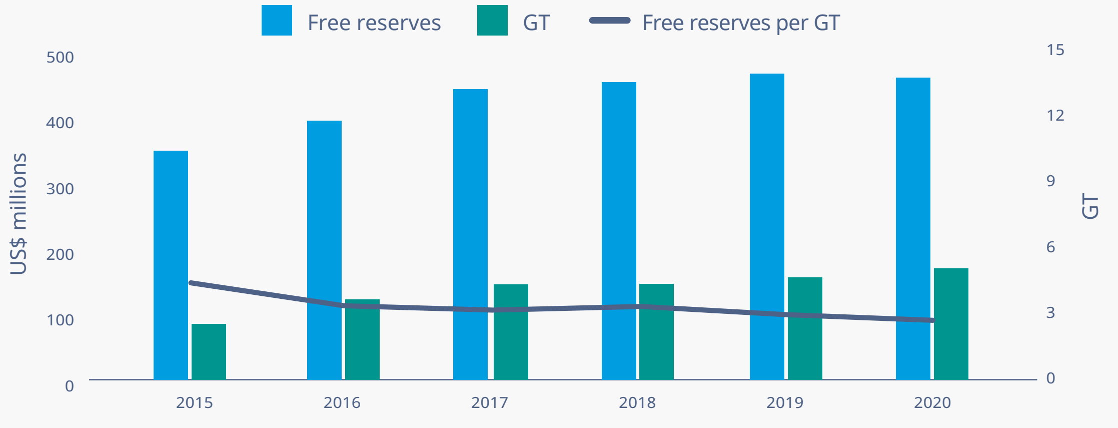
Key performance indicators

	2019	2020
Free reserves	465.8	459.0
Gross written premium	390.7	390.8
Net claims	(288.8)	(301.1)
Combined ratio	110.3%	108.7%
Balance available	1,067.1	1,080.9
Investment income	14.3	12.2
Total gross tonnage	155.9	169.0
Mutual GT	100.6	108.9
Reserves / gross call	119%	117%
Reserves / total liabilities	85%	87%
Solvency II CSCR ex AOF	127%	134%

