STEAMSHIP MUTUAL

2017 Management Highlights

Contents

Chairman of the Board's Introduction

For the third year in succession I am able to report an excellent financial year performance. Free reserves have increased by US$70 million to US$510 million.

US$26M RETURN OF PREMIUM TO MEMBERS ON THE **2014/15** YEAR

This follows the two previous years which saw increases of US$64 million and US$75 million respectively. Over the past three years free reserves have increased by US$209 million. The combined ratio was 83.5% which follows the two previous years' combined ratios of 76% and 83%. An important strategic objective of the Club is to achieve a combined ratio less than 100% on a rolling three year basis and it is pleasing that this is being achieved.

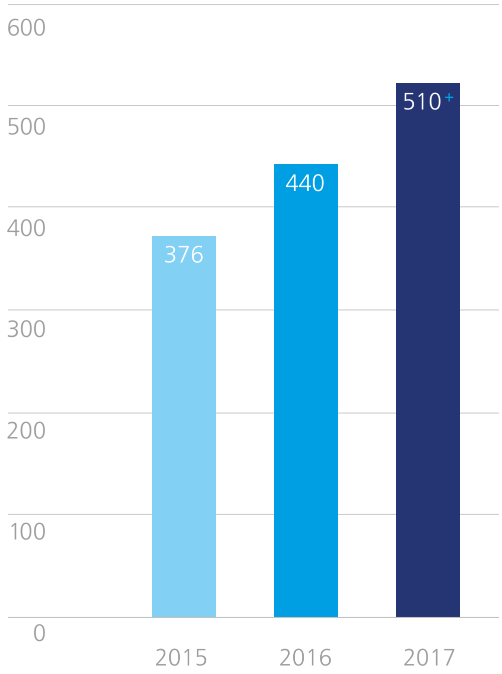
The main contributor to last year's result was the low level of claims. In particular the number of large claims was markedly lower than the previous year; overall net estimated claims were approximately 15% below the figure for the 2015/16 year. The combined investment portfolio recorded a return of 2.8%. Much of the credit should go to our Members; the efforts they have made in the fields of loss prevention and attention to operating standards appear to be bearing fruit. It may also be the case that slow steaming as a consequence of depressed freight markets has contributed to the low incidence of major claims. Good risk selection by the Managers is also important. This last factor will continue to play an important role; the financial success of the Club will make it an attractive option for shipowners as the 8.5% increase last year in the entered tonnage demonstrates.

Some commentators have expressed the view that outstanding financial results sit uncomfortably with difficult times for shipowners. The Board, however, draws comfort from the financial strength of the Club and the platform it provides for taking practical steps to assist the Members. The 2017 renewal was the third in succession without a standard increase. In November 2016 there was a 10% return of premium on the 2014/15 year and it has been possible to reduce the spend on reinsurance by placing greater reliance on the Club's strong capital position. The Board is determined to use the capital strength of the Club for the direct benefit of the Members and they can look forward to similar actions in the future.

There have not been many years, with the possible exception of world wars, when political events have had such an impact on the Club. In June 2016 the unexpected result of the UK referendum means that by the Spring of 2019 the UK will leave the EU. As a consequence it is very likely that the Club will lose its 'passporting' rights which have enabled it to underwrite European business from London. To ensure that the Club will be able to continue to underwrite European business from February 2019, the Club will probably need to establish a European subsidiary company within the EU.

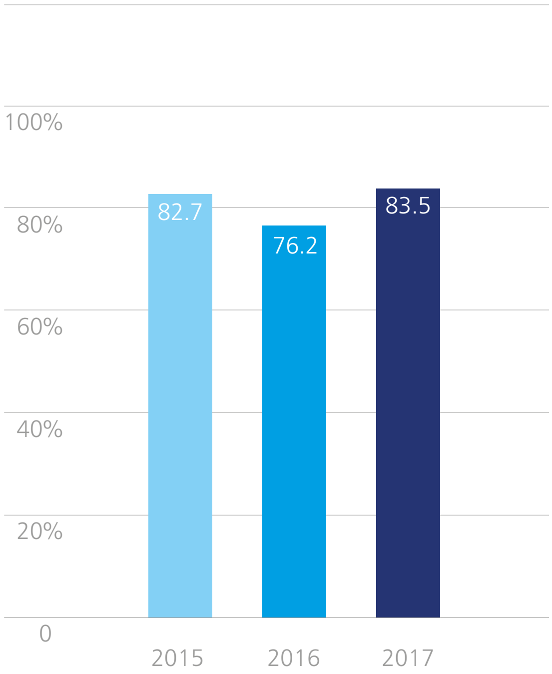
THREE YEAR KEY FINANCIAL FIGURES

FREE RESERVES (USD MILLIONS)



+ Net of USD 26 million return of premium to members

COMBINED RATIO



The Managers are analysing the suitability of a number of possible locations for a European office and we hope to announce our preferred option later in the year. Our European Members can be sure that we will be able to continue their membership of the Club in an uninterrupted manner. Indeed it may well be that the ultimate result of Brexit is that the Club becomes even more international in its jurisdictional base and service offering.

The Club intends to open new offices in Singapore and Tokyo during the course of the year. The purpose of opening these offices is to try to attract good quality new Members to the Club, research having shown that the presence of a local office is a prerequisite to attracting shipowners in these jurisdictions. Furthermore it is our belief that the presence of offices in Singapore and Tokyo will further enhance the quality of our service to all existing Members. This follows the opening of our office in Athens which is already providing the planned benefits.

The Board regularly reviews the strategic objectives of the Club. It is clear that P&I Clubs are following different business models and a number of Clubs have decided that diversification is the way forward. Usually this involves using the capital of the Club as the capital base for the new business venture. This is done in the expectation that the business will be profitable and return a 'dividend' to the Members. At present the Board is not convinced that utilising the Club's capital in this way is either desirable or warranted on a risk/reward basis. The Board remains open to considering diversification but would need to be convinced that it would in all probability provide a benefit to the membership as a whole; anything less than this is unlikely to be a sound basis for exposing the Members' capital either to a loss or a return less than could reasonably be expected in a prudently managed, diversified portfolio.

During the course of the year the following Directors retired from the Board: Mr Hu Jingwu and Mr Herbert Juniel. On behalf of the Board I would like to thank them for their valuable contributions. We welcomed Mr Mohammad Saeidi and Mr Song Chunfeng to the Board and I hope they will enjoy their time with us.

Armand Pohan
Chairman of the Board

83.5%
COMBINED RATIO
FOR THE YEAR

ZERO
STANDARD INCREASE
THIRD IN SUCCESSION

Underwriting and Reinsurance

Underwriting and Reinsurance

The Club performed very strongly in 2016/17, and the underwriting surplus of US$41.2 million (net of the US$25.8 million premium returned to Members in November 2016) reflected the unusually low level of retained and Pool claims in the year.

INCREASE IN COMBINED OWNED & CHARTERED TONNAGE TO 151m GT

Year to 20 February 2017

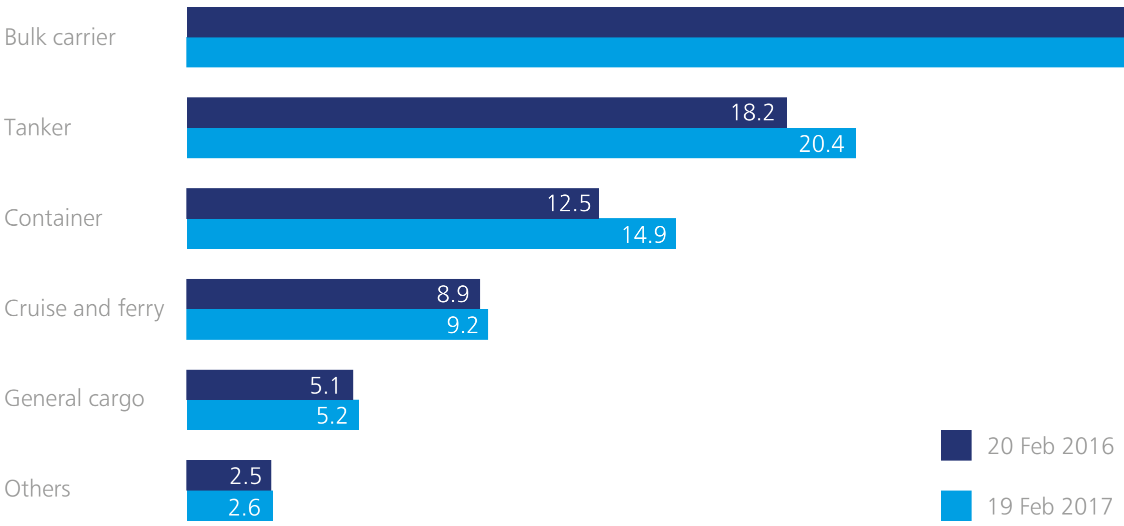
Owned and chartered tonnage (combined) increased by some 10 million tons, to 139 million GT, including about 5.7 million GT of owned entries, which grew from 77.9 to 83.6 million GT – an increase of approximately 7.3%, compared to 4.7% in the previous year. However, churn (the net reduction in premium per entered owned ton, as a result of older higher rated vessels leaving the Club and lower rated new or younger ones joining) amounted to about 6.2% annualised and 4.1% pro rata, higher than in the previous year (3.3% pro rata); and lay-ups were at somewhat higher levels as well.

The world fleet is likely to have grown by 3% over the year, and the Club's own growth in tonnage of 7.3% (owned) is thus comfortably ahead of the strategic business plan goal of 110% of annual growth in International Group tonnage, a target of approximately 3.3%.

There was substantial growth in chartered entries over the year, amounting to 4.3 million GT. Several traders and voyage charterers have continued to enjoy very low levels of claims, a factor contributing to the pricing considerations and the growth of such entries in the Club.

