



Steamship
Mutual

Underwriting Presentation



Sarah Chase



Gary Field

Mutual Vision



Presentation Highlights



- 💡 Review of the Club's Underwriting Strategy
- 💡 What is the role of the P&I Underwriter?
- 💡 An early renewal for "Southampton Shipping" to negotiate with you
- 💡 Current underwriting challenges



Why work with Steamship Mutual?



Totally aligned with our Members

- Truly mutual – 100% energy & resources supporting you
- Management team dedicated to P&I
- Diverse membership – spread risk, shared experience
- No other business distractions



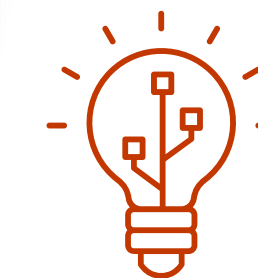
Financial strength & resilience

- S&P A rating – your risk in safe hands
- Free Reserves \$454m
- Capital returns to Members - \$90m in last 6 years
- Prudent Underwriting policy – 108.6% Combined Ratio last 6 years
- Reputational strength



Exceptional service ethos

- Listen to our Members
- Empathy is important - find ways to cover your claims
- Strong relationships give long term stability
- Deep technical knowledge / expertise to help you



Innovative & flexible cover solutions

- No “one size fits all” approach
- Innovative use of retentions
- Flex to suit your risk appetite
- Recognition of your cashflow & opex pressures