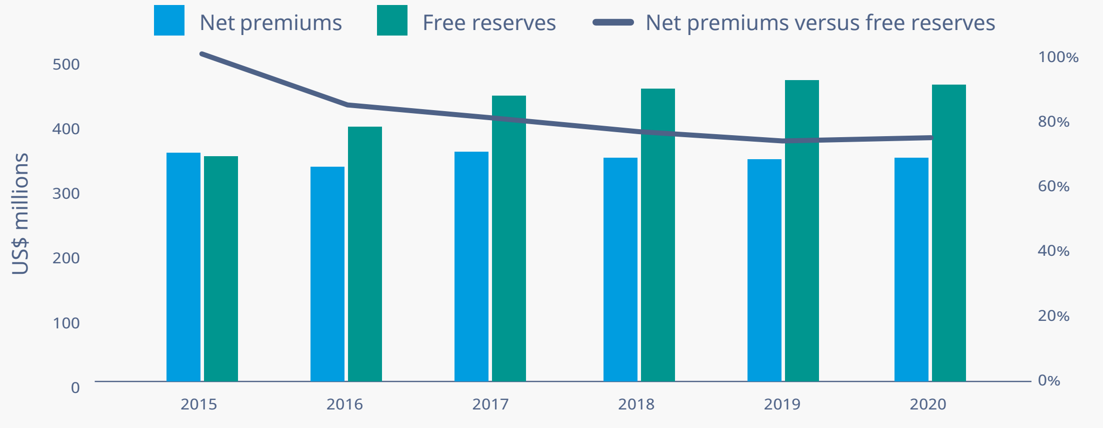
All figures in US$ millions

SKULD

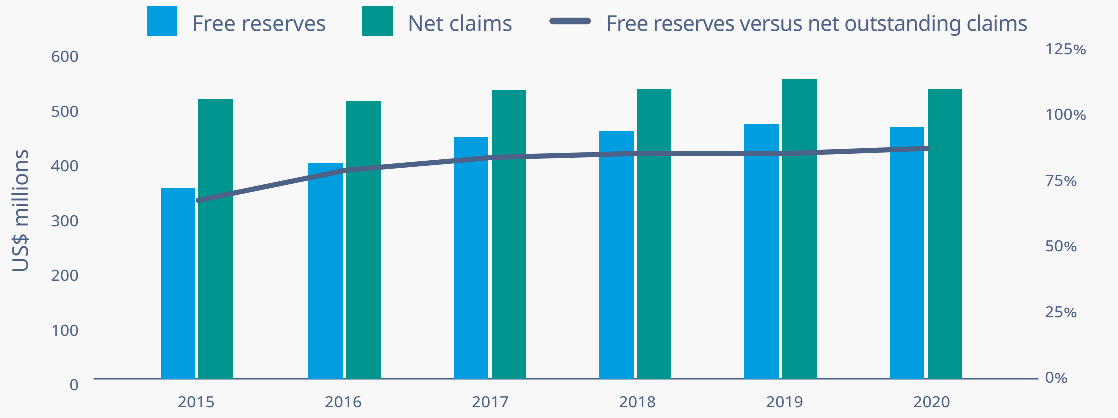
10| Free reserves



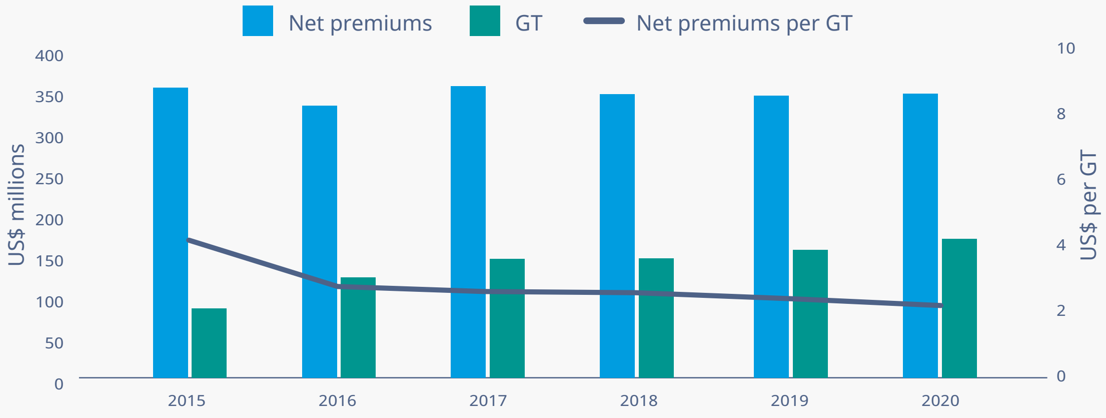
12| Net premiums



11| Net outstanding claims

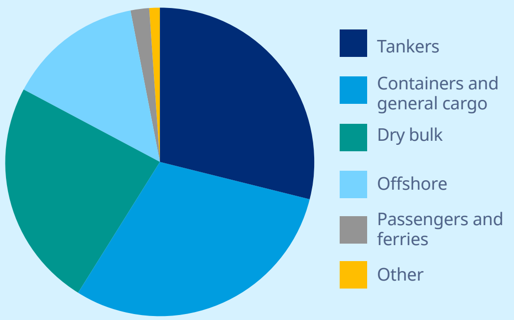


13| Net premium per GT

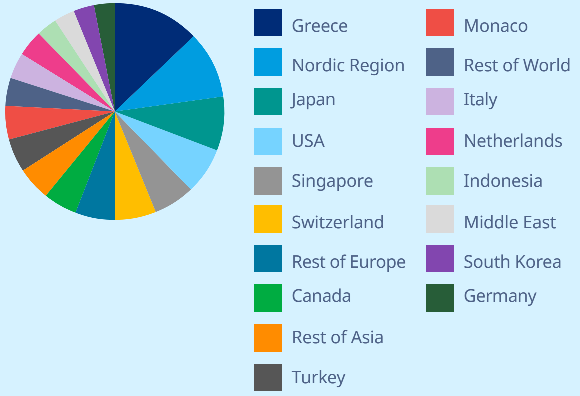


THE STANDARD CLUB | S&P RATING: A (NEGATIVE)

Tonnage profile



Tonnage by area of management



Consolidated income and expenditure account (US$ 000's)	2016	2017	2018	2019	2020
Gross written premium	338,800	334,300	386,400	353,500	292,700
Reinsurance premiums	(77,000)	(80,800)	(80,700)	(96,000)	(64,400)
Net Calls	**261,800**	**253,500**	**305,700**	**257,500**	**228,300**
Net claims	(200,800)	(232,300)	(274,100)	(309,100)	(260,400)
Expenses	(43,500)	(45,700)	(81,100)	(58,100)	(30,000)
Surplus/(deficit)	**17,500**	**(24,500)**	**(49,500)**	**(109,700)**	**(62,100)**
Investment income and exchange	19,200	36,400	23,600	33,700	39,900
Unrealised investment income	3,500	14,200	(12,000)	35,700	(10,500)
Tax	1,000	4,900	(7,400)	(700)	(500)
Surplus/(deficit)	**41,200**	**31,000**	**(45,300)**	**(41,000)**	**(33,200)**
Total balance available (total assets less RI)	1,058,600	1,143,400	1,178,000	1,119,500	990,700
Outstanding net claims liabilities	(554,200)	(578,000)	(618,800)	(646,700)	(585,800)
Free Reserves	**430,500**	**461,500**	**434,700**	**393,700**	**360,300**
Net loss ratio	76.70%	91.64%	89.66%	120.04%	114.06%
Net combined ratio	**93.32%**	**109.66%**	**116.19%**	**142.60%**	**127.20%**

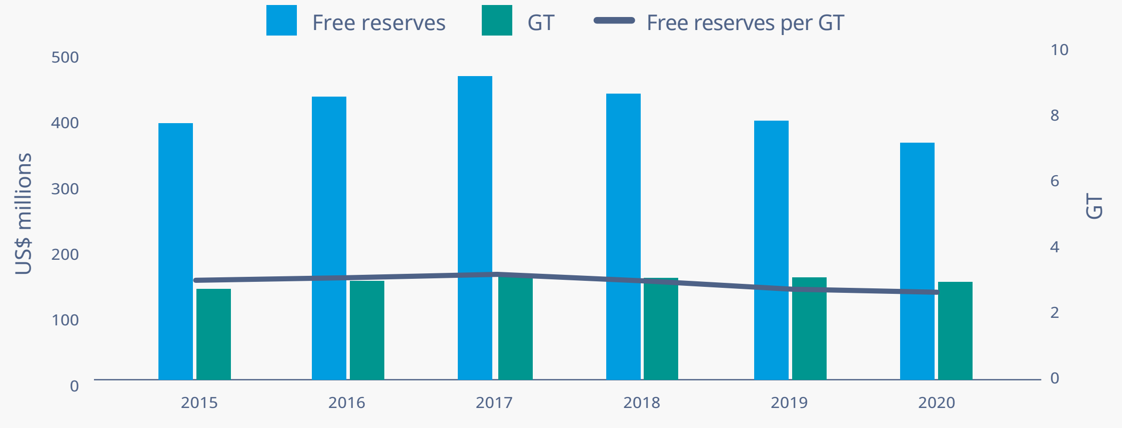
Key performance indicators

	2019	2020
Free reserves	393.7	360.3
Gross written premium	353.5	292.7
Net claims	(309.1)	(260.4)
Combined ratio	142.6%	127.2%
Balance available	1,119.0	990.7
Investment income	33.7	39.9
Total gross tonnage	156.0	149.0
Mutual GT	116.5	121.0
Reserves / gross call	111%	123%
Reserves / total liabilities	61%	62%
Solvency II CSCR ex AOF	144%	136%