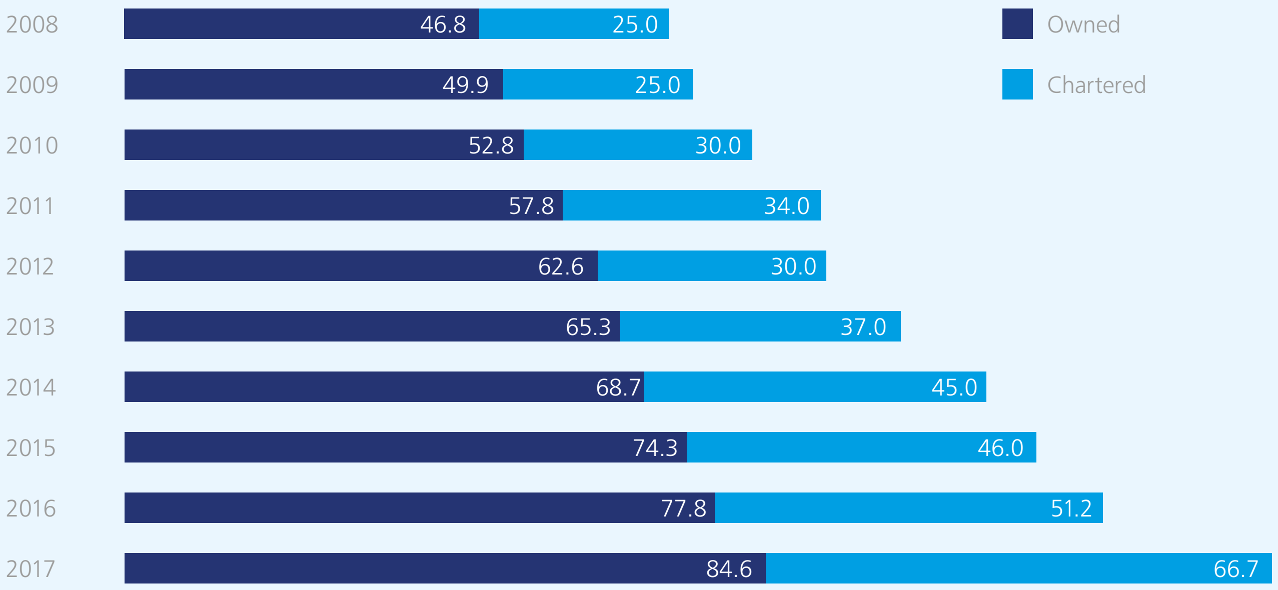
Tonnage growth can be seen from the graphs in this report. Most vessel types remained fairly constant in terms of their per unit size, the one exception being container ships. Across the Club as a whole, including all such vessels entered, the average tonnage per entered vessel grew by about 4,700 GT from 42,000 GT to 46,700 GT. The difference is all the more striking when looking only at new container vessel entries; their average size was 108,000 GT, more than double the overall average: a result perhaps of changing logistical demands and new economies of scale in that sector.

TONNAGE GROWTH DURING 2016/17 BY VESSEL TYPE - GT MILLIONS

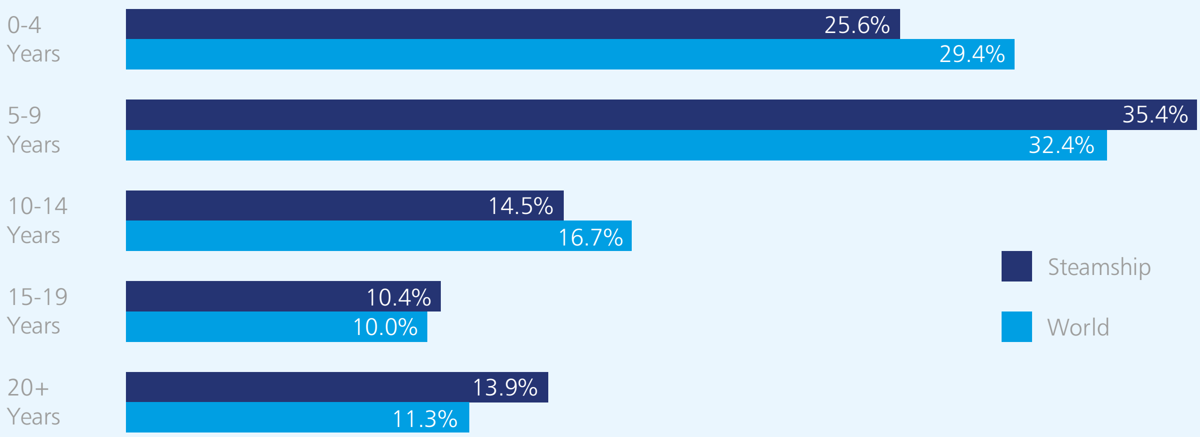


	20 Feb 2016	19 Feb 2017
Bulk carrier	30.7	31.3
Tanker	18.2	20.4
Container	12.5	14.9
Cruise and ferry	8.9	9.2
General cargo	5.1	5.2
Others	2.5	2.6

OWNED AND CHARTERED TONNAGE 2008-2017 – GT MILLIONS



STEAMSHIP AND WORLD TONNAGE BY AGE OF VESSEL

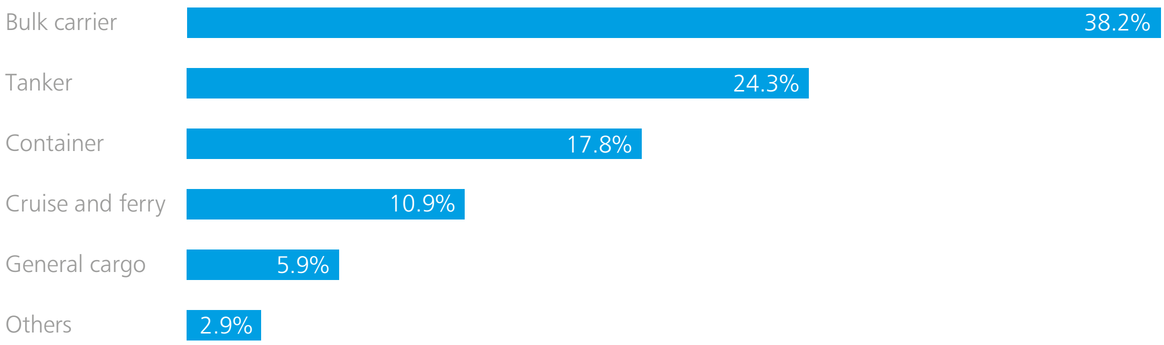


Premium call history	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Mutual premium	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Additional premium	20.0%	—	—	—	—	—	—	—	—	—
Return of premium	—	—	—	—	—	—	(10.0%)	—	—	—

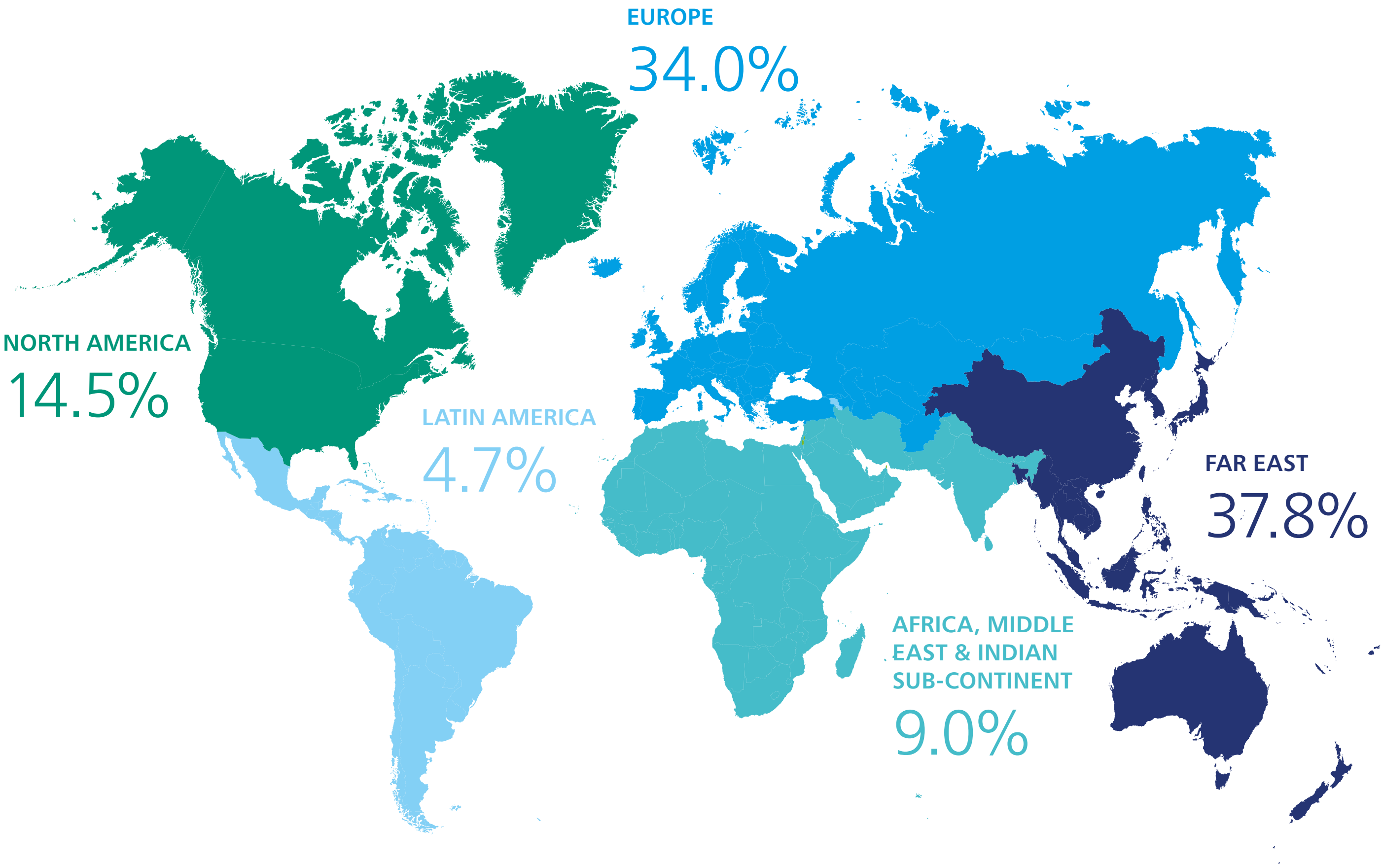
General increase history	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General increase	15.0%	17.5%	5.0%	0.0%	5.0%	7.5%	10.0%	0.0%	0.0%	0.0%