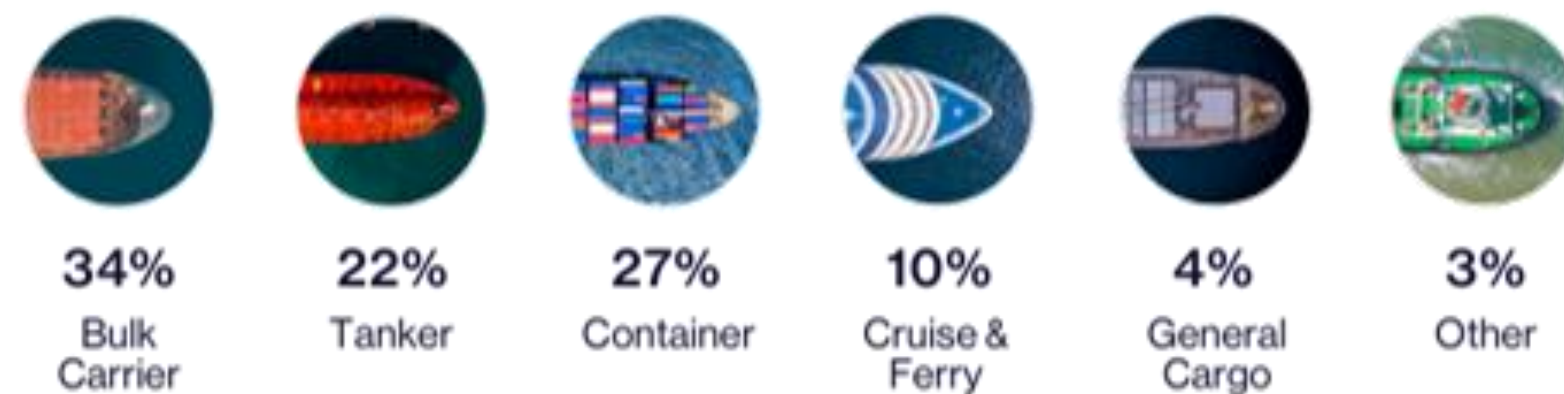


2023 Financial Highlights

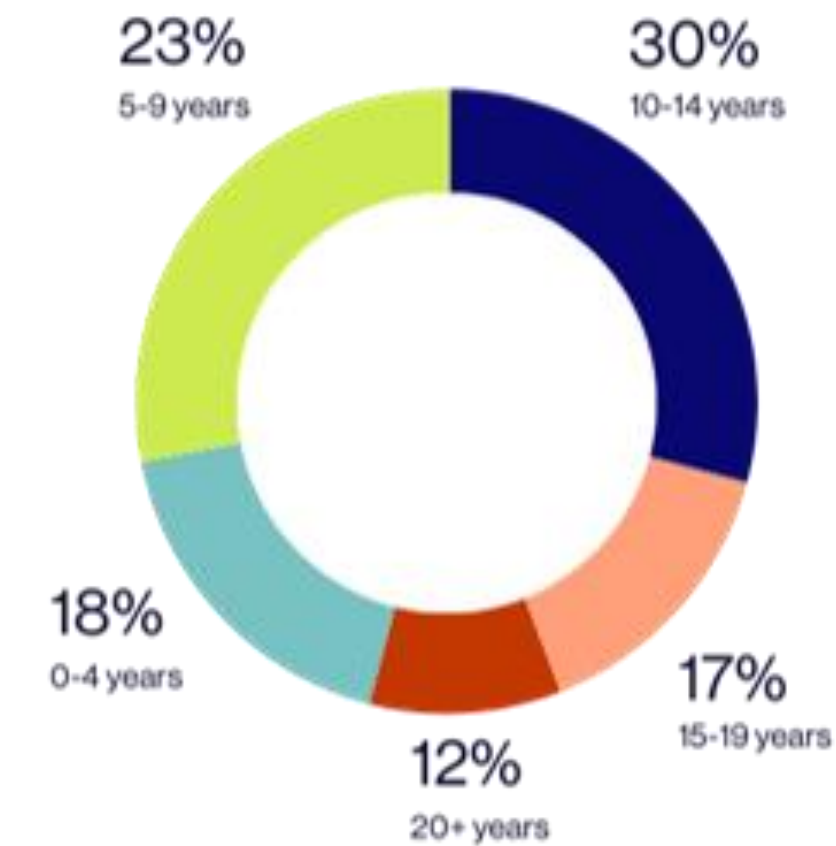
For the Year Ended 20 February 2023



Gross Tonnage by Vessel Type



Age of Vessel



Gross Tonnage by Region

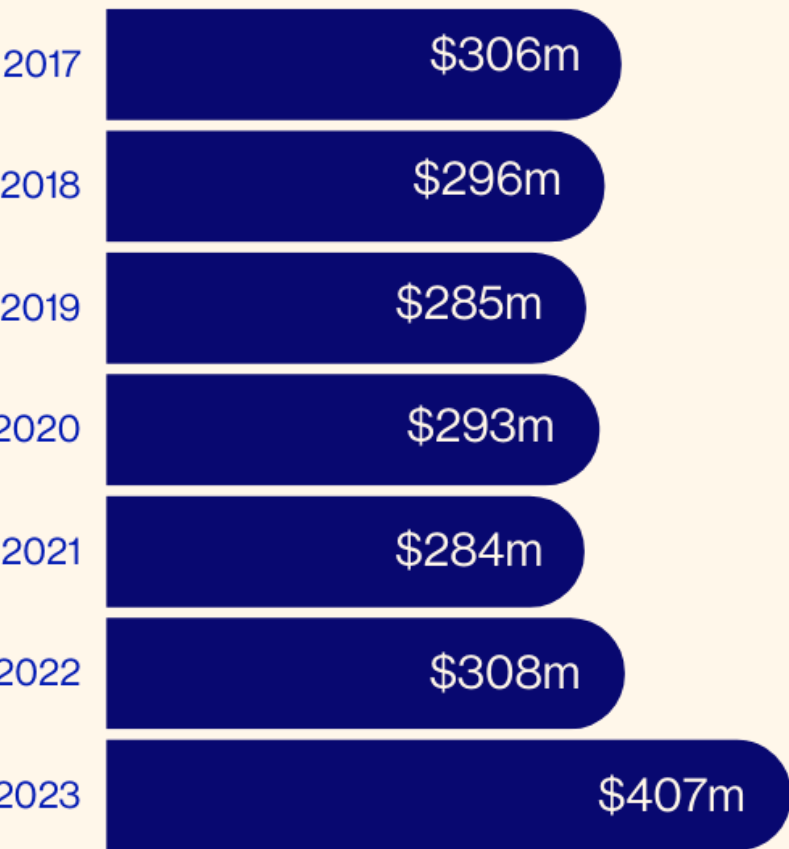


2023 Financial Highlights – Key Statistics

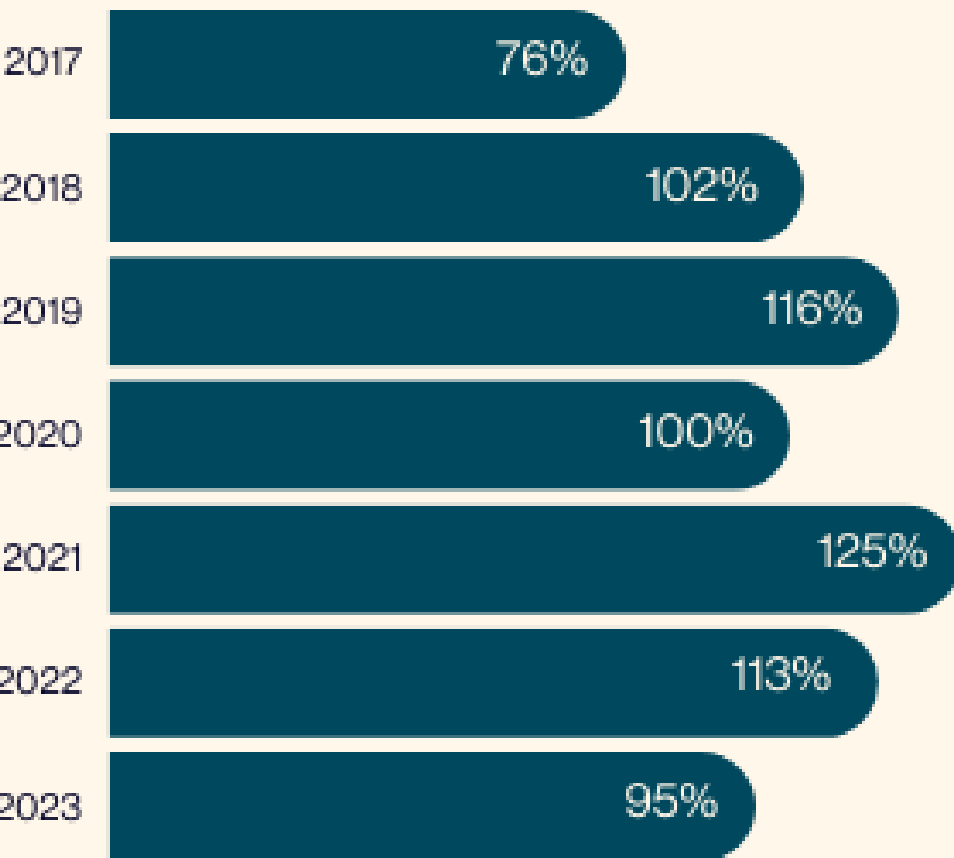
For the Year Ended 20 February 2023



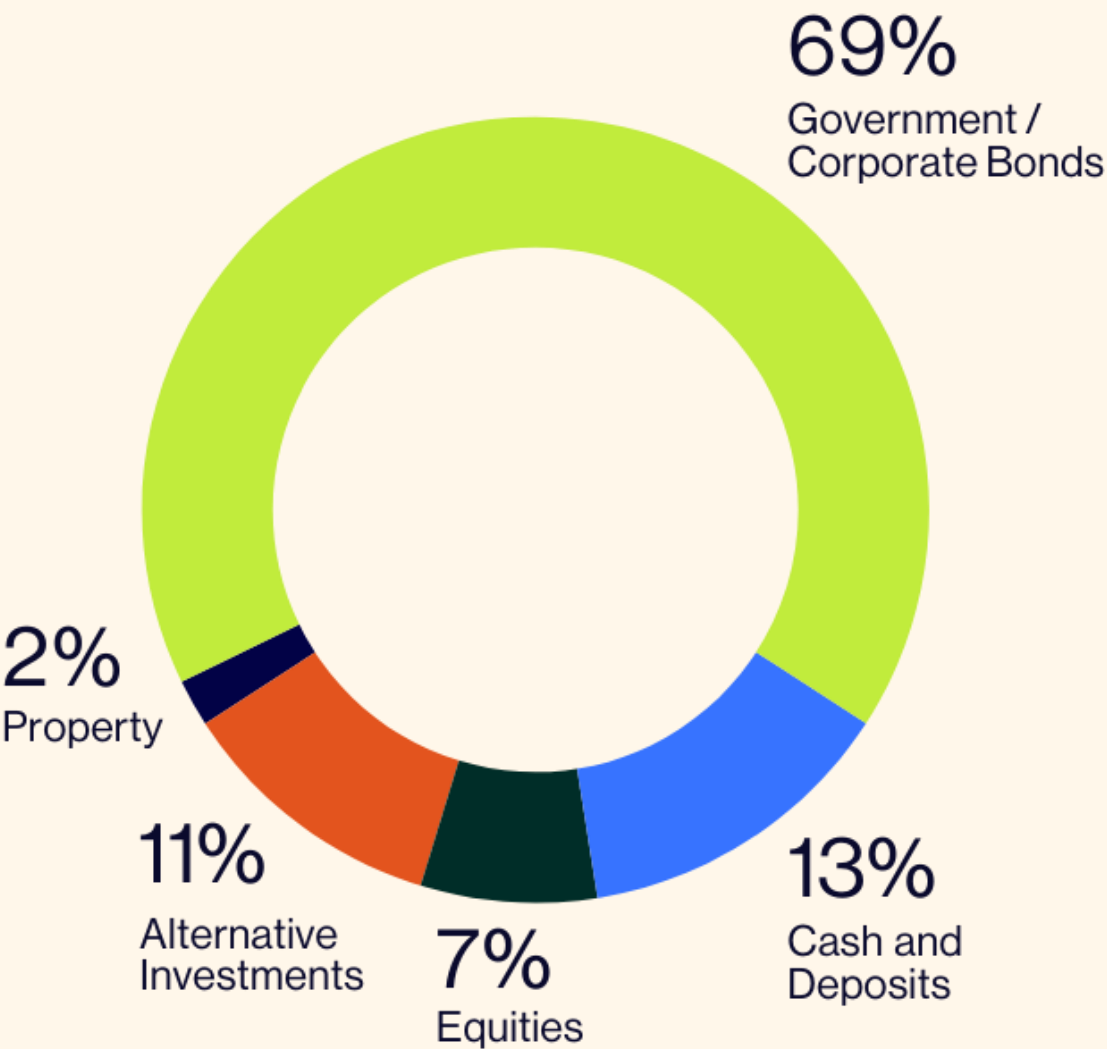
Gross Premium Written
US\$ millions



Combined Ratio
%



