



To the Members

October 2017

Dear Sirs,

## **FINANCIAL UPDATE AND 2018 RENEWAL**

At a Board Meeting in Miami, USA on 24 October 2017 the following developments were reported.

### **Tonnage**

The Directors were pleased to note the continued growth in the Association's owned entry, 3.8 million tons in the period 20 February to 20 October 2017, increasing the combined owned and chartered entry to 154 million tons.

### **Underwriting results**

#### 2017/18 Policy Year

On the basis of owned claims reported to date, the overall cost of claims for the current year is higher than the very low level at the same point last year but compares favourably with the average experience of the last three years. The number of claims estimated in excess of US\$250,000 remains lower than in recent years but the average cost of those claims this year is notably higher.

Pool claims are higher at this point of the year's development than in 2016/17. Ten have been reported of which four are provisional. However, estimates at this level (in excess of the Club's retention) are more volatile than those which do not reach the Pool. Thus, although lower in 2017/18 than the average of the last several years, pool claims estimates are still immature at this stage and their future development remains uncertain.

#### 2016/17 and Prior Years

Years up to and including 2014/15 have developed in line with expectations whereas the two more recent years have shown deterioration in some claim categories. The overall result is that the release from prior years is below expectations.

### **Investments**

In the eight months ending October the Club has recorded a return of 2.3% excluding currency movements, which are allocated to the underwriting result. Within the Club's surplus portfolio returns from equities have been particularly strong in this period.

### **Capital Management**

Having discussed the overall prospective risk position of the Club and noted its continued financial strength the Board has decided to return 10% of premium paid on Class 1 P&I mutual entries in the 2015/16 policy year to Members, equivalent to approximately US\$26 million. Any credits due will appear on Member's statements on 20 November 2017.

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#### **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

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### **2018/19 Premium Ratings**

The Directors considered claims trends and noted an elevated level of premium churn over the last two years. Despite this and in view of the continued financial strength of the Club they decided that, for a fourth successive year, no standard increase will be applied on any class of business for the 2018/19 policy year.

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 International Group reinsurance programme, whether up or down.

### **Release Calls**

After reviewing the development of open policy years and the overall financial position of the Club the Directors decided to make no changes to release calls so that Class 1 P&I and Class 2 FD&D entries will continue to be subject to release calls as follows:

2015/16: 0%

2016/17: 2.5%

2017/18: 12.5%

The release call for the 2018/19 policy year will also be set at 12.5%.

Yours faithfully,

**STEAMSHIP MUTUAL UNDERWRITING  
ASSOCIATION LIMITED**

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