



Club Circular

Japan Board Meeting – Financial Update

January 2026

To the Members

At the Board meeting, held in Tokyo on 27 January 2026, the following developments were reported in respect of the Steamship Mutual group of companies.

Highlights

- The Club's own incurred claims for the third quarter of the 2025/26 policy year were in line with expectations.
- Prior year own claims and contributions to other Clubs' Pool claims have improved over the last quarter but remain higher than forecast.
- Six claims on the International Group (IG) Pool have been reported by Clubs for the 2025/26 policy year.
- The Club's financial year-combined ratio in 2025/26 is expected to exceed break-even but recover in 2026/27.
- After 10 months, the Club recorded an investment return of US\$83 million.
- Owned tonnage increased to 140 million GT in the 10 months to 20 December.

Underwriting Results

2025/26 Policy Year

Following an unusually high frequency of large claims reported after six months of the policy year, the Club's own claims experience in the third quarter was more in line with expectations. The Club has incurred one claim which has exceeded the Club's US\$10



million IG Pool retention (and another Pool claim where the Club has a quota share with other Clubs)

Six claims have been reported to the IG Pool that exceed Club retention. The value of incurred claims in the Pool are lower than the equivalent 2024/25 policy year experience, but higher than the previous six-year average. They remain broadly in line with expectations.

2024/25 and Prior Policy Years

The overall development of prior year claims improved in the third quarter, particularly for the Club's own claims, but projections remain worse than budgeted, notably for the 2024/25 policy year.

Investments

In the 10 months ending December 2025, the Club's investments, excluding currency movements, recorded returns of US\$83 million or 5.6% with all asset classes performing well.

Renewal 2026/27

The Directors received a report on renewal progress and thank the Members for their continued support.

Reinsurance

Changes in the cost of the International Group Excess of Loss reinsurance contract and the Hydra reinsurance programme for 2026/27 were reported in the Club's December Circular [L.471](#)

Tonnage

The Directors were pleased to note the continued growth in the Club's owned entry by 4.3% in the period 20 February 2025 to 20 December 2025, increasing the total owned entry to over 140m GT.

Capital Management

The Board noted the Club's continuing financial strength and were pleased to note that S&P Global affirmed the Club's "A" rating with a Stable outlook in December 2025.



Steamship
Mutual

The Board's policy is to make capital distributions when appropriate, but as reported in October 2025, in view of the current volatility in claims, the Board continues to believe it is prudent not to make a capital distribution at this time.

Yours faithfully,
Steamship Mutual Underwriting Association Limited.

Circular No. L.475

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 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) 155 Bishopsgate, London EC2M 3TQ - Tel + 44 20 7247 5490