Asset Allocation



Free Reserves
US\$ millions



Investment Return
US\$ millions



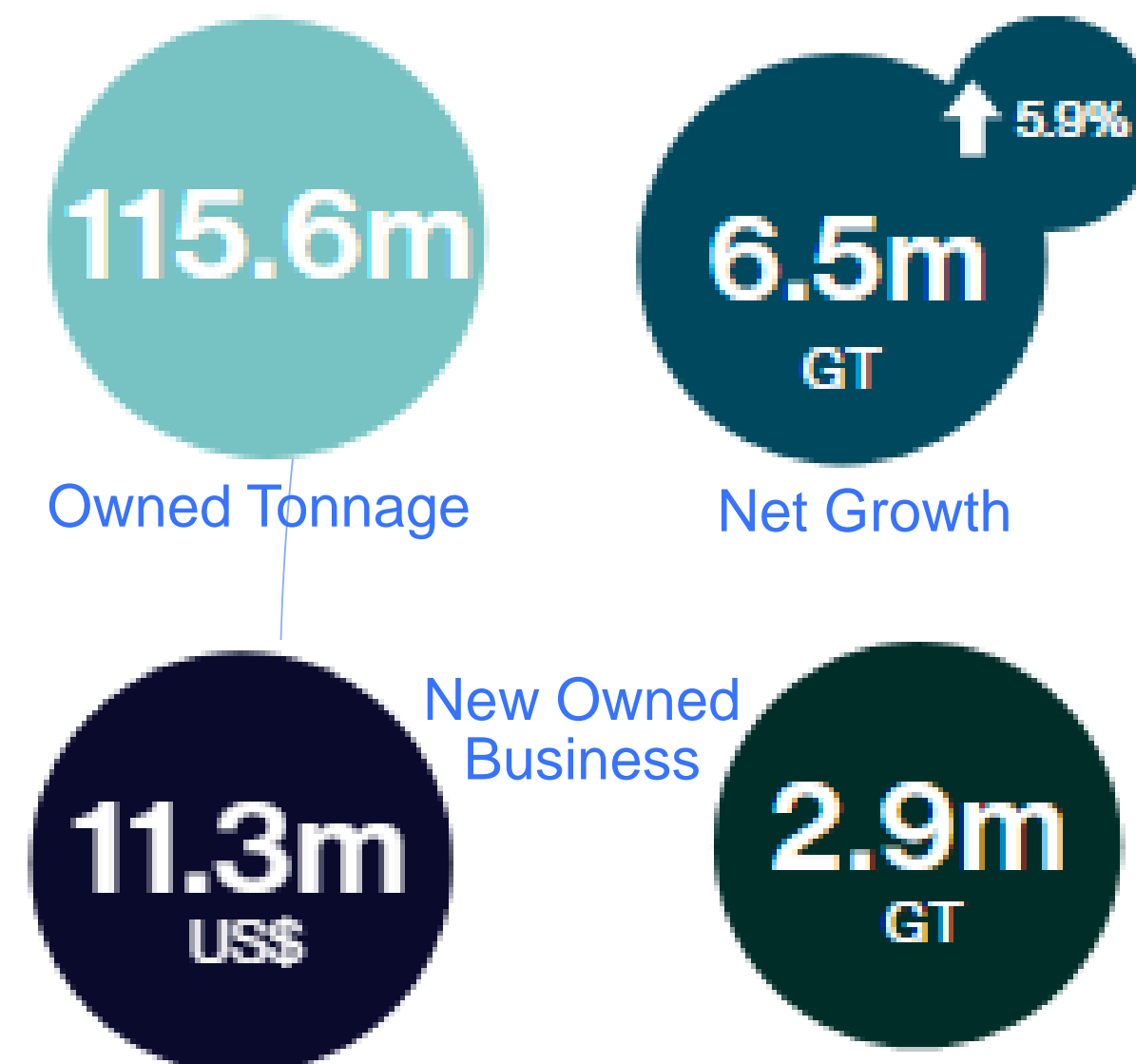
Renewal Season 2023 – Press Release

The Managers of Steamship Mutual are pleased to announce a successful renewal which will continue to strengthen the Club's financial position.

Gary Field, Head of Underwriting, noted that at the close of the 2022 policy year, the Club's owned tonnage was 115.6 million. When the renewal gains and losses are taken into account, net growth for the year is 6.5 million owned GT which amounts to an annual increase of approximately 5.9 %.

A number of quality new members, both owned and chartered, have joined the Club and we have also experienced consolidation within entries of existing fleets from other IG Clubs. In total, new owned business joining the Club amounts to US\$11.3 million and 2.9 million GT.

As always the Club appreciates the support of both Members and brokers during the renewal season.



