



October 2018

Dear Member,

## Financial Update and 2019 Renewal

At a Board Meeting in New Orleans, USA on 23 October 2018 the following developments were reported.

### Tonnage

The Directors were pleased to note the continued growth in the Association's owned entry, 1.8 million tons in the period 20 February to 20 September 2018, increasing the combined owned and chartered entry to over 160 million tons.

### Underwriting results

#### 2018/19 Policy Year

On the basis of owned claims reported to date, the overall cost of claims for the current year is lower than the same point last year and compares favourably with the average experience of the last six years. Whilst the number of claims estimated in excess of US\$250,000 is slightly higher than in recent years, the average cost of those claims this year is notably lower - underlining the volatile nature of larger claims.

Pool claims are higher in value at this point of the year's development than in 2017/18, albeit with fewer claims. Eight claims have been reported of which one is provisional. Whilst the value of claims is higher than the previous three years, they are in line with the longer term average. However, estimates at this level (in excess of the Club's retention) are more volatile than those which do not reach the Pool. Pool claims estimates are still immature at this stage and their future development remains uncertain.

#### 2017/18 and Prior Years

Years up to and including 2014/15 have developed in line with expectations as has the recent 2017/18 year, whereas the 2015/16 and 2016/17 years continue to show deterioration in some claim categories. The overall result is that the release from prior years is slightly below expectations.

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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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## Investments

In the seven months ending September the Club has recorded a return of 0.8% excluding currency movements.

## Capital Management

Having considered the Club's overall exposure to risk and its continued financial strength, the Bermuda Board decided to make a distribution to Members. This will amount to 10% of premium paid for Class 1 P&I mutual entries in the 2018/19 policy year, in respect of vessels whose entries are renewed for the 2019/20 policy year. This distribution will appear on Members' statements shortly after the February 2019 renewal.

## 2019/20 Premium Ratings

The Directors considered claims trends and noted the reduction in premium churn when compared to previous years. In view of the Club's very strong financial position, they decided that for a fifth successive year no standard increase will be applied to any class of business for the 2019/20 policy year.

As usual the Managers have been instructed to correct individual Member premium ratings where necessary and to pass on to Members any adjustments in the costs of the International Group reinsurance programme, whether up or down.

## Release Calls

After reviewing the development of open policy years and the overall financial position of the Club the Directors decided to reduce release calls for Class 1 P&I and Class 2 FD&D entries as follows:

2016/17: 0%

2017/18: 0%

2018/19: 10.0%

The release call for the 2019/20 policy year will also be set at 10.0%.

Yours faithfully,

**STEAMSHIP MUTUAL UNDERWRITING  
ASSOCIATION LIMITED**

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