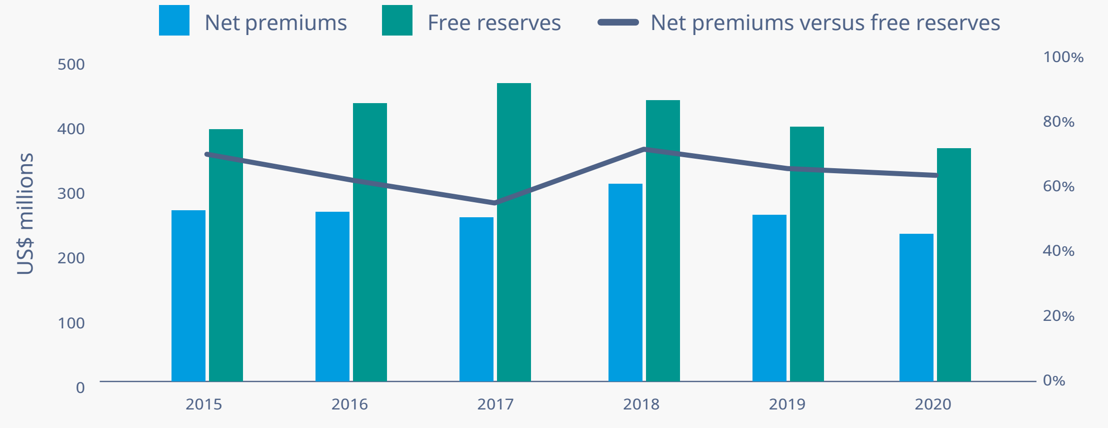
All figures in US$ millions

THE STANDARD CLUB

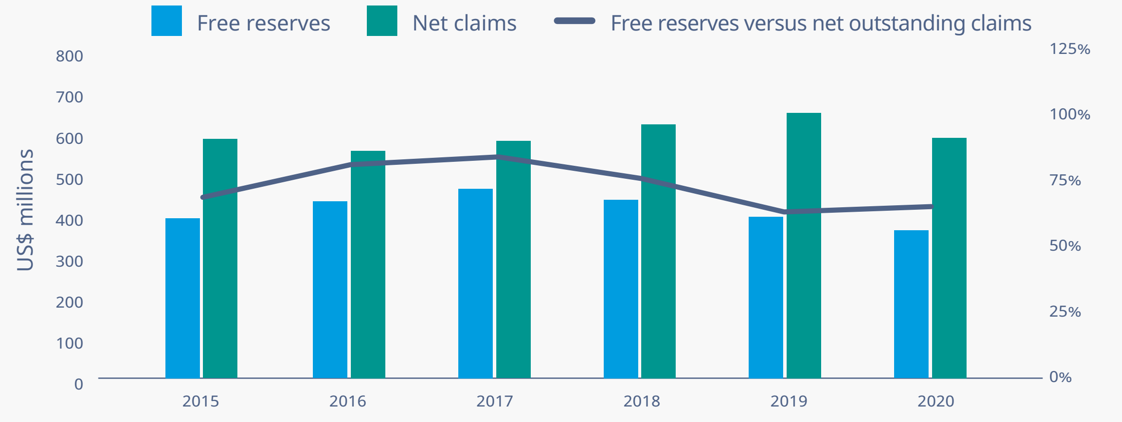
10| Free reserves



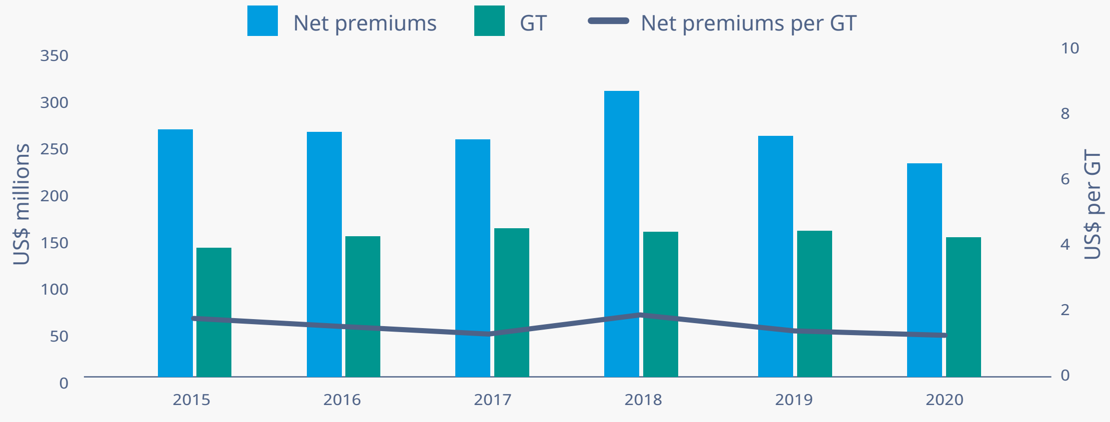
12| Net premiums



11| Net outstanding claims

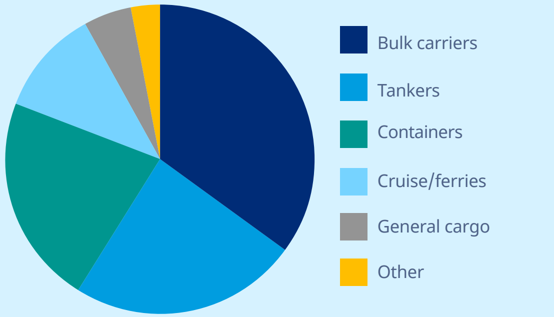


13| Net premium per GT

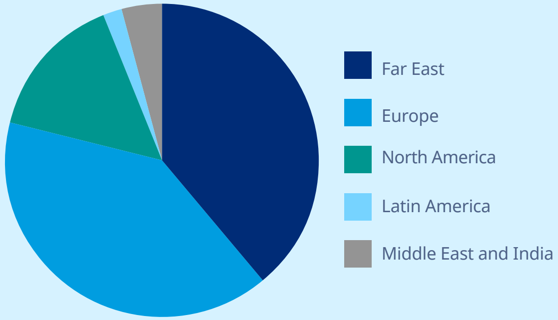


STEAMSHIP MUTUAL | S&P RATING: A (NEGATIVE)

Tonnage profile



Tonnage by area of management



Consolidated income and expenditure account (US$ 000's)	2016	2017	2018	2019	2020
Gross written premium	305,642	295,318	306,661	308,725	284,405
Reinsurance (RI) premiums	(56,033)	(52,089)	(50,522)	(48,389)	(50,773)
Net Calls	**249,609**	**243,229**	**256,139**	**260,336**	**233,632**
Net claims	(168,455)	(241,369)	(246,358)	(215,815)	(258,290)
Expenses	(39,219)	(40,570)	(41,623)	(40,780)	(40,307)
Surplus/(deficit)	**41,935**	**(38,710)**	**(31,842)**	**3,741**	**(64,965)**
Investment income and exchange	14,310	27,234	12,852	17,983	23,374
Unrealised investment income	13,801	17,379	(6,312)	43,308	33,916
Tax	(77)	(225)	(236)	(329)	(47)
Other income			(1,464)	(86)	3,444
Surplus/(deficit)	**69,969**	**5,678**	**(27,002)**	**64,617**	**(4,278)**
Total balance available (total assets less RI)	1,099,166	1,136,872	1,123,168	1,153,463	1,227,371
Outstanding claims liabilities	(562,557)	(589,661)	(827,408)	(821,204)	(955,538)
Free reserves	**510,290**	**515,968**	**467,049**	**515,342**	**511,064**
Net loss ratio	67.49%	99.24%	96.18%	82.90%	110.55%
Net combined ratio	**83.20%**	**115.92%**	**112.43%**	**98.56%**	**127.81%**

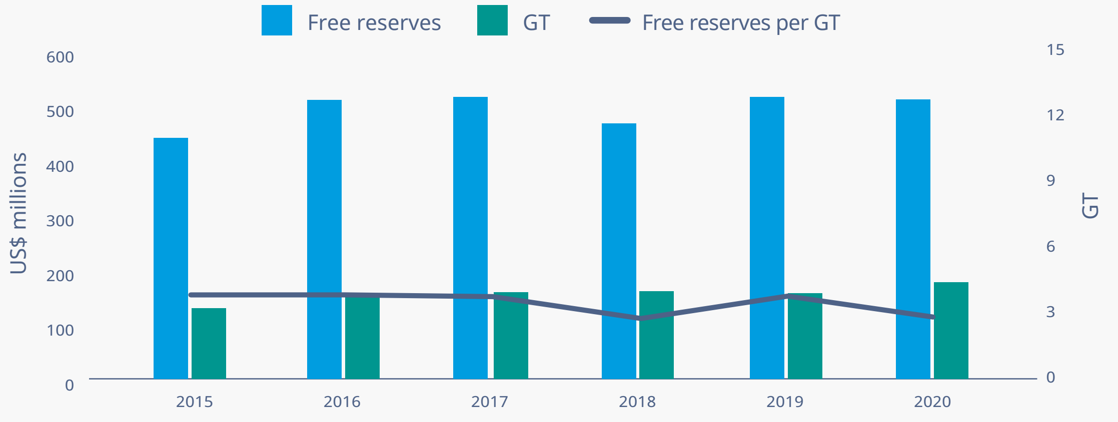
Key performance indicators

	2019	2020
Free reserves	515.3	511.0
Gross written premium	308.7	284.4
Net claims	-215.8	-258.2
Combined ratio	98.6%	127.8%
Balance available	1,153.4	1,227.3
Investment income	17.9	23.3
Total gross tonnage	157.0	177.0
Mutual GT	89.1	96.0
Reserves / gross call	167%	180%
Reserves / total liabilities	63%	53%
Solvency II CSCR ex AOF	184%	168%