2022 Policy Year

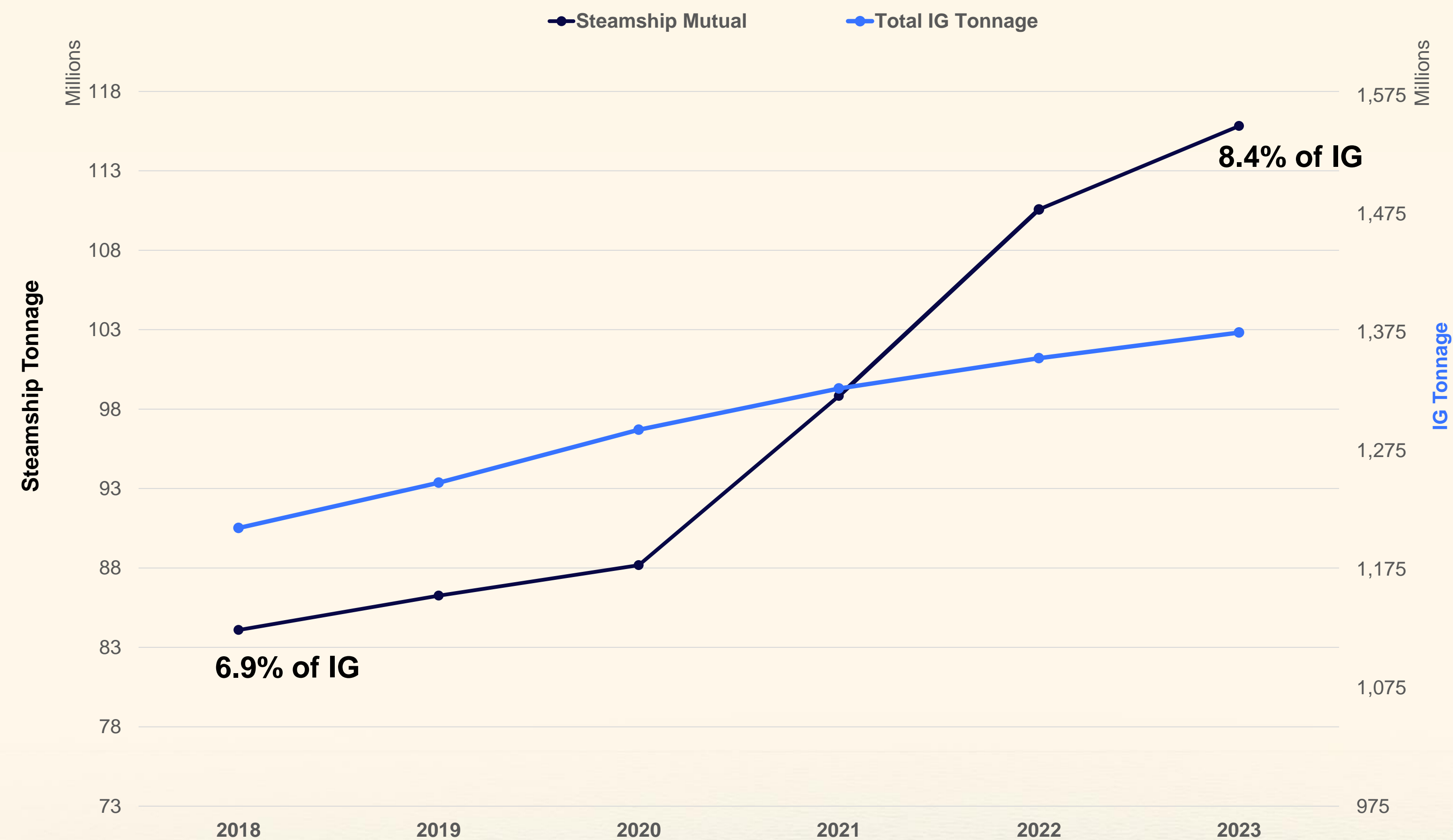


- Financial year combined ratio of 95.4%
- Policy year ratio of 94%
- Investment loss of US\$27 million
- Free reserves at US\$454 million at year end
- Owned tonnage growth of 5.9% including renewal (World fleet growth approx. 3%)
- Owned tonnage at start of the 2023 year is 117mGT
- Premium increase year on year of US\$24 million
- Total owned and chartered tonnage at year end over 200 million



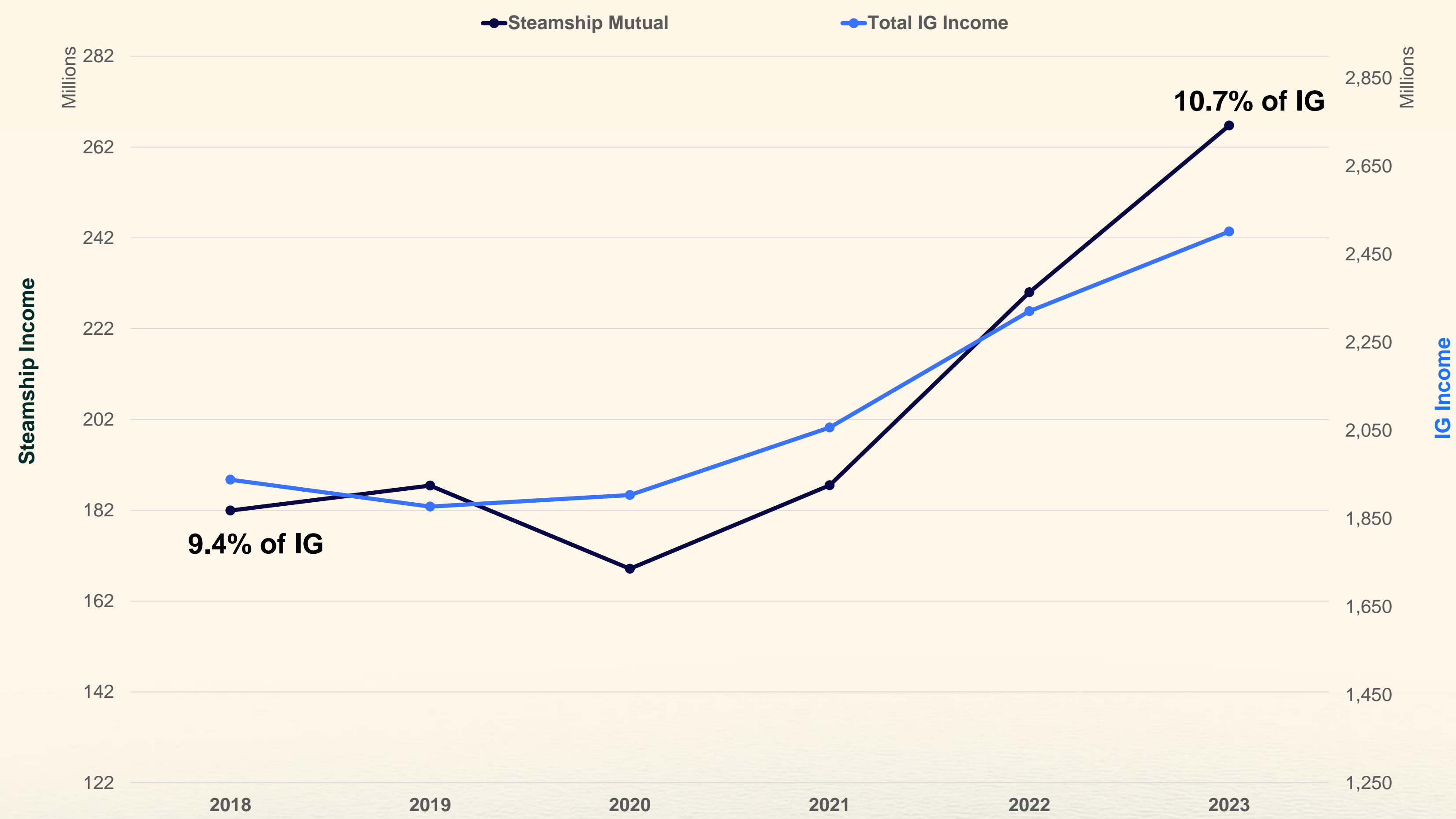
2023 Renewal Season-Tonnage and Premium Trends

