



January 2017

To the Members

Dear Sirs,

FINANCIAL UPDATE

At their Board Meeting in Mumbai on 24 January the Directors reviewed the financial position of the Club and have asked the Managers to bring the Members up to date with developments.

Tonnage

The Directors were pleased to note the continued growth in the Association's owned entry, of 5.9 million tons, in the period 20 February to 20 January 2017, increasing the combined owned and chartered entry to 135 million tons overall. Much of this growth comes from existing Members, increasing the proportion of their fleet entered with the Club, and also high quality fleets joining the Club as new Members. The Managers remain committed to a policy of careful risk selection and close attention to individual Member records.

Underwriting results

2016/17 Policy Year

The total value of estimated claims within the Club's retention, both in severity and in number, remains significantly lower than at the same point in recent years. With no new claims being notified by the Group Clubs in the third quarter, the incurred experience on the International Group Pool is also lower than last year.

2015/16 and Prior Years

Reviews for three quarters of the year show a broadly favourable claims development with projected reserve releases in line with the Board's expectations.

Investments

In the eleven months ending 20 January the Club has recorded a return of 2.5% excluding currency movements, which are allocated to the underwriting result.

Reinsurance

As was reported in our circular L.289 there have been reductions for all owner Members in the cost of the International Group Excess of Loss reinsurance contract and the Hydra reinsurance programme for 2017/18.

Following the removal of US domiciled reinsurers from the Group Excess Loss contract for the 2017/18 policy year, the fall-back cover arranged for the 2016/17 policy year, designed to respond to US reinsurer shortfall by reason of sanctions, has not been renewed for the forthcoming policy year.

L.292

STEAMSHIP MUTUAL UNDERWRITING ASSOCIATION LIMITED

Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority

(Registered in England and Wales – Registration number 105461. PRA and FCA registration number 202548)

MANAGERS: STEAMSHIP P&I MANAGEMENT LLP

SPIM is an appointed representative of Steamship Insurance Management Services Limited which is authorised and regulated by the Financial Conduct Authority

(Registered in England and Wales – Registration Number OC376859. FCA registration number 597046)

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Capital Management

As a result of the continuing excellent underwriting performance and positive investment return the Managers are pleased to report that a further strengthening of the Clubs' free reserves is expected at the end of the policy year.

In accordance with the decision of the Board in October 2016, 10% of premium paid on mutual entries in the 2014/15 policy year was returned to Members in November. In October 2017 the Directors will consider whether further returns of premium should be made.

Yours faithfully,

**THE STEAMSHIP MUTUAL UNDERWRITING
ASSOCIATION LIMITED**

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