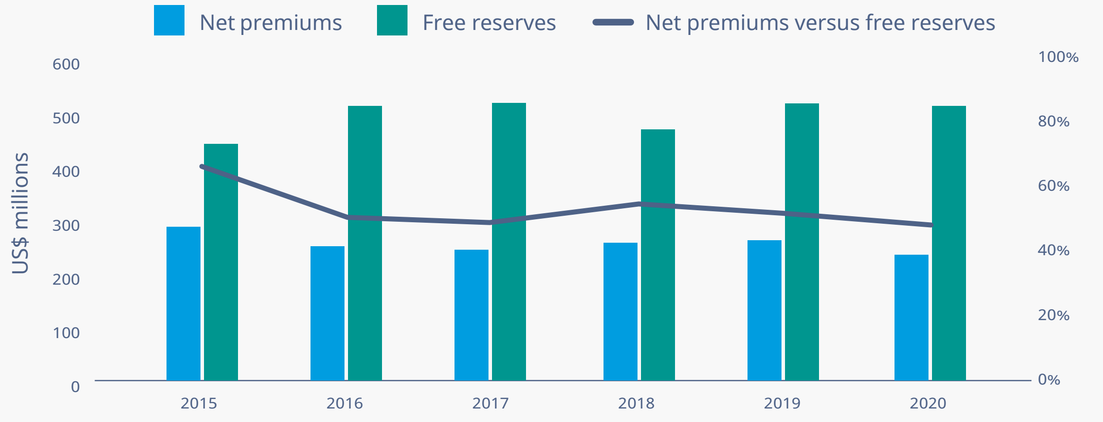
All figures in US$ millions

STEAMSHIP MUTUAL

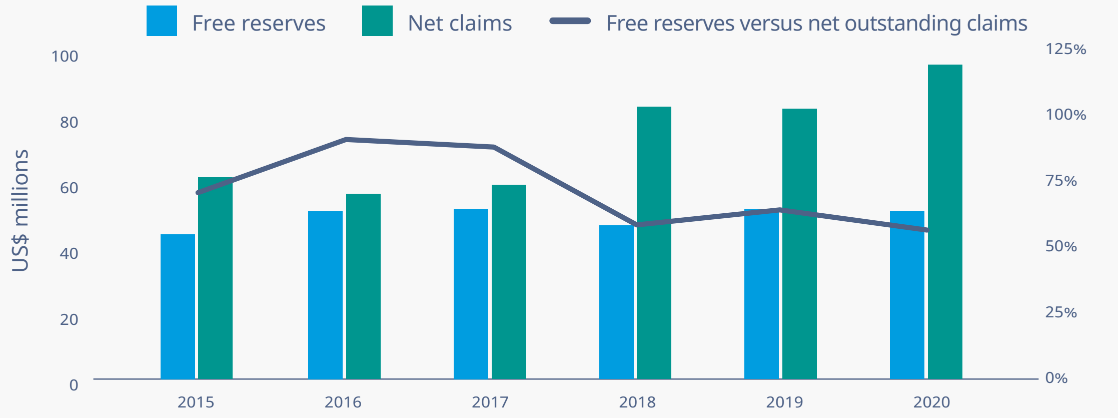
10| Free reserves



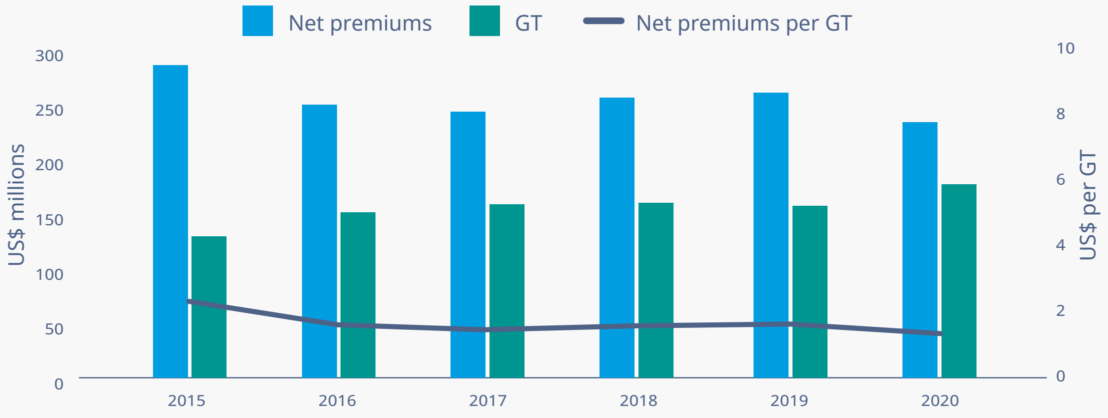
12| Net premiums



11| Net outstanding claims

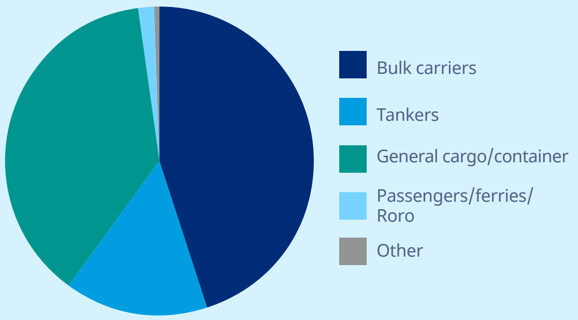


13| Net premium per GT

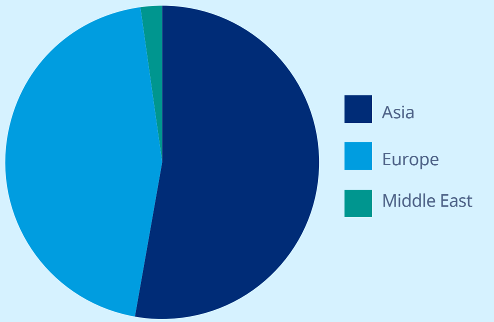


THE SWEDISH CLUB | S&P RATING: A- (NEGATIVE)