Tonnage - Steamship vs IG



2023 Renewal Season-Tonnage and Premium Trends

Premium – Steamship vs IG



Underwriting Strategy



- Growth at a measured pace with emphasis on quality
- Build strong long-term relationships
- Achieve a balance between premium and claims + administration costs over rolling six-year period, allowing for exposure too
- Maintain diversity of the entry and avoid the risk of over concentration
- Use reinsurance to reduce volatility of claims experience
- Set premium that fairly reflects risk and avoids discrimination between Members



The Role of an Underwriter



What is the Role of the Underwriter?



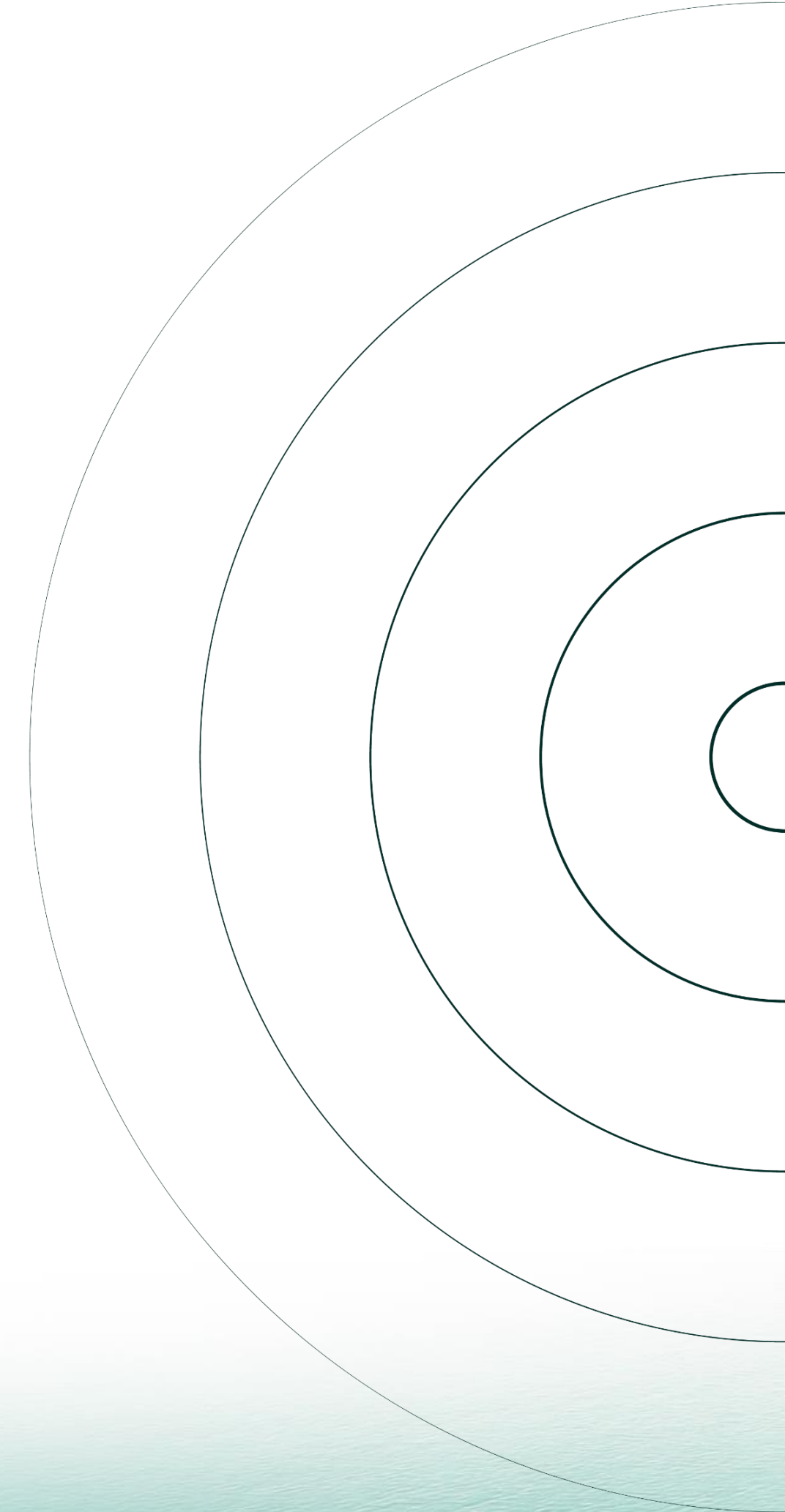
- Prepare and negotiate terms and conditions of entry
- Complete the renewal of covers annually
- Consider scope of cover required whether covered under the Rules or otherwise
- Contract review (Charterparties, indemnities etc.)
- “Housekeeping” duties such as:
 - Handling condition surveys
 - Dealing with documentation and invoicing
 - Managing premium collection
- Focal point for Member relations and marketing efforts