Release call history	Position at May 16	Position at May 17
2014	0.0%	Closed
2015	2.5%	0.0%
2016	12.5%	2.5%
2017	—	12.5%

GROSS TONNAGE BY VESSEL TYPE



GROSS TONNAGE BY REGION



INTERNATIONAL GROUP POOL INCURRED CLAIMS BASED UPON HISTORICAL THRESHOLDS – US$ MILLIONS
DATA AS AT 20 FEBRUARY EACH YEAR

Months	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
12 months	267.6	87.6	226.3	179.1	231.0	368.6	279.8	179.6	198.4	**84.0**
24 months	348.3	116.2	221.8	241.1	277.9	453.9	327.0	193.6	**276.6**	
36 months	360.4	106.3	223.5	266.9	280.8	467.0	364.0	**204.5**		
48 months	358.5	122.0	219.5	252.5	289.6	465.1	**364.9**			
60 months	392.8	120.0	246.9	250.6	289.3	**446.3**				
72 months	399.9	119.5	266.7	259.0	**288.7**					
84 months	399.4	122.9	263.9	**259.9**						
96 months	386.9	124.9	**260.7**							
108 months	392.5	**124.5**								
120 months	**393.4**									

Renewal 20 February 2017

Although Clubs were generally under some pressure to cut rates there was less movement than might have been expected. Once again, the fixed premium market for owned vessels made relatively little impression; the Club's losses at renewal, and its gains, were largely to and from other International Group Clubs, in many instances following consolidation amongst fleets. The Club both benefitted and lost as a result, the net position following renewal being a gain of about 1 million GT, bringing the owned entry up from 83.6 million GT to 84.6 million GT.

Against the background of the Board's decision not to require any general increase in premium for a third consecutive year, and the Club's financial position, many Members again expected reduced or as expiring premium levels going into the 2017/18 policy year. The Managers were able to meet these expectations in many cases where the underwriting record allowed, whilst at the same time seeking premium increases when necessary to bring a Member's record into or towards underwriting balance. As is usually the case, some entries were lost as a result of irreconcilable differences over these ratings; losses of this kind, whilst regrettable, are a reflection of underwriting judgement and fairness in rating across the membership as a whole.

Entered tonnage, owned and chartered, grew overall to 151.3 million GT, from 139 million GT as at 20 February 2017. The increase was largely attributable to new chartered business of about 10.8 million GT.

The outcome at renewal was roughly as anticipated — a reduction of about 1.7% in overall mutual premium. This figure allows for the value of changes in terms (i.e. increased risk retention by Members) — about US$3 million. Leaving aside those changes, the annualised reduction in premium for renewing owned entries was 2.9%.

Taking all renewed covers into account, and thus including owned, chartered, and other fixed premium entries, projected 2017/18 policy year premium is lower by about 4.4% than the equivalent a year earlier. This figure reflects not only the reductions in premium negotiated with Members at renewal (referred to above) but also the projected impact of churn, lay-up returns, and reduced Excess of Loss reinsurance costs, which are passed on to mutual Members.

Current policy year considerations

The Club has commitments to enter several million tons of business throughout the current year, a reflection of its financial strength and reputation for service excellence. It is gratifying that such commitments have been made.

The Club Directors and Managers are well aware that circumstances and fortunes can rapidly change, and that challenges and threats can easily be overlooked and underestimated. The Board and Managers believe that caution is necessary in all the Club's endeavours,

not least when underwriting the sometimes complex liabilities faced by Members, and accepted by the Club on a daily basis. Extensive procedures are in place and regularly reviewed in order to identify and address underwriting and other risks, and the Club continues to enhance its management and controls in these areas.

Pooling and Reinsurance

Pooling

2016 has proved to be one of the most benign policy years for some time. Only nine claims with estimates exceeding the US$10 million Club retention have been notified by all Clubs to the Pool. These are all currently estimated well below the Pool's limit of US$80 million and as such significant reserve releases from Hydra can be expected for the year. On a precautionary basis, the Club has notified one claim to the Pool for 2016, but this claim is currently estimated below the Pool entry level.

There was no change to the Club retention of US$10 million for the 2017 policy year. Some simplification of the Group programme was introduced at the last renewal, so that claims between US$80 million and US$100 million are now wholly reinsured by Hydra.

General Excess Loss Contract

No claims have been notified in respect of the 2016 policy year. However some significant back year deterioration was experienced during the year, which limited the scope for greater reductions in the Excess Loss reinsurance costs. In the end the Group secured sufficient reductions across the programme to be able to reduce the Excess Loss rates for all categories of vessel by between 5%-9%. The Group decided not to use US person/domiciled reinsurers for the 2017 policy year due to the continuing application of US primary sanctions and therefore did not need to renew the "fall-back" reinsurance.

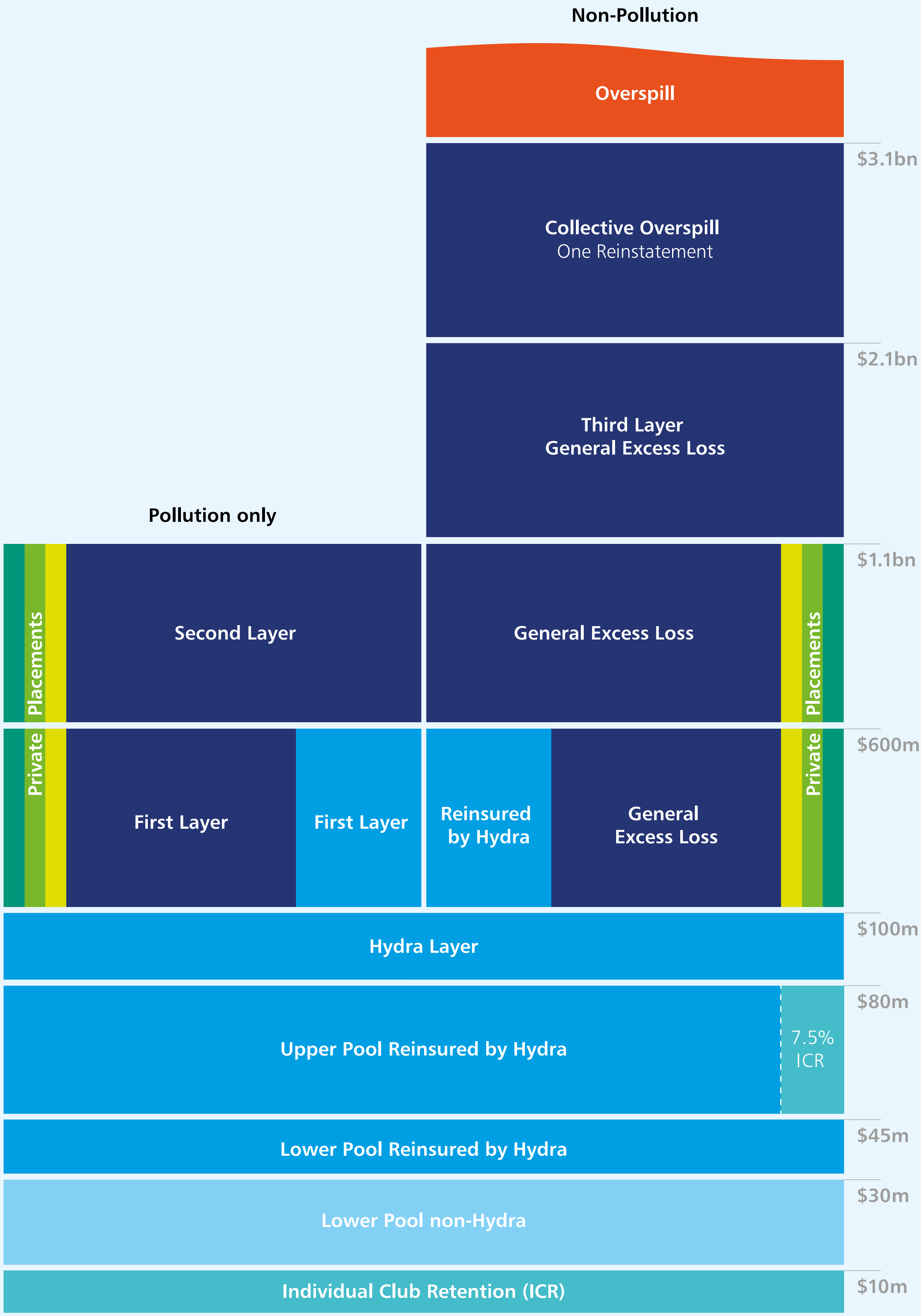
Club reinsurances

Due to the continuing and improving capital strength of the Club, the Board decided it no longer needed to purchase reinsurance for an accumulation of large owners' claims within its US$10 million retention or within the Pool. Covers remain in place to support non-pooled risks, Hull War, Kidnap and Ransom and the Club's book of chartered entries.

