



January 2016

To the Members

Dear Sirs,

FINANCIAL UPDATE

At their Board Meeting in Dubai on 26 January the Directors reviewed a number of matters, including the financial position of the Club. They have asked the Managers to bring the Members up to date with developments.

Between 20 February 2015 and 20 January 2016, owned entered tonnage rose by a net total of 3.2 million tons, increasing the combined owned and chartered entry to 128 million tons overall. This figure is ahead of expectations and reflects the continued support that the Club is receiving from existing Members; including those that have only recently entered vessels with the Club.

The current policy year claims experience has improved over the last three months and the overall cost of claims is now 6% higher than last year. The total value of claims in the layer up to US\$250,000 remains slightly lower than last year, with 3% fewer claims being partially offset by a 1% increase in the average cost of those claims. The number of claims estimated in excess of US\$250,000 is 17% lower than last year and the average cost of those claims, while still a third higher than last year, has reduced significantly in recent months.

As at 20 January there were 11 claims notified by Clubs to the International Group Pool, including three from Steamship Mutual one of which is precautionary.

The favourable development of prior year claims has continued reflecting, in particular, better than expected settlements for prior year claims and a shorter development profile in respect of claims made against Members charterers' liability covers.

Investment markets continue to be affected by fears of a slowdown in global economic growth and a rapid fall in commodity prices, both linked to a rebalancing of the Chinese economy. The Club's modest allocation to global equities has protected the portfolio in this volatile environment. Excluding currency related losses which are allocated to the underwriting result, the combined portfolio has recorded a break even investment return for the 11 month period.

L.269

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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As a result of these positive developments the Managers are pleased to report that a further strengthening of the Clubs' free reserves is expected at the end of the policy year.

As was reported in our circular [L.267](#) there have been reductions for all owner Members in the cost of the International Group Excess of Loss reinsurance contract and the Hydra reinsurance programme for 2016/17.

Yours faithfully,

**STEAMSHIP MUTUAL UNDERWRITING
ASSOCIATION LIMITED**

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