

Dear Member,

The following developments were reported at the Club's Board meeting in Seoul on 4 February.

Tonnage

The Directors were pleased to note the continued growth in the Association's owned entry; 3.7m GT in the period 20 February 2019 to 20 January 2020, increasing the combined owned and chartered entry to over 165m GT.

Claims Development**2019/20 Policy Year**

In comparison to the first half of the year, claims development for the second half of this year so far has been favourable. After 11 months of development attritional claims remain stable and large losses (those estimated in excess of US\$ 250,000) are now in line with the average of the previous five years.

Pool claims affecting all Clubs in the International Group are at similar levels to those of 2018/19, at the same point of development, and higher than in previous years. It is quite possible that this indicates an upward trend in the cost of claims in the pool.

2018/19 and Prior Years

The Club's own prior year claims, within its retention, have developed more favourably than projected over the 3rd quarter ending 20th November 2019; whilst the Club's exposure to pool claims is in line with projections.

Renewal 2020/21

Despite some positive claims developments over the course of the current year, the Club is forecasting a combined ratio in excess of 100%. The General Increase ordered last October is intended to address the underwriting position.

Investments

In the eleven months ending 20th January the Club has recorded a 5.5% investment return, amounting to US\$58 million, excluding the impact of currency movements.

Reinsurance

As was reported in Circular [L.337](#) the cost of the International Group Excess of Loss reinsurance contract and the Hydra reinsurance programme for 2020/21 is unchanged.

Capital Management

The Bermuda Club will make a distribution to Members amounting to 7.5% of premium paid for Class 1 P&I mutual entries in the 2019/20 policy year, in respect of vessels whose entries are renewed for the

2020/21 policy year. This distribution will appear on Members' statements shortly after the February 2020 renewal.

The Directors will consider further capital distribution(s) to the Members, in due course.

Steamship Mutual Underwriting Association (Europe) Limited

Steamship Mutual Europe (SMUAE), a member of the International Group, will begin operating in Limassol, Cyprus on 20th February 2020, with support from Athens and London.

In line with Steamship Mutual London, the new Club has an S&P "A" rating, reflecting the Steamship Mutual Group's continued financial strength.

SMUAE will accept entries of Members whose place of management is within the EEA and certain other jurisdictions (including Switzerland and Monaco). The Rules, the scope and types of cover, the levels of service, and the financial security of SMUAE will be the same as those of Steamship Mutual London.

If Members have any questions their usual Club contacts will be happy to address them.

Yours faithfully,

STEAMSHIP MUTUAL UNDERWRITING
ASSOCIATION LIMITED