Stephen Martin
Managing Director and
Head of Underwriting

Rupert Harris
Head of Reinsurance

LAYERS OF INTERNATIONAL GROUP PROGRAMME 2017/18

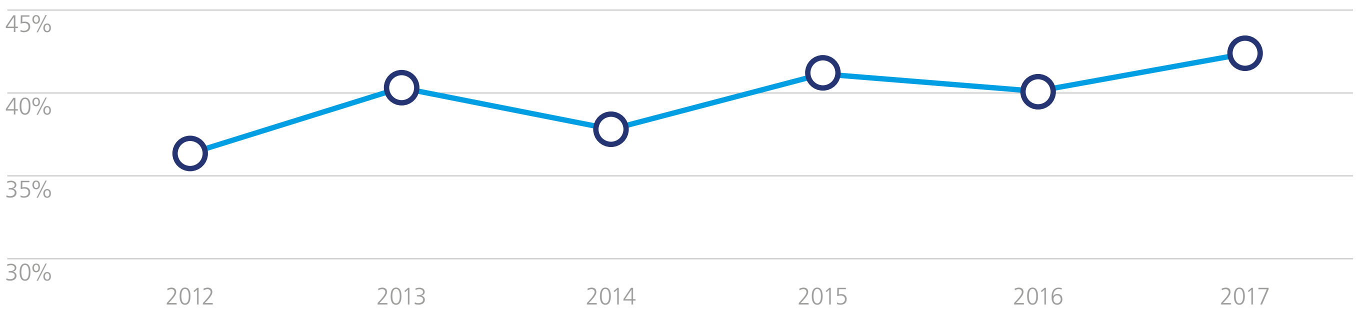


P&I Claims

P&I Claims

The cost of claims experienced by the Club in 2016 within the US$10 million retention was 20% lower than the comparable figure for the previous year.

IBNR AS A PERCENTAGE OF TOTAL NET OUTSTANDING CLAIMS AS AT EACH FINANCIAL YEAR-END



The Club's overall claims experience for 2016 was just over half the comparable figure for 2015, and more favourable than in any of the previous six years. Moreover, an improvement was noted at all levels.

The cost of claims within the US$10 million retention experienced by the Club in 2016 was 20% lower than the comparable figure for the previous year, despite an almost identical number of claims. As such, it closely mirrored the 2014 year claims experience.

So far as attritional claims – those claims with values of less than US$250,000 which make up the overwhelming majority of all claims in terms of numbers (99% in the case of the 2016 year) – were concerned, their numbers remained almost static. However, attritional claims fell by 20% in terms of overall cost compared to 2015 and the average size of attritional claims fell by 19.1% compared to the previous year, a reversal from the long term upward trend.

The fall in the value of attritional claims was mirrored by a corresponding 20% fall in net claims costs for larger losses – those involving claims in excess of US$250,000 – despite similar numbers of such claims. This fall in severity was most apparent in those claims in excess of US$1.8 million. However, the composition of these large claims differed compared to 2015, with a marked decrease in the costs of claims involving cargo, third party injury and damage to fixed or floating objects and a slight increase in all other claims categories.

At year-end, only nine Pool claims had been reported for 2016; similar to the position in the two previous years but significantly fewer than in prior years. None of them involved the Club. All but one of these 2016 Pool claims resulted from either groundings or damage to fixed or floating objects.

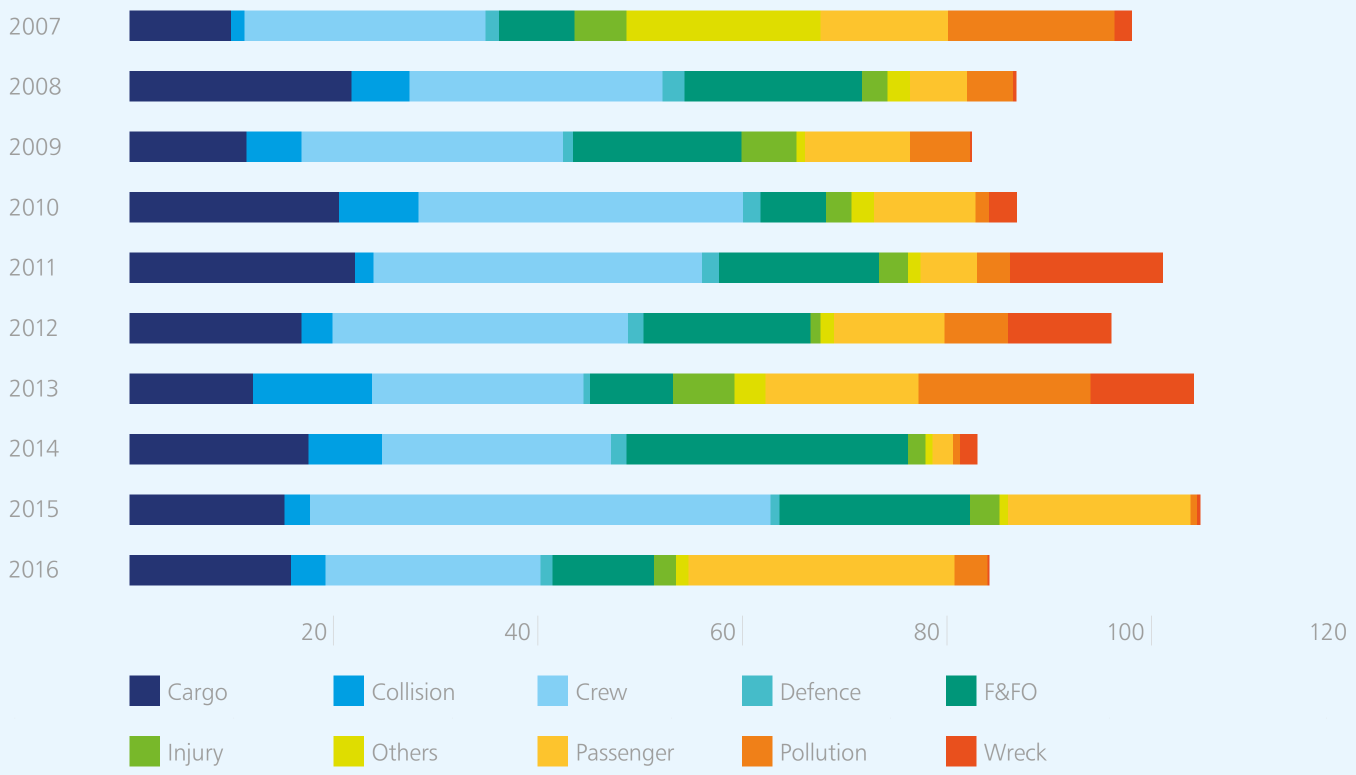
The Club's experience in relation to prior year claims also proved positive with 2016 showing a significant improvement in prior year results both at the retained and Pool levels. However, the Club continues to maintain a prudent reserving appetite, as can be seen from the graph which shows a positive trend in the level of IBNR provisions at each financial year-end.

Attritional claims figures provide the most reliable indicator of current claims trends and, thus, their continued decrease is to be welcomed. However, the year is currently only 56% developed and so the scope for volatility in its overall result remains.

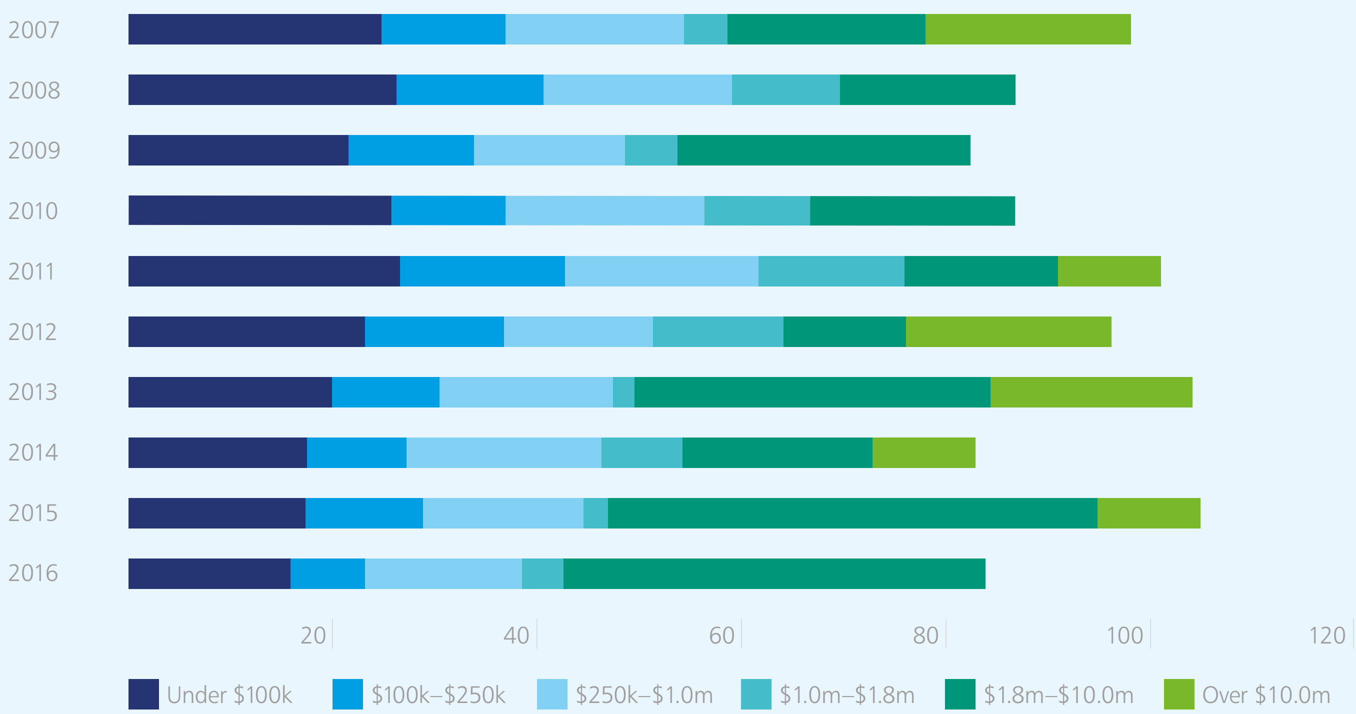
20% FALL IN NET CLAIMS COSTS FOR LARGER LOSSES

