



May 2018

## To the Members

Dear Sirs,

### **FINANCIAL UPDATE AND 2018 RENEWAL**

The Reports and Accounts of Steamship Mutual Underwriting Association Limited, The Steamship Mutual Underwriting Association (Bermuda) Limited and The Steamship Mutual Trust were approved by their respective Directors at Board Meetings held in London, United Kingdom, on 14 and 15 May, and will be published together in July. In advance of their publication, the Directors have asked the Managers to bring the Members up to date with the combined financial position.

#### **Financial Results**

Over the course of the 2017/18 policy year, free reserves increased by US\$5.7 million to US\$516.0 million. The financial year underwriting deficit of US\$31.1 million, producing a combined ratio of 112.8%, reflected a higher level of retained and Pool claims in 2017/18 than in the preceding year. However, this includes US\$25.6 million of premium returned to the Members in November 2017, without which the underwriting deficit would have been \$5.5million, and the combined ratio 102.1%.

For the 2017/18 policy year, when compared to the preceding policy year, the Club experienced an increase in the average value of claims in the layers below US\$250,000, although the overall cost was comparable to earlier years. The number of larger claims, in excess of \$250,000, was similar too, but the average cost was higher because of three pool claims affecting Club Members. IG pool claims were also substantially higher than in 2016/2017.

Overall net estimated claims, including IBNR provision and allowing for reinsurance recoveries, were US\$229.0 million, 23.4% higher than the 2016/17 policy year at the same point. Prior policy years continued to develop favourably, although releases from claims reserves were less than in previous years.

The combined investment portfolio recorded an overall gain of US\$39.3 million before fees, a return of 3.5%, excluding favourable currency movement.

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#### **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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### **2018 Renewal**

The Board decided that, for a fourth successive year, no general increase should be applied at renewal. Including the projected value of higher deductibles and other changes in terms, premium for owned entries fell by 0.3% on a like for like basis.

### **Tonnage**

The level of entered tonnage rose during the year and at renewal by 7.3 million GT to 158.6 million GT.

### **2015/16 Policy Year**

The Directors reviewed the position in relation to the open years and resolved that the 2015/16 Class 1 P&I and Class 2 FD&D years be closed without further calls.

### **Release calls**

The Directors decided to move the present release call levels forward by a year so that Class 1 P&I and Class 2 FD&D will be subject to release calls as follows:

2016/17: 0%

2017/18: 2.5%

2018/19: 12.5%

### **Capital Management**

In October of this year, as part of its annual overall review of projected capital requirements and capital resources the Board will consider another return of premium to Members and the level of release calls.

Yours faithfully,

**STEAMSHIP MUTUAL UNDERWRITING  
ASSOCIATION LIMITED**

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