Underwriting Objectives



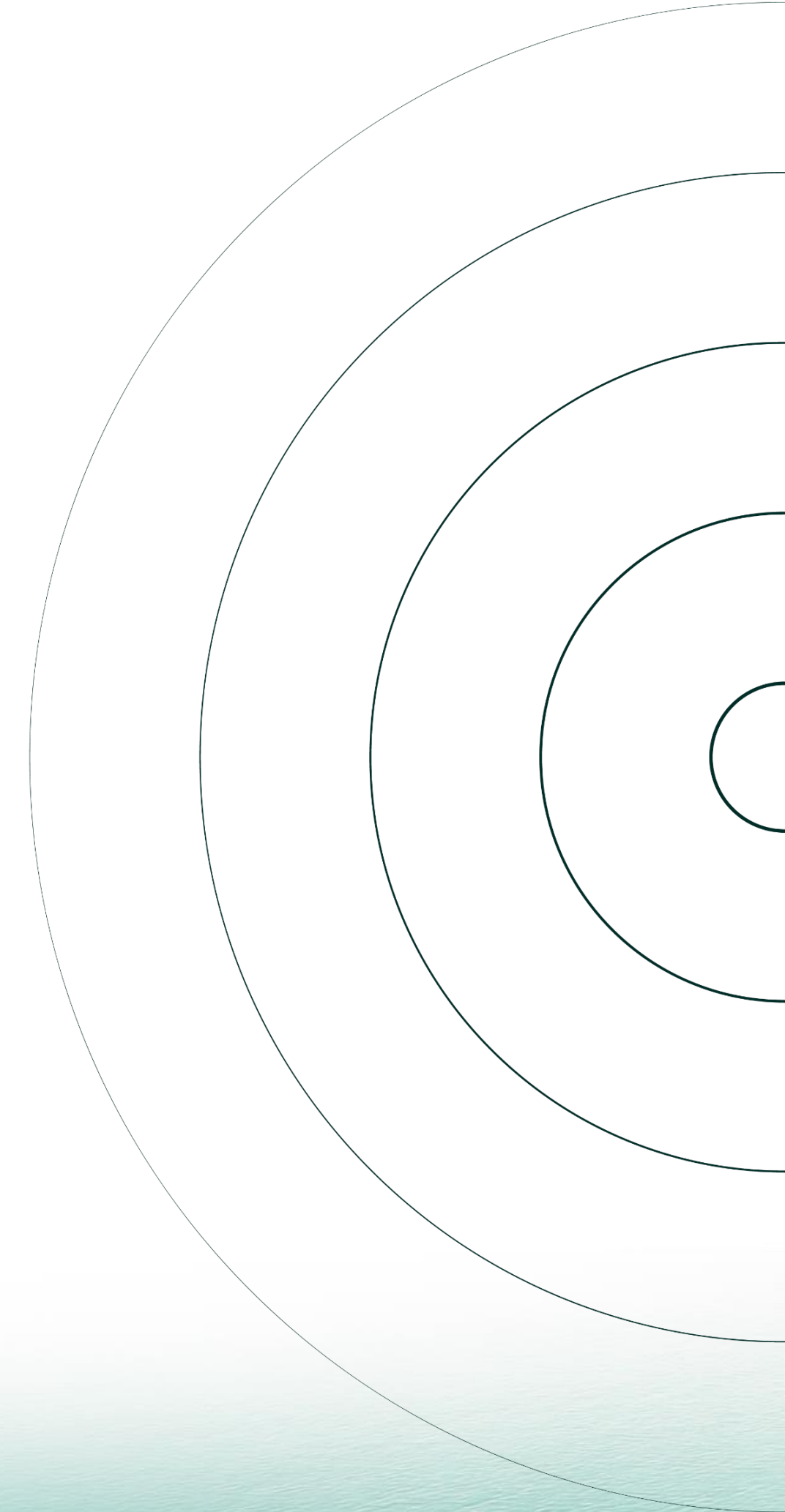
- Premium paid by each Member should fairly reflect the risks presented for the forthcoming year, taking proper account of record over time
- Overall premium should not be reliant on consistent subsidy from investment income
- Overheads and reinsurance costs should be fairly spread between Members
- Premium charged should include an element to meet the cost of infrequent large claims
- Large fluctuations in cost should be avoided where possible
- Cover provided should fit Members' needs, with any requirements for additional covers to be considered



Underwriting Methodology



- Consider the recent record of a Member and set premium to meet the expected claims based on this experience
- Review loss ratio reports, burning cost analysis, claims detail reports and other more detailed analysis
- Take account of the Club's reinsurance costs and other expenses
- Make allowance in the premium for exposure, including the occasional large claim, as required
- Review the risk in the light of available underwriting information and disclosure
- Consider risk retention levels, i.e. deductibles, AADs





Renewal Scenario



Renewal for Southampton Shipping



- Southampton Shipping operates an owned fleet of 36 bulk carriers and tankers
- The current entry with the Club has an annualised total GT of 1m with a Mutual Premium of \$31.3m
- A number of older vessels have been sold in recent years and a series of larger new buildings have been entered in their place
- The Members are intending to focus more on the bulker sector going forward
- They have increased their deductibles significantly over the last two renewals
- The Acceptable Loss Ratio for the fleet is 26%

Summary Loss Ratio Reports – Example 1



Owned Mutual Summary Loss Ratio report

Member Group SOUTHAMPTON SHIPPING

Type of business: Owned, Policy group: Class 1 P&I

Currency: UNITED STATES DOLLARS

Member Policy Year	Total Claims Estimate	Total Claims Paid	Total Claims Outstanding	US\$ Abatement retention	Estimated Abated Claims	Net Premium	Loss Ratio %	Abated Loss Ratio %	Capital Return
2017	72,365	72,365	0	1,800,000	72,365	1,405,183	5.1%	5.1%	0
2018	118,780	108,780	10,000	1,800,000	118,780	1,156,740	10.3%	10.3%	(113,406)
2019	400,515	388,809	11,706	1,800,000	400,515	2,104,827	19.0%	19.0%	(138,724)
2020	1,347,249	918,368	428,881	1,800,000	1,347,249	1,366,819	98.6%	98.6%	0
2021	111,694	103,096	8,598	3,500,000	111,694	1,249,696	8.9%	8.9%	0
2022	214,605	199,065	15,540	3,500,000	214,605	1,227,317	17.5%	17.5%	0
Sub total:	2,265,208	1,790,483	474,725		2,265,208	8,510,581	26.6%	26.6%	(252,130)
2023	283,000	57,840	225,160	3,500,000	283,000	1,304,849	21.7%	21.7%	0
Total:	2,548,208	1,848,323	699,885		2,548,208	9,815,429	26.0%	26.0%	(252,130)

Summary Loss Ratio Reports – Example 2



Owned Mutual Summary Loss Ratio Report

Member Group SOUTHAMPTON SHIPPING

Type of business: Owned, Policy group: Class 1 P&I

Currency: UNITED STATES DOLLARS

Member Policy Year	CLAIMS COSTS					REINSURANCE COSTS			Total Abated Claims & RI Cost	Net Premium	Loss Ratio incl RI Costs %	Capital Return
	Total Claims Estimate	Total Claims Paid	Total Claims Outstanding	US\$ Abatement retention	Estimated Abated Claims	Retention Costs	Group Pooling Costs	Group Excess Loss Costs				
2017	72,365	72,365	0	1,800,000	72,365	414,424	104,970	207,426	799,185	1,405,183	56.9%	0
2018	118,780	108,780	10,000	1,800,000	118,780	342,560	81,070	240,158	782,568	1,156,740	67.7%	(113,406)
2019	400,515	388,809	11,706	1,800,000	400,515	432,281	188,229	982,893	2,003,919	2,104,827	95.2%	(138,724)
2020	1,347,249	918,368	428,881	1,800,000	1,347,249	311,741	138,734	513,281	2,311,005	1,366,819	169.1%	0
2021	111,694	103,096	8,598	3,500,000	111,694	263,986	177,360	469,595	1,022,635	1,249,696	81.8%	0
2022	214,605	199,065	15,540	3,500,000	214,605	279,597	132,567	505,962	1,132,731	1,227,317	92.3%	0
Subtotal:	2,265,208	1,790,483	474,725		2,265,208	2,044,589	822,929	2,919,316	8,052,043	8,510,581	94.6%	(252,130)
2023	283,000	57,840	225,160	3,500,000	283,000	272,707	129,431	557,092	1,242,230	1,304,849	95.2%	0
Total:	2,548,208	1,848,323	699,885		2,548,208	2,317,296	952,360	3,476,408	9,294,273	9,815,429	94.7%	(252,130)

Burning Cost Report

Type of Business: Owned

Policy Group: Class 1 P&I

Report ref: Burning Cost Report



Historic Vessels 'As-if' Burning Cost Report

Cover Currency: UNITED STATES DOLLARS

Member Group SOUTHAMPTON SHIPPING

US\$ exchange rate: NA

Using as if abatement retention of US\$ 3,500,000

All vessel types

Member Policy Year	Pro rata no of vessels	Pro rata GT	Net estimate before AAD	Abated net estimate before AAD	Abated Claims per GT	Inflator	Abated inflated net estimate	Inflated claims per GT	Club Wide IBNR Factor	Abated Projected inflated net estimate	Projected abated claims per GT
2017	49	479,835	72,365	72,365	0.15	1.13	81,917	0.17	1.01	82,354	0.17
2018	34	541,660	118,780	118,780	0.22	1.11	131,371	0.24	1.02	133,983	0.25
2019	50	1,962,847	400,515	400,515	0.20	1.09	434,559	0.22	1.05	456,853	0.23
2020	41	1,166,156	1,347,249	1,347,249	1.16	1.07	1,442,903	1.24	1.09	1,566,500	1.34
2021	38	1,088,366	111,694	111,694	0.10	1.04	116,050	0.11	1.18	136,449	0.13
2022	35	951,943	214,605	214,605	0.23	1.00	214,605	0.23	1.40	300,610	0.32
Sub Total:	248	6,190,806	2,265,208	2,265,208	0.37		2,421,406	0.39		2,676,750	0.43
2023	36	1,000,049	283,000	283,000	0.28	1.00	283,000	0.28	16.92	3,736,887	3.74
Grand Total:	284	7,190,855	2,548,208	2,548,208	0.35		2,704,406	0.38		6,413,636	0.89

Other considerations



Review of the Club's Underwriting Strategy

- Deductibles
- AADs



Other covers

- War Risks and K&R
- FD&D
- Extra Covers
- Charterers' Liability



Current Challenges



Current Underwriting Challenges



Sanctions

- Ever changing situation
- Clubs advising on a wide range of issues



Churn

- Rates per ton fall but claims still need to be paid
- The implications of uncontrolled growth may not become apparent quickly



Consolidation and Mergers

- Creating opportunities or increasing pressures?

Any Questions?