Tonnage profile



Tonnage by area of management



Consolidated income and expenditure account (US$ 000's)	2016	2017	2018	2019	2020
Gross written premium	163,181	151,020	143,265	165,277	178,869
Reinsurance premiums	(36,401)	(35,475)	(34,647)	(39,258)	(39,396)
Change in unearned premium reserve, unbilled assessments and return premiums	3,751	1,971	2,579	(7,818)	(4,807)
Net Calls	**130,531**	**117,516**	**111,197**	**118,201**	**134,666**
Net claims	(102,961)	(100,323)	(88,720)	(101,862)	(136,390)
Change in other technical provisions and refunds and P&I discounts		(1,209)	(2,289)	534	(2,157)
Expenses	(25,439)	(24,831)	(23,859)	(24,418)	(27,069)
Surplus/(deficit)	**2,131**	**(8,847)**	**(3,671)**	**(7,545)**	**(30,950)**
Investment income and exchange	(2,116)	23,672	128	3,692	20,268
Unrealised investment income	3,532	3,985	(6,051)	28,458	13,676
Appropriations - change in safety reserve		(23,091)	7,181	1,513	(3,016)
Tax on result for the year	(797)	(1,095)	1,297	(6,090)	(2,584)
Surplus/(deficit)	**2,750**	**(5,376)**	**(1,116)**	**20,028**	**(2,606)**
Total balance available (total assets less RI)	441,110	456,272	468,218	524,856	561,008
Outstanding claims liabilities	(188,244)	(184,513)	(166,255)	(186,415)	(211,308)
Free reserves	**194,115**	**213,472**	**203,838**	**228,445**	**231,431**
Net loss ratio	78.88%	85.37%	79.79%	86.18%	101.28%
Net combined ratio	**98.37%**	**107.53%**	**103.30%**	**106.38%**	**122.98%**

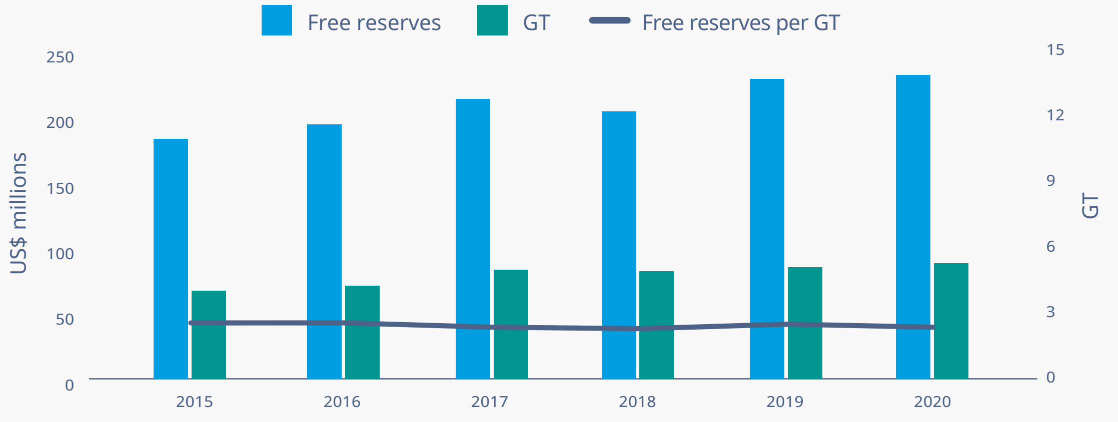
Key performance indicators

	2019	2020
Free reserves	228.4	231.4
Gross written premium	165.2	178.8
Net claims	(101.8)	(136.3)
Combined ratio	106.4%	123.0%
Balance available	524.8	561.0
Investment income	3.6	20.2
Total gross tonnage	85	88
Mutual GT	49.7	55.9
Reserves / gross call	138%	129%
Reserves / total liabilities	123%	110%
Solvency II CSCR ex AOF	227%	181%