ONLY 9 POOL CLAIMS REPORTED **FOR 2016**

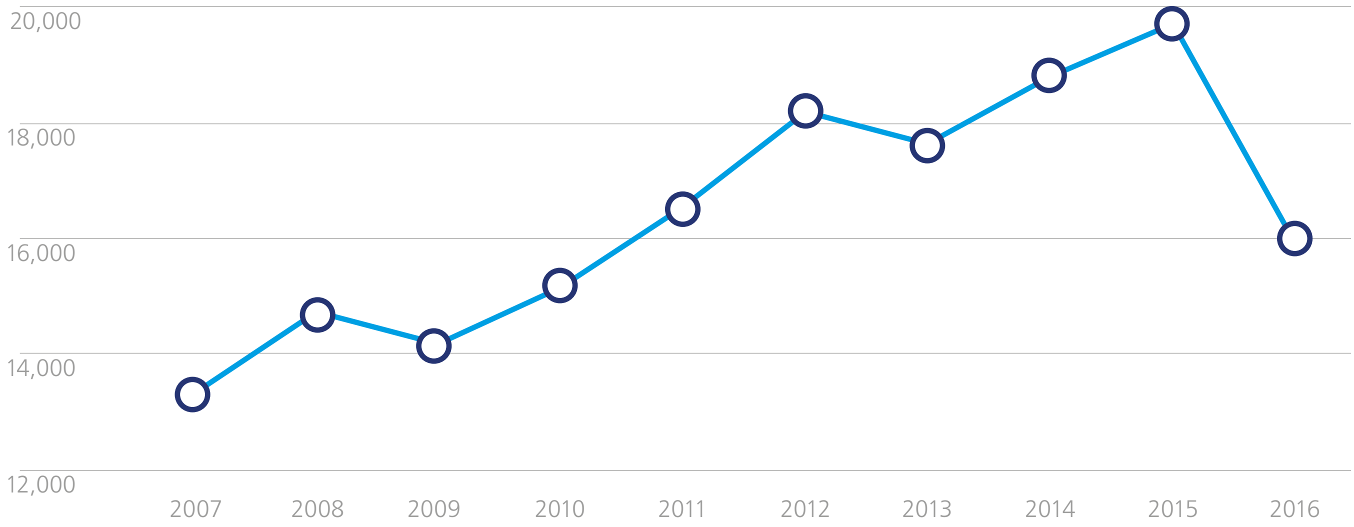
RETAINED OWNED CLAIMS BY CLAIM CATEGORY AT 12 MONTHS – US$ MILLIONS



RETAINED OWNED CLAIMS BY SIZE AT 12 MONTHS – US$ MILLIONS



AVERAGE SIZE OF ATTRITIONAL CLAIMS (UP TO US$250,000) AT 12 MONTHS



Large Claims Analysis

Both the frequency and severity of the large claims in excess of US$250,000 that were incurred by the Club in 2016 were lower than in the preceding two years. There were 49 such claims in 2016 with an estimated net of deductible ("NOD") exposure at the year-end of approximately US$62.9 million. The corresponding figures for 2014 and 2015 were:

	Claims	NOD estimate
2014	63	US$79.2m
2015	54	US$133.4m

A notable difference between 2016 and the experience of the two earlier years was the absence of any claim estimated in excess of the retention before pooling of US$10 million. Consequently, if the exposure of those earlier years is capped at a retention of US$10 million, the exposure in 2016 is slightly higher than in 2014 (US$60.3 million) but lower than in 2015 (US$78.4 million).

On both an overall and capped basis, the most frequent large claims were in the crew category and this is consistent with the experience of earlier years. However, passenger claims in 2016 represented the largest claim category by value, constituting 39% of the total exposure. The second largest category was cargo claims – representing 22% of the total.

Cargo

There were 12 large cargo claims overall with a total value of US$13.6 million, and four of those involved chartered entries. These claims constituted 22% of the total of the large claims incurred.

The claims arose on a variety of ship types, although the majority both by number and value involved bulk carriers and general cargo vessels. These ships produced two-thirds of the large cargo claims and almost 88% of their total value. There were no large cargo claims involving tankers.

A variety of causes were also involved. The majority of the claims – both by number and value (42%) – involved issues of maintenance, either of vessel machinery or structures such as hatch covers.

There were two claims – representing 28% of the total value in the cargo category – where a lack of adherence to operational procedures was the major contributing cause. A further three claims (23% by value) arose as the result of cargo stowage and securing being compromised in heavy weather whilst the vessels were on passage.

The remaining three and less serious claims arose from events that occurred ashore but for which the Members would remain responsible under the contracts of carriage.

Collision

The frequency of collision claims was once again low in 2016, with only two incidents that gave rise to physical damage alone, and these constituted 4% of the total of the large claims incurred.

Coincidentally both of these collisions involved contact with a moored or anchored vessel. One occurred whilst a vessel was attempting to leave her berth with the assistance of a local pilot. The other involved the loss of control of the tender to a superyacht. Consequently the more common issues of failure to comply with the Collision Regulations ("Colregs") that are usually a feature of the cause of such claims were not present in these two incidents.

There were however two other collisions which are covered in the Injury and Pollution sections of this report as those were the categories of the most significant damage that arose. Those incidents, in contrast did involve contact with other vessels that were manoeuvring and therefore breaches of the Colregs.

Crew

There were 15 large crew claims in 2016 valued at US$8.7 million and representing approximately 14% of all the large claims exposure. A variety of vessel types were involved but the majority of the crew claims, both by frequency and severity, arose on passenger vessels where there were four claims totalling US$2.6 million – 31% of the total. As was the case in 2015, the vast majority of the large crew claims – 13 out of the total of 15 – occurred on vessels either registered in, or operated from the US. There was one injury claim and one illness claim respectively on non-US based vessels.

The majority of the claims (12) involved injury and these accounted for 88% of the total value in this category. Tragically, three of the incidents resulted in fatalities. Seven of these claims arose in circumstances where there had been some shortcoming in either risk assessment or operational procedures. Those claims accounted for 72% of the total exposure and involved all of the fatalities. Slips, trips and falls were the cause of three of the claims and these constituted 13% of the exposure. Of the remaining two claims, one could have been avoided had the crew member been wearing the appropriate personal protective equipment, and the other involved a traffic accident whilst the crewmember was ashore.

There were three illness claims. Two of these involved medical conditions that might have been detected prior to employment had an enhanced pre-employment medical examination of the type that exists under the Club's scheme been undertaken. The other claim arose from a diagnosis of cancer.

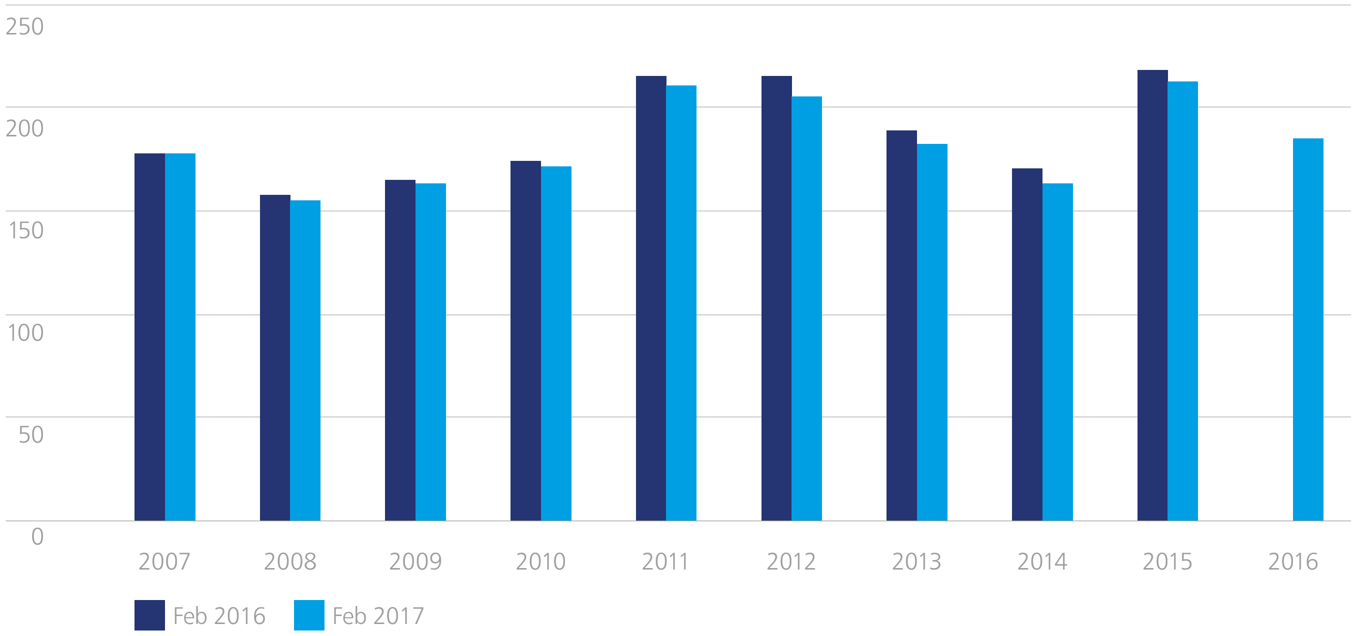
Passenger

There were eight large passenger claims with a value of US$24.7 million. Whilst claims frequency was comparable with the experience of 2015 when there were nine such claims, the severity was higher, the comparable value in 2015 being US$16.7 million. Severity was lower in this category in all preceding years back to 2012.

