

Club Circular

Financial Update and 2026 Renewal Board Meeting Report

October 2025

Dear Members

At the Board Meeting held in Seattle on 21 October 2025, the following developments were reported:

Highlights

- The Club's own claims for the 2025/26 policy year at six months are higher than budget expectations.
- At six months, five International Group (IG) Pool claims have been reported by Clubs for the 2025/26 policy year.
- Prior year own claims and contributions to other Clubs pool claims are developing worse than budget.
- At 20 September the investment return amounts to US\$65 million.
- At 20 October owned tonnage is up 3.3% to 139 million GT.
- At the 2026/27 renewal there will be an 8% general increase applied to premium on all classes of business
- At the 2026/7 renewal general deductible increases will be applied for all Members.

Underwriting Results

2025/26 Policy Year

The Club's estimated retained claims for the 2025/26 policy year at the six month point (20th August 2025) were significantly higher than expected, driven by the number of large claims reported. Attritional claims (those reserved at US\$250,000 or less) are similar to last year and show only a modest increase over time.

Five claims have been reported to the IG Pool that exceed Club retention (US\$10 million), including one from Steamship (and another where the Club has a quota share with other Clubs). At the same point last year, seven claims exceeding Club retention had been notified of significantly higher value than this year.

2024/25 and Prior Years

At six months the overall development of the Club's prior year claims was worse than budgeted notably for the 2024/25 policy year. There was a general deterioration in all business classes (except FD&D) and in IG Pool claims provisions. There were an additional eight 2024/25 Pool claims reported by all Clubs, alongside deterioration in existing claims (bringing the total to 23 Pool claims in that year).

Tonnage

The Directors were pleased to note the continued growth in the Club's owned entry by 5.4 million GT in the period 20 February to 20 October 2025, increasing the owned entry to 139 million GT. The Managers are most grateful for the support given to the Club from the Members and their brokers.

Investments

Total invested assets have increased to US\$1.5 billion. In the seven months ending September 2025, the Club recorded a return of 4.3%, excluding currency movements, amounting to US\$65 million.

2026/27 Premium Ratings

Premium levels are under pressure due to the increasing frequency and severity of claims, both within retention and the Pool. The Board decided that there should be a general increase of 8% in premium ratings for all classes of business.

In addition, the Board decided that all deductibles in respect of P&I, Damage to Hull and Extra Covers should apply to both the underlying claim and all associated fees, costs and expenses. In respect of FD&D covers, the minimum deductible will be increased to no less than US\$10,000 and the maximum Member contribution to no less than US\$75,000.

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 IG reinsurance program.

Capital Management

The Board noted the Club's continuing financial strength and capital position. However, given the elevated claims being experienced by the Club, it was decided not to make a capital distribution at this time.

The Club's S&P Global rating remains 'A' with a stable outlook, and the Club's capital is expected to remain well above S&P's requirement.

Release Calls

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

- 2023/24: 0%
- 2024/25: 10%
- 2025/26: 15%

Appointment of new Director

Mr. Joao Sichieri Moura of Vale was elected to the Bermuda Club Board.

Yours faithfully,
Steamship Mutual Underwriting Association (Europe) Limited.

Circular No. E.123