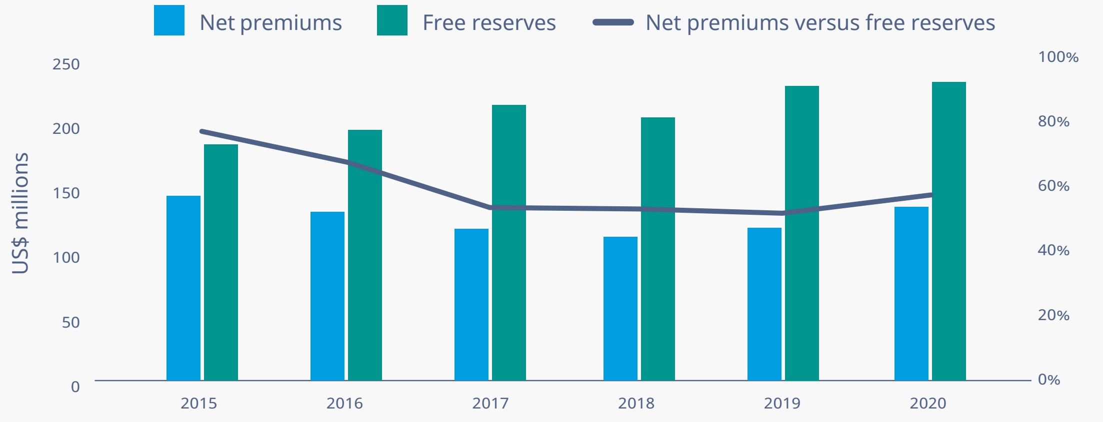
All figures in US$ millions

THE SWEDISH CLUB

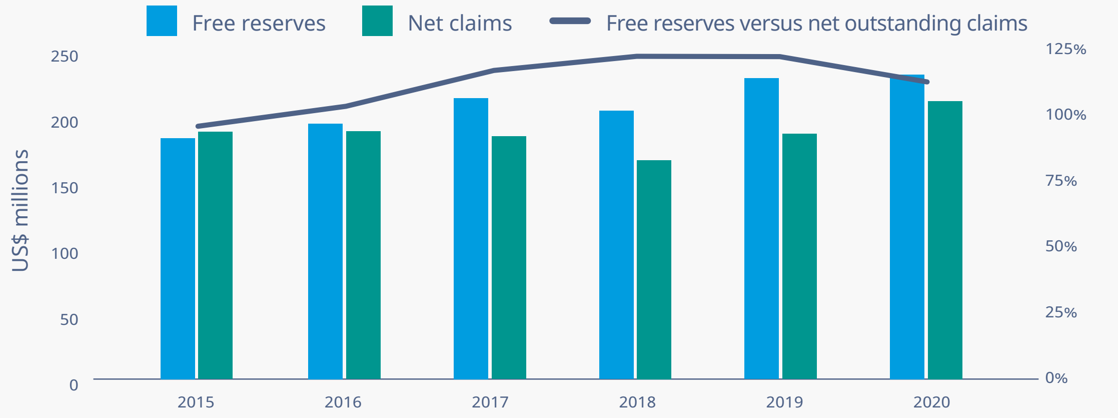
10| Free reserves



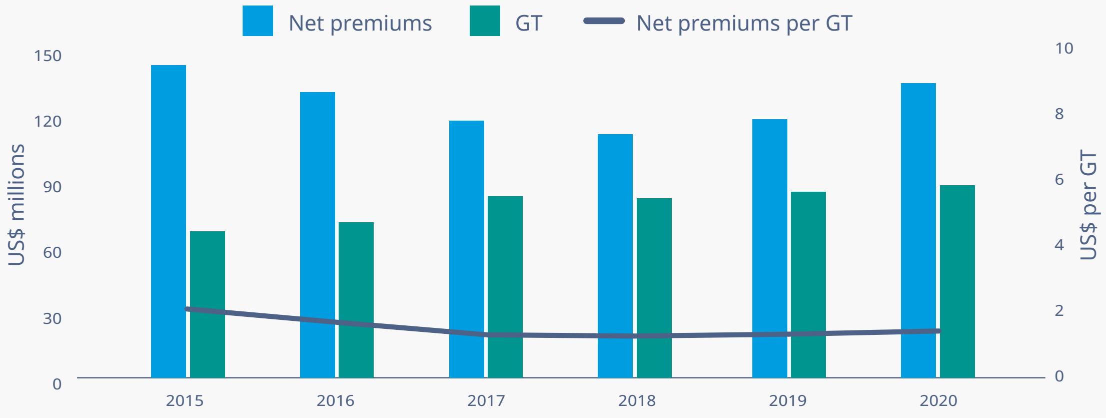
12| Net premiums



11| Net outstanding claims

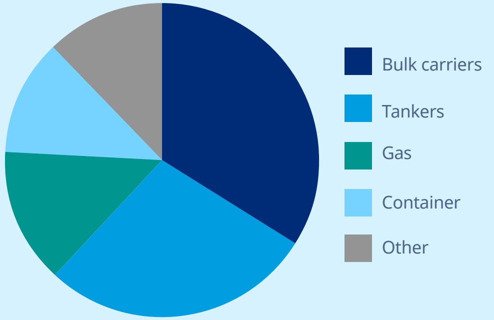


13| Net premium per GT

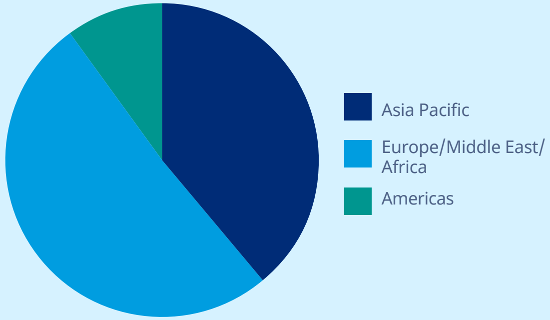


THE UK P&I CLUB | S&P RATING: A (NEGATIVE)

Tonnage profile



Tonnage by area of management



Consolidated income and expenditure account (US$ 000's)	2016	2017	2018	2019	2020
Gross premium earned	376,170	361,793	322,398	305,037	286,376
Reinsurance premiums	(81,082)	(65,119)	(64,860)	(60,386)	(76,624)
Net Calls	**295,088**	**296,674**	**257,538**	**244,651**	**209,752**
Net claims	(273,619)	(225,700)	(250,941)	(251,707)	(272,506)
Operating expenses	(51,310)	(42,751)	(43,654)	(43,724)	(43,843)
Other income			83	741	1,647
Surplus/(deficit)	**(29,841)**	**28,223**	**(36,974)**	**(50,039)**	**(104,950)**
Investment income and exchange	44,274	43,870	5,529	106,414	53,434
Unrealised investment income (net of gains and losses)					
Tax	(417)	(207)	(950)	(1,974)	(280)
Surplus/(deficit)	**14,016**	**71,886**	**(32,395)**	**54,401**	**(51,796)**
Total balance available (total assets less RI)	1,301,470	1,485,060	1,364,162	1,388,041	1,399,003
Outstanding claims liabilities	(710,739)	(831,128)	(841,436)	(811,986)	(845,960)
Free reserves excludes Hybrid	465,069	536,948	504,553	558,954	507,158
Free reserves includes Hybrid	**564,509**	**636,948**	**504,553**	**558,954**	**507,158**
Net loss ratio	92.72%	76.08%	97.44%	102.88%	129.92%
Net combined ratio	**110.11%**	**90.49%**	**114.36%**	**120.45%**	**150.04%**

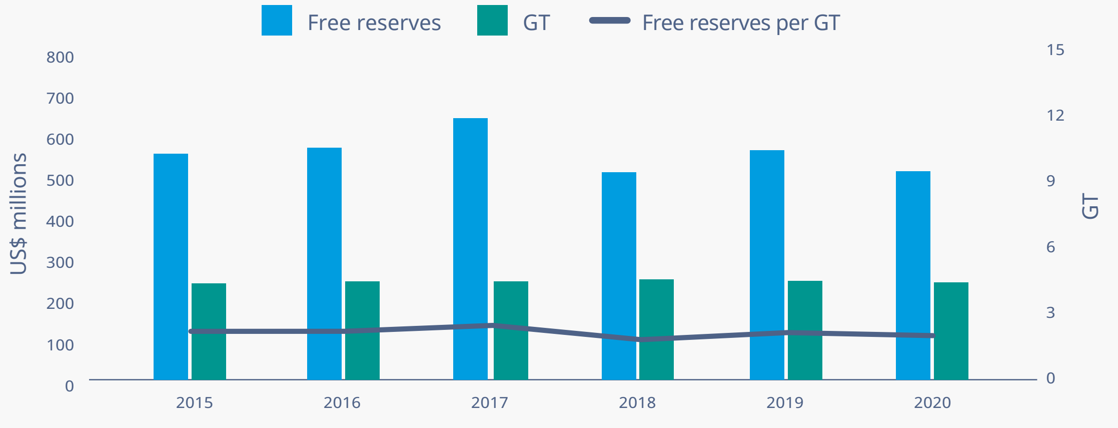
Key performance indicators

	2019	2020
Free reserves	558.9	507.1
Gross written premium	305.0	286.3
Net claims	-251.7	-272.5
Combined ratio	120.4%	150.0%
Balance available	1,388.0	1,399.0
Investment income	106.4	53.4
Total gross tonnage	240.0	237.0
Mutual GT	142.0	137.0
Reserves / gross call	183%	177%
Reserves / total liabilities	69%	60%
Solvency II CSCR ex AOF	167%	135%