It was striking that six of these claims, representing 58% of the exposure in this category, arose as the result of machinery failures that resulted in cruise curtailments or cancellations. Such incidents are invariably expensive.

One claim arose as the result of an engine room fire, and the other involved serious injury to a passenger following a fall.

DEVELOPMENT OF TOTAL NET CLAIMS BY POLICY YEAR – US$ MILLIONS



Fixed and Floating Objects

There were six large fixed and floating object claims with a value of US$8.2 million. The claim frequency was similar to that of 2015, but severity was substantially lower, the comparable figure last year being US$15.7 million.

Three of the claims arose when the vessels were manoeuvring to berth and these accounted for the majority of the exposure (78%). In all three cases the damages arose despite the Masters being assisted by local pilots, although in one of the cases the incident arose when the main engine failed to operate astern and the vessel's approach speed could not be slackened. In the other two cases it would appear that familiar issues of inadequate integration of the pilot into the bridge team had a significant part to play.

The other three cases involved contact with a buoy whilst manoeuvring to embark a pilot, contact with fishing nets through failure to adequately monitor the vessel's position, and contact with a coral reef when an approach manoeuvre to a port had to be aborted because of an unexpected outbound vessel. In the latter case the Master was placed in a difficult position by the port's vessel traffic service and had inadequate sea-room to turn the ship.

Injury

There were two large third party injury claims totalling US$1.7 million. In one case a cargo inspector was struck by a trolley that rolled off a hatch cover as the vessel heeled during cargo operations. The other injuries arose as the result of a collision with some kayaks that had been obscured by glare in conditions of bright sunlight.

Pollution

There were two large pollution claims valued at US$2.6 million. The most serious of these arose following a collision in the approach to a port that resulted in a bunker tank being breached on the Member's vessel. The resulting spillage caused extensive shoreline pollution. The other incident occurred during bunkering operations. A significant contributing cause of that incident was the pumping rate at which the bunkers were being transferred being higher than the rate which had been agreed.

Colin Williams
Head of Claims

Safety and Loss Prevention


COOL S.A.

Safety and Loss Prevention

Cyber Security DVD – Smart, Safe Shipping shortlisted for the 2017 Seatrade Awards.

The review of the large claims in excess of US$250,000 incurred by the Club in 2016 is contained in the P&I Claims section of this report.

Three categories of claims accounted for over 70% of the total large claims exposure – passenger, cargo and crew in that order of severity. If the large claims involving chartered vessels – which were all cargo claims – are also included, the proportion of the total increases to almost 75%.

As has already been noted, the majority of the passenger claim exposure represented the consequences of machinery failures and the ensuing need to curtail or cancel cruises. Whilst it is good to be able to report a very much lower exposure in respect of passenger injuries, the financial implications of a requirement to cut short or abandon cruises are always very considerable. It was notable that there were five instances of problems arising with electric propulsion systems.

Whilst no common causal issue has so far been identified, this experience highlights the risk potential associated with such systems and there is no obvious loss prevention measure that serves to easily mitigate it.

In relation to the crew claims it was notable that the majority arose as the result of some failure to either conduct an adequate risk assessment or to adhere to sound operational procedures. This suggests that training, supervision and monitoring have an important part to play in preventing future losses in this area. Sadly all of the fatalities were to be found in this sample. Whilst all but two of the large crew claims involved US flagged or US operated vessels there was no obvious causal theme that was linked in any way to the flag of the vessel or domicile of the operator.

Two of the large crew illness claims that were incurred were of a nature that they may potentially have been avoided if enhanced pre-employment medical examinations had been undertaken.

The Managers firmly believe that the Club's PEME scheme has the potential to significantly reduce risk in this area, and strongly recommend Members to make use of the scheme in the countries in which it is operational.

Two causative themes were evident in relation to the cargo claims – liabilities arising as the result of cargo stowage and securing being compromised in heavy weather conditions, and structural and operational issues related to maintenance. The loss prevention messages arising from these examples are self-evident: the need to exercise particular care when non-standardised units of cargo are carried in order to ensure that stowage and lashing arrangements are adequate to withstand the forces to be anticipated during the voyage, and to ensure that ship's structures in way of, or adjacent to cargo spaces are in a sound condition at the commencement of the voyage.

Between July and October 2016 filming took place in Philadelphia, Southampton, London, and Hamburg for the Club's latest loss prevention DVD-ROM – "Cyber Security – Smart, Safe Shipping". As with previous productions, this DVD was produced by Callisto Productions Ltd, of Aberdeen with funding from The Ship Safety Trust.

The cyber security risk is one to which all businesses are exposed as they rely increasingly upon computer systems to sustain their operations. These systems improve operational efficiency and capability, but they can be vulnerable to the risk of being compromised by cyber-attack. Such attacks can take various forms, and if that risk of attack materialises, operational effectiveness can be seriously compromised. Consequently, companies are becoming increasingly aware of cyber risk, and are taking a variety of measures to harden system security, raise awareness of cyber risk amongst their personnel and strengthen procedures to mitigate that risk.

Cyber risk however is not confined to shore-based operations. Commercial ships are becoming progressively more dependent upon computers to operate and control various shipboard systems. These systems may be integrated, and the ability for ships to connect to the internet is growing as the communication demand grows. As with computers ashore, shipboard systems are equally vulnerable to cyber-attack. However, if a vessel's systems should be compromised, the effect of that could be considerably more serious than would be the case ashore. The ship, its crew and cargo could be placed at risk, and could in addition create risk to other parties. As with cyber risk ashore, the human interface commonly represents the principal weakness in the cyber security framework. Because of the potential threats that shipping operations pose to the environment, other vessels and port infrastructure, it is vital that shipowners and operators are aware of cyber risk, and that awareness on the part of individual seafarers is increased so that they become particularly vigilant in adhering to company procedures designed to maintain the integrity of computer systems, and in monitoring the reliability of the data output from shipboard computer systems.

The objective of this latest DVD in the Club's loss prevention series is to assist in the process of increasing awareness of cyber risk at sea in an effort to help control an ever growing threat. The DVD was distributed to Members in January for use onboard their vessels and it has been shortlisted in the Cyber Security Category of the 2017 Seatrade Awards that are to be judged at the end of June.

Previous reports have noted the various shipboard training programmes that have been produced in association with Videotel Marine International with funding from The Ship Safety Trust. In a relationship with the Managers that extended over 20 years, more than 90 programmes were produced. Following the acquisition of Videotel by KVH Media Group the new owners unilaterally terminated this arrangement and it follows that this avenue of loss prevention work has been closed. The Managers are now investigating alternative arrangements.

Continued support for initiatives on the well-being of crew and the avoidance of navigational accidents.

During the last year, in a new initiative, production work has been undertaken on a Computer Based Training ("CBT") programme on Safe Food Handling and Nutrition in association with Marine Catering Training Consultancy ("MCTC") of Limassol. This production compliments and supports many of the loss prevention themes contained within the Club's "Fit for Life" DVD. Once again, this production work has been funded by The Ship Safety Trust and the CBT programme will be released imminently. Members will be notified when this is available.

As a further adjunct to the "Fit for Life" programme, The Ship Safety Trust has supported the Physical Wellbeing module of The Sailors' Society's Wellness at Sea programme. During the last year this support enabled 14 "Wellness at Sea" courses to be delivered, with training provided to over 530 seafarers.

Because of the serious impact of casualties arising from navigational error, the Managers have continued to support The Nautical Institute in its initiatives directed towards improving the professionalism of young navigators. "*The Navigator*" magazine continues to be published on the Club's website and Members are encouraged to ensure that copies of this valuable publication are disseminated to all vessels. The Managers also contributed material to The Nautical Institute's leading publication "*On Command*" which is aimed at officers who are about to assume command for the first time. More recently the Managers have also contributed material for the latest edition of The Nautical Institute's book "*The Mariners' Guide to Collecting Evidence*". The Ship Safety Trust is also providing sponsorship to support the Nautical Institute's current Command series of seminars in Singapore, London and Limassol. The Managers are also participating in these seminars as the focus is upon navigational accidents and their causes.

Preparations have been made for the Club's fifth residential training course for Members which will take place in London and Southampton in June this year.

Representatives of the Managers participated in various loss prevention seminars held in Addis Ababa, Constantza, and Odessa.

Chris Adams
Head of Loss Prevention

Current Group Issues

Current Group Issues

The Group continues to monitor and respond to changes in the sanctions landscape for the benefit of Members engaged in lawful trades.

Current Pollution Issues

Funding of interim payments in Civil Liability Convention ("CLC") cases

When the IOPC fund Administrative Council decided to dissolve the 1971 International Oil Pollution Compensation Fund ("IOPC Fund") in 2014 despite the fact that a number of 1971 Fund cases involving International Group Clubs remained outstanding, this resulted in a pollution claim having to be funded by the shipowner in excess of the limit imposed under CLC due to the Clubs' practice of interim funding to ensure speedy compensation of "hardship" cases. As a result, the Clubs reviewed their pollution claims settlement guidelines and, following discussion with the Fund, have agreed a template and a new set of guidelines to ensure that interim payments can be treated in a way protective of the Clubs' position in cases where the Convention limits are likely to be exceeded.

Sanctions

Following the removal of US-domiciled reinsurers from the Group Excess Loss reinsurance contract for the 2017/18 policy year, the fall-back cover previously arranged for the 2016/17 year, designed to respond to US reinsurer shortfall by reason of sanctions, was not renewed for the current policy year. The removal of US-domiciled reinsurers has also allowed the Group to reconsider the extent to which any reinsurance shortfall might be re-pooled by the Group, not only in respect of certificated liabilities as is presently the case, but also in respect of non-certificated liabilities. The Managers hope to report on the outcome of these discussions in the near future.

