



January 2015

To the Members

Dear Sirs,

FINANCIAL UPDATE

At their Board Meeting in Taipei on 26th and 27th 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 20th February 2014 and 20th January 2015, owned entered tonnage rose by a net total of 3.8 million tons, increasing the combined owned and chartered entry to 118 million tons overall. This is consistent with the Clubs' objective of measured growth at the same rate as, or moderately ahead of, growth in the world fleet.

The claims experience continues to be satisfactory. Overall, the cost of claims reported and projected for the current year is lower than at the same point last year and the year before. For lower value claims in the attritional layer up to US\$250,000, the average cost (severity) has risen by 6%, but this is offset by an 11% drop in the number of claims (frequency). Higher value claims, estimated in excess of US\$250,000 net of applicable reinsurance, are one third below their level last year, reflecting fewer than usual claims in excess of US\$1 million.

As at 20th January there were 10 claims notified by Clubs to the International Group Pool, including one from the Association.

Prior year claims have also developed more favourably than forecast, whilst the strength of the Association's IBNR provisions has been maintained, in accordance with the Clubs' prudent approach towards potential claims volatility in current and past years.

The combined total return on the Trust and Clubs' investments for the 11 months to 20th January stood at US\$ 12.9 million, equivalent to a return of 1.3%. The current projection is that the Clubs' free reserves will have risen at the end of the policy year.

Yours faithfully,

**THE STEAMSHIP MUTUAL UNDERWRITING
ASSOCIATION (BERMUDA) LIMITED**

B.638

THE STEAMSHIP MUTUAL UNDERWRITING ASSOCIATION (BERMUDA) LIMITED

Registered Office: Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda

Authorised and regulated by the Bermuda Monetary Authority and authorised by the United Kingdom Prudential Regulation Authority and regulated by the United Kingdom Financial Conduct Authority and Prudential Regulation Authority (PRA and FCA registration number 202762)

MANAGERS: STEAMSHIP MUTUAL MANAGEMENT (BERMUDA) LIMITED
WASHINGTON MALL II, PO BOX HM 601, HAMILTON HM CX, BERMUDA
Tel: (441) 295 4502 Fax: (441) 292 8787 Website: www.steamshipmutual.com