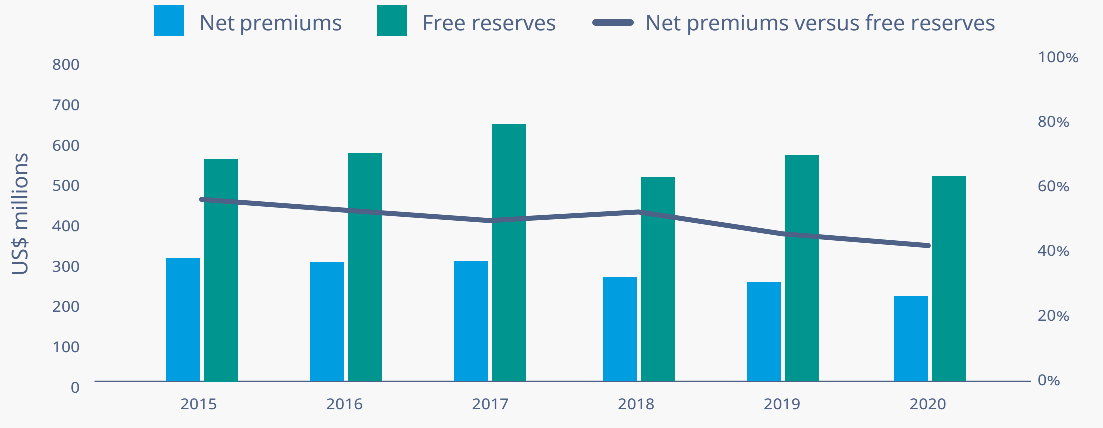
All figures in US$ millions

THE UK P&I CLUB

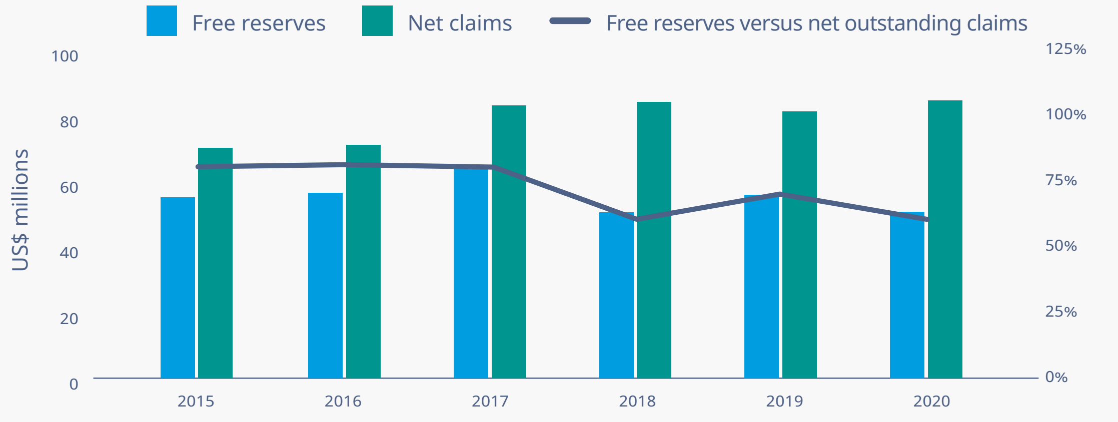
10| Free reserves



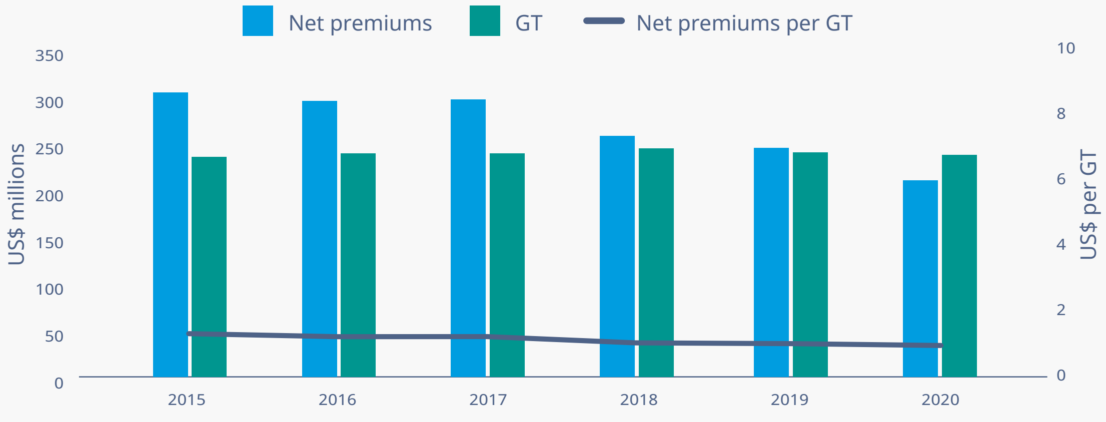
12| Net premiums



11| Net outstanding claims

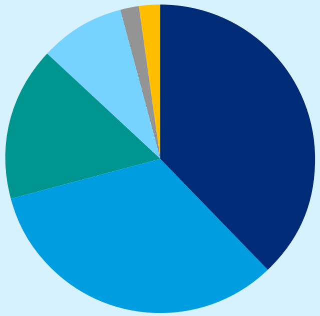


13| Net premium per GT

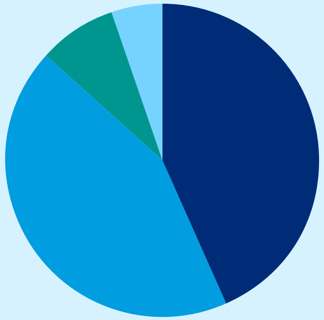


WEST OF ENGLAND | S&P RATING: A- (NEGATIVE)

Tonnage profile



Tonnage by area of management



Consolidated income and expenditure account (US$ 000's)	2016	2017	2018	2019	2020
Gross written premium	221,849	213,797	219,726	221,663	243,037
Reinsurance (RI) premiums	(40,172)	(37,496)	(38,646)	(39,908)	(41,281)
Net Calls	**181,677**	**176,301**	**181,080**	**181,755**	**201,756**
Net claims	(123,772)	(169,143)	(169,668)	(156,726)	(239,511)
Expenses	(34,688)	(35,392)	(37,438)	(38,182)	(42,606)
Surplus/(deficit)	**23,217**	**(28,234)**	**(26,026)**	**(13,153)**	**(80,361)**
Investment income and exchange	20,082	21,227	64,003	18,500	21,962
Unrealised investment income (net of gains and losses)	(4,326)	-	(35,402)	27,320	12,931
Tax	(1,998)	(1,210)	(3,251)	(1,186)	(1,790)
Surplus/(deficit)	**36,975**	**(8,217)**	**(676)**	**31,481**	**(47,258)**
Total balance available (total assets less RI recoveries)	732,539	769,659	754,186	788,712	877,619
Outstanding net claims liabilities (gross claims less RI)	(396,489)	(428,788)	(408,795)	(416,882)	(512,685)
Free Reserves	**306,512**	**308,533**	**306,373**	**338,147**	**291,134**
Net loss ratio	68.13%	95.94%	93.70%	86.23%	118.71%
Net combined ratio	**87.22%**	**116.01%**	**114.37%**	**107.24%**	**139.83%**