However, in the event of "snapback", involving the re-imposition of sanctions previously lifted under the Joint Comprehensive Plan of Action ("JCPOA") agreement between the P5+1 countries and Iran, the Group would again need to assess what further steps may be appropriate, including in relation to reinsurance and pooling.

Capital Management

Capital Management

The Club manages its overall capital resources to maintain a financial strength rating of A from Standard & Poor's. In practice this is a higher capital requirement than is set by regulators.

The Club also ensures that capital resources of individual Steamship companies are more than sufficient to meet the requirements set by local regulators.

The Solvency II system of regulation came into force on 1 January 2016. Under 'Pillar 3' of the Solvency II regime insurers are now required to publish an annual Solvency and Financial Condition Report ("SFCR") to the market. The aim of this report is to enable readers to understand the amount and type of risks taken by an insurer, as reflected in its capital requirement, and to compare this with the amount and type of capital resources which the insurer has available to protect itself against those risks.

Set out on the following page is a summary of the key information in the Steamship SFCR. The full report will be published on the Club's website.

Under Solvency II Steamship Mutual is considered to be a regulatory group comprising Steamship Mutual Underwriting Association Limited, The Steamship Mutual Underwriting Association (Bermuda) Limited and The Steamship Mutual Trust. The supervisor for this group is the Bermuda Monetary Authority ("BMA") and so Steamship calculates its group solvency capital requirement using the BMA's standard formula.

At 20 February 2017 Steamship had a group capital requirement of US$227.3 million and total capital resources of US$610.9 million. The solvency ratio was therefore 269%.

The following tables show the components of the capital requirement and capital resources.

	US$ million
Underwriting risks	292.3
Counterparty default risks	5.9
Market risks	68.3
Operational risks	27.0
	393.5
Diversification between risk categories	(166.2)
Capital requirement	**227.3**

Consistent with the aims of a mutual insurer the majority of the capital requirement derives from underwriting risk. Market risk relates to the investments held by Steamship and reflects a conservative investment strategy.

	US$ million
Tier 1 capital - Free reserves on Solvency II basis	504.6
Tier 2 capital	
Steamship Hydra Cell	34.8
Allowance for ability to make additional calls	71.5
Capital resources	**610.9**

Tier 1 capital refers to resources which are on the balance sheet and are generally available to meet risks throughout the business. Tier 2 capital relates to resources which are either only available to meet particular risks or are additional funds that can raised if required. Tier 2 capital can be used to make up a maximum of 50% of the capital requirement.

Solvency II requires that combined free reserves in the financial statements of US$510.3 million be restated on an ‘economic’ basis. The main adjustments required are to the provision for outstanding claims where any prudence in provisions is removed, leaving a ‘best or most likely estimate’ of cost, a discount is then applied to reflect the time value of money and finally a ‘risk margin’ is added using a standard calculation. The aim of this adjustment is to make claim provisions and therefore free reserves more comparable across insurers.

Part of the capital held in the Steamship Hydra cell, US$34.8 million, is considered to be only available to meet risks arising in the Hydra cell and is hence classified as Tier 2.

The regulator recognises that the Club can increase capital resources by making additional premium calls under its rules. Following an application to the regulator an allowance of US$71.5 million has been approved as Tier 2 capital.

Investments

Investments

The Trust recorded an overall investment gain of 4.2% before fees (3.8% net of fees). This includes a currency gain of 0.2% on assets held to match the currency exposure in claims liabilities.

We would again like to thank the Managers and the Corporate Trustee of The Steamship Mutual Trust ("the Trust") for providing the information necessary to produce the charts which follow. The combined investment return is calculated on the investment assets of the Trust combined with the property, fixed income and cash balances maintained by the Associations for operational purposes.

Markets

The year was full of change driven by diverging economies and politics. Although markets ended the year positively, it began on a weak footing with fears of faltering growth in China, the oil price at a multi-year low, sell-offs in corporate bonds and other risk assets and stubbornly low inflation. Concerns about China receded with policymakers implementing an ambitious stimulus program to help stabilise growth just as political uncertainty spiked. In Brazil the President was impeached, French primaries selected an unexpected presidential candidate, and Italy installed an interim government following the resignation of Matteo Renzi. The European Central Bank intervened in March by reducing interest rates and expanding asset purchases. Expectations of further monetary policy stimulus in the eurozone eased investors' fears, the drops in government bond yields partly reversed, economic data in the US showed positive surprise and oil prices rebounded.

One of the biggest surprises was the UK's vote in June to leave the EU and although UK sterling has depreciated by 13% since the referendum, UK economic growth has proven remarkably resilient. The Bank of England's announcements and actions have, so far, suppressed volatility.

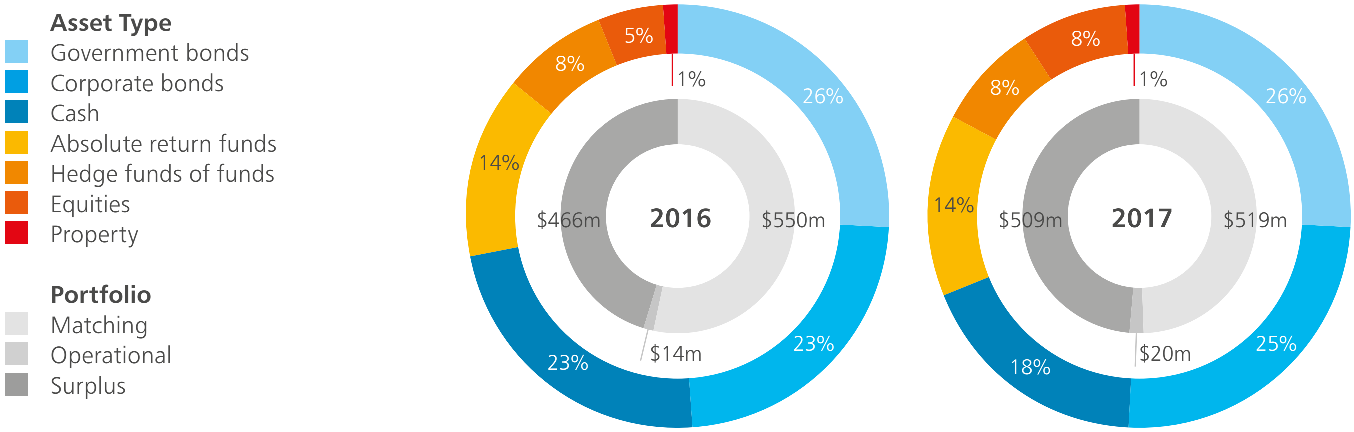
November brought with it another market moving event, the election of Donald Trump as US President. Significant changes in the US healthcare system, tax reform, environmental and trade policy are expected. Despite the fear that protectionism would damage global trade growth, markets welcomed the change reflecting a view that the combination of fiscal stimulus and less onerous regulations for many businesses will ignite the US economy and stimulate growth. As investors contemplated faster economic growth and rising interest rates there was a significant movement of funds from bonds into equities.

It was a record-breaking year for new issuance of investment grade corporate debt. The year also brought record low global bond yields, culminating in an unprecedented US$13 trillion of debt trading at negative yields. Diverging monetary policies between the US and other developed countries led to significant yield differentials driving investors to buy US bonds to the extent that foreign ownership is now estimated to account for about 29% of the US$11 trillion US corporate bond market.

Oil continues to be in the spotlight, starting the year at a low of US$27 and closing the year at US$50 per barrel. Economic instability created uncertain demand and reports of excess supply drove volatility throughout the year. A landmark OPEC production cut agreement was reached in December and as OPEC and Russia draw down excess supply, US shale production will continue to impact the price.

In contrast to the prior year, equity markets closed at new record highs with returns for the year to 20 February 2017 for the S&P 500, the FTSE Eurofirst 300 and the Nikkei 225 indices being 22.6%, 13.6% and 20.5% respectively. Bank equities and commodities, specifically base metals, posted the highest gains. The Barclays Global Aggregate index, which represents global bond markets, was unchanged over the year in US dollar terms. Both bond yields and credit spreads were volatile and while yields generally increased over the year, credit spreads tightened, a reversal of the widening that occurred in 2015.

ALLOCATION BY ASSET TYPE AND PORTFOLIO



Looking forward, political uncertainty, rising interest rates, China concerns and US dollar strength will have the greatest influence on markets. Moderate US growth and inflation expectations is expected to drive the US Federal Reserve to slowly raise interest rates while emerging market countries will receive a boost from weaker local currencies. Divergence between central bank policies and recovering economic growth provides better prospective investment opportunities.

Investment performance

The Trust recorded an overall investment gain of 4.2% before fees (3.8% net of fees). This includes a currency gain of 0.2% on assets held to match the currency exposure in claims liabilities. The currency gain of US$1.5 million has been allocated to the underwriting section of the Income and Expenditure Account.

Net of the currency gain on the matching assets the portfolio recorded a gain of 4.0%. A return of 2.0% on bonds, which form the majority of the portfolio, was supplemented by a 19.3% gain on equities and a 8.5% gain on hedge fund of funds.

Risk management and asset allocation

The portfolio allocation has remained stable throughout the year with a marginal increase in equities in the fourth quarter. The matching portfolio, held to back combined net claim liabilities and comprising a mixture of highly rated government and corporate bonds, continues to be managed on a ‘buy and maintain’ basis, holding individual bonds to maturity, with dynamic management of overall portfolio duration and hence interest rate risk. This portfolio is used to provide collateral for the reinsurance obligations of the Trust to SMUA and SMUAB.

The remaining surplus portfolio is principally invested in two absolute return bond funds run by investment managers who have managed investments for the Trust for a number of years. These funds are complemented by an investment in a global equity index fund and investments in two hedge funds of funds which have a strong record of superior risk-adjusted performance. This allocation aims to deliver an appropriate return while carefully managing credit and interest rate risk and maintaining a comfortable margin of capital above the requirements for a Standard & Poor’s financial strength rating of A.