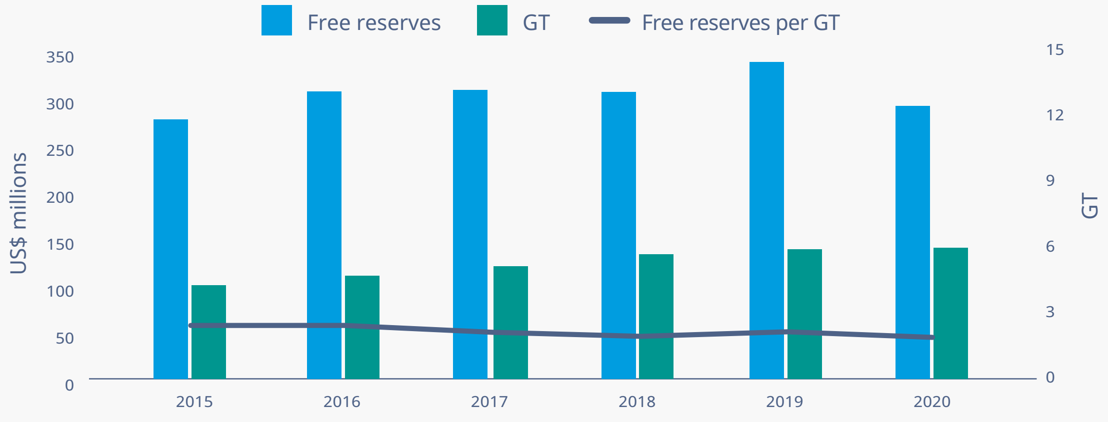
Key performance indicators

	2019	2020
Free reserves	338.1	291.1
Gross written premium	221.6	243.0
Net claims	(156.7)	(239.5)
Combined ratio	107.2%	139.8%
Balance available	788.7	877.6
Investment income	18.5	21.9
Total gross tonnage	138.2	140.1
Mutual GT	102.0	106.4
Reserves / gross call	153%	120%
Reserves / total liabilities	81%	57%
Solvency II CSCR ex AOF	183%	69%

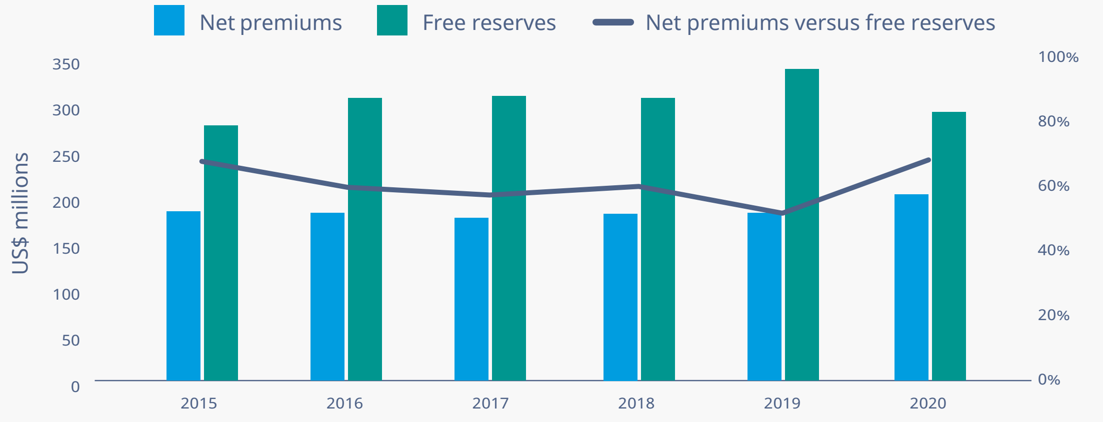
All figures in US$ millions

WEST OF ENGLAND

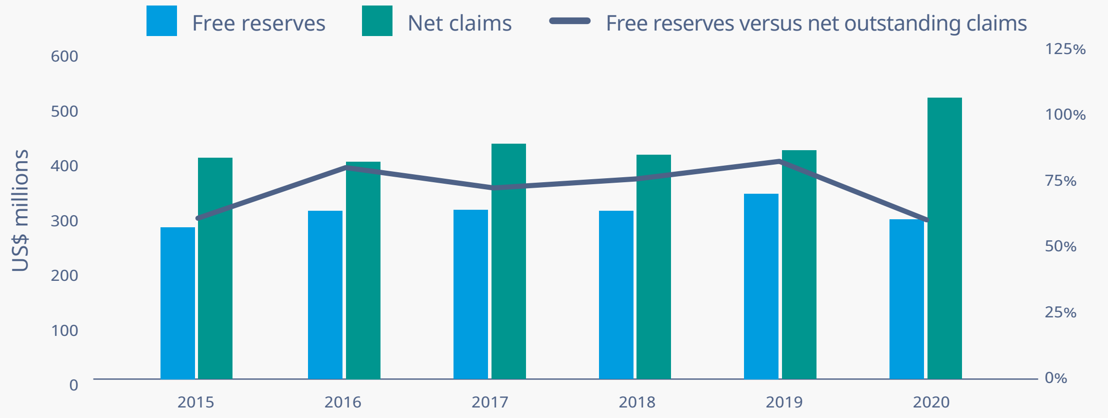
10| Free reserves



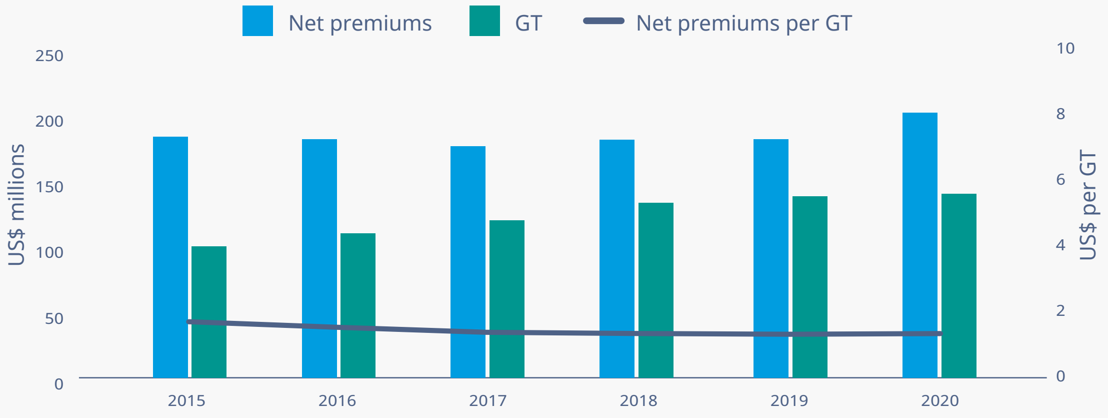
12| Net premiums



11| Net outstanding claims



13| Net premium per GT



Our global marine and cargo practice

With the right guidance, insurance programs, and risk mitigation strategies, maritime and logistics companies can skillfully navigate the changing risk landscape to minimize losses and liabilities, and exploit opportunities for future-proofing growth and resilience. We have the scale, scope, and market presence to solve almost any risk problem facing your organization.

US$4.7 bn
Approximate premium in 2020.

250+
Ports and terminals clients.

14%
Our P&I team handled 14% of the IG tonnage in 2020.

40%
of the premiums in the market for shipyards are handled by our team.

10%
Our P&I team handled 10% of the IG premium in 2020.

35
Countries with local marine expertise.

Our P&I specialist team

(Left to right): Hugh Hallett, Adam Starling, Ryan Witchard, Samantha Brandon, Matthew Cramp, Ben Dillon, Mark Cracknell, Nick Adams, Mark Sumsion, Nick Boyle, Spencer Gray-Nimmo, Tom Pitchell, Mark Thurston, Helen Fray, John Trew, and Ben Wiggett.

Not present: Gillian Birrell, Debbie Starling, and Sarah Lake.

Marsh

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