The Corporate Trustee has continued to consult regularly with the Board of SMUAB, whose Members are the ultimate reinsured and beneficiaries of the Trust. That Board receives regular presentations on the utilisation of the agreed risk budget, investment performance and asset allocation.

Steve Ward
Head of Finance

Combined Financial Statements

Managers' Report

Basis of combination

The Combined Financial Statements that appear on pages 44 to 61 of these Management Highlights have been prepared by combining the accounts of Steamship Mutual Underwriting Association Limited ("SMUA") with the consolidated accounts of its principal reinsurer The Steamship Mutual Underwriting Association (Bermuda) Limited ("SMUAB"), and those of that Association's principal reinsurer The Steamship Mutual Trust ("the Trust"). All the Members of SMUA are also Members of SMUAB who are the beneficiaries of the Trust.

The Combined Financial Statements for "Steamship" are intended to provide an overall summary of the financial position of the three entities which, whilst contractually linked, are not under common management or control.

The consolidated financial statements of SMUAB and the financial statements of SMUA and the Trust are available in separate documents and on the Managers' website: www.steamshipmutual.com/club-finances/report-and-accounts.html

Free reserves

After considering the strong current and projected capital position of the Association, in October 2016 the Directors of SMUA decided to return 10% of mutual premium paid for the 2014/15 policy year (Class 1 – P&I) to the Members. Accordingly US$25.8 million was credited to Members' statements in November 2016.

As at 20 February 2017, the combined free reserves of Steamship were US$510.3 million, an increase of US$70.0 million, or 15.9% over the financial year. For the year under review, the Directors set a 0% general increase in P&I premium. At the 2017 renewal the general increase was again set at 0%.

Underwriting

The 2013/14 year was closed in May 2016.

Gross premium totalled US$305.6 million, net of the US$25.8 million return of premium to Members, compared to US$350.3 million last year.

The financial year combined ratio, calculated by dividing the sum of net incurred claims, allocated currency losses and operating expenses by net earned premium excluding the return, was 75.7% compared to 76.2% last year.

The Directors have decided to review release call levels in October 2017 as part of the Group Solvency Self-Assessment. In the meantime release calls for both Protection and Indemnity ("P&I") and Freight, Demurrage and Defence ("FD&D") will be set at 12.5% for the 2017/18 policy year, 2.5% for the 2016/17 policy year and 0% for the 2015/16 policy year.

Claims

Net claims paid during the financial year on a combined basis amounted to US$218.9 million, an increase of 6.2% on the previous year. Net outstanding claims decreased by US$50.5 million to US$562.6 million, a decrease of 8.2% compared to the previous year.

Gross claims arising in respect of the 2016/17 policy year, including IBNR, are projected to be US$245.9 million, a decrease of 28.0% over the 2015/16 policy year (US$341.7 million). Claims net of reinsurance recoveries amounted to US$223.0 million, a decrease of 9.3% compared to the 2015/16 policy year (US$246.0 million).

Investments

There was a combined gain on investments of US$31.0 million, a return of 2.8%. The overall total of cash and investments rose by US$16.7 million, or 1.6%, to US$1,060.8 million.

The Trust recorded an investment gain of 4.0% compared to a loss of 0.1% in the previous year.

A review of investment performance is provided in the Investments section of these Highlights.

Accountants' Report

Accountants' report to the Members of The Steamship Mutual Underwriting Association (Bermuda) Limited and Steamship Mutual Underwriting Association Limited

We report on the unaudited Combined Financial Statements of The Steamship Mutual Trust, The Steamship Mutual Underwriting Association (Bermuda) Limited and Steamship Mutual Underwriting Association Limited for the year ended 20 February 2017 ("the combined financial statements").

Our report is prepared solely for the confidential use of The Steamship Mutual Trust, The Steamship Mutual Underwriting Association (Bermuda) Limited and Steamship Mutual Underwriting Association Limited and solely for the purpose of informing the Members of The Steamship Mutual Underwriting Association (Bermuda) Limited and Steamship Mutual Underwriting Association Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Steamship Mutual Trust, The Steamship Mutual Underwriting Association (Bermuda) Limited and Steamship Mutual Underwriting Association Limited and of the Members of The Steamship Mutual Underwriting Association (Bermuda) Limited and Steamship Mutual Underwriting Association Limited as a body, for our work, for this report, or for the opinions we have formed.

Responsibilities

The Steamship Mutual Trust, The Steamship Mutual Underwriting Association (Bermuda) Limited and Steamship Mutual Underwriting Association Limited are responsible for the preparation of the combined financial statements.

It is our responsibility to carry out procedures designed to enable us to express an opinion as to whether the combined financial statements have been accurately compiled from the financial statements of The Steamship Mutual Trust, The Steamship Mutual Underwriting Association (Bermuda) Limited and Steamship Mutual Underwriting Association Limited for the year ended 20 February 2017.

Basis of opinion

We have performed the procedures listed below with respect to the combined financial statements. The procedures were performed solely to assist the Corporate Trustee and the Directors with the preparation of the combined financial statements and are summarised as follows:

- We agreed the figures used in the combined financial statements to the signed financial statements of The Steamship Mutual Trust, The Steamship Mutual Underwriting Association (Bermuda) Limited and Steamship Mutual Underwriting Association Limited as at 20 February 2017 respectively, and agreed adjustments on combination to the underlying accounting records;
- The auditor's reports on the financial statements of The Steamship Mutual Trust, The Steamship Mutual Underwriting Association (Bermuda) Limited and Steamship Mutual Underwriting Association Limited were issued by ourselves on 8 May and 9 May 2017 and were unqualified. Our audit opinions in these financial statements did not cover the policy year statements;
- We checked the numerical accuracy of the combined financial statements; and
- We checked that the stated accounting policies in the combined financial statements are consistent with the accounting policies adopted by The Steamship Mutual Trust, The Steamship Mutual Underwriting Association (Bermuda) Limited and Steamship Mutual Underwriting Association Limited, as defined in their respective financial statements to determine whether they are consistent.

Our procedures did not constitute an audit in accordance with Auditing Standards. In particular we have not verified any information or documentation provided to us and we should not be taken to have done so beyond the procedures described above.

Opinion

We report that:

- The combined financial statements have been accurately compiled from the financial statements of The Steamship Mutual Trust and The Steamship Mutual Underwriting Association (Bermuda) Limited and the statutory accounts of Steamship Mutual Underwriting Association Limited; and
- Accounting policies adopted in the combined financial statements are consistent with those adopted by The Steamship Mutual Trust, The Steamship Mutual Underwriting Association (Bermuda) Limited and Steamship Mutual Underwriting Association Limited.

Deloitte LLP
Chartered Accountants

London
9 May 2017

Combined Income and Expenditure Account

for the year ended 20 February 2017

	Note	2017 US$000	2016 US$000
Technical Account			
Gross premium	2	**305,642**	350,329
Outward reinsurance premium	3	**(56,033)**	(64,830)
Net earned premium		**249,609**	285,499
Allocated currency losses	7	**(745)**	(8,277)
Claims paid			
Gross amount	4	**310,335**	269,945
Reinsurers' share	4	**(91,415)**	(63,864)
		218,920	206,081
Change in the provision for claims			
Gross amount	5	**(142,642)**	(116,680)
Reinsurers' share	5	**92,177**	78,529
		(50,465)	(38,151)
Net claims incurred		**168,455**	167,930
Operating expenses	6	**39,219**	41,397
Underwriting balance		**41,190**	67,895
Non-Technical Account			
Underwriting balance		**41,190**	67,895
Investment income	7	**18,303**	8,035
Unrealised gains/(losses) on investments	7	**13,801**	(16,955)
Currency losses allocated to the Technical Account	7	**745**	8,277
Net investment return		**32,849**	(643)
Investment charges		**(2,145)**	(1,940)
Other income		**16**	37
Other charges	8	**(1,864)**	(1,190)
Taxation		**(77)**	(25)
Surplus for the financial year		**69,969**	64,134

Combined Balance Sheet

as at 20 February 2017

Assets	Note	**2017 US$000**	2016 US$000
Investments			
Land and buildings	8	**12,687**	14,551
Other financial investments	9	**1,023,576**	1,007,010
Reinsurers' share of technical provisions			
Claims outstanding	5	**202,829**	295,006
Debtors			
Debtors arising out of direct insurance operations		**16,617**	17,730
Debtors arising out of reinsurance operations		**9,048**	3,580
Other debtors		**4,547**	4,475
Other assets			
Cash at bank		**24,554**	22,586
Prepayments and accrued income			
Deferred acquisition costs		**253**	248
Other prepayments and accrued income		**7,884**	7,793
Total assets		**1,301,995**	1,372,979
Liabilities			
Capital and reserves			
Free reserves	10	**510,290**	440,321
Technical provisions		**1,711**	1,751
Claims outstanding	5	**765,386**	908,028
Provisions for other risks and charges			
Provision for taxation		**77**	25
Creditors			
Creditors arising out of direct insurance operations		**10,688**	4,329
Creditors arising out of reinsurance operations	11	**6,843**	11,339
Other creditors	12	**7,000**	7,186
Total liabilities		**1,301,995**	1,372,979

Notes on the Combined Financial Statements

1. Extract of accounting policies

(a) Accounting convention

The financial statements have been prepared in accordance with the European Commission Insurance Accounts Directive (91/674/EEC) as adopted in the United Kingdom through Section 396 of the Companies Act 2006 and Schedule 3 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and applicable United Kingdom Financial Reporting Standards ("FRS") 102 and 103.

(b) Basis of combination

The financial statements combine the accounts of SMUAB and its subsidiary undertakings, Steamship Mutual Underwriting Association (Reinsurance) Limited ("SMUARI"), Steamship Mutual Property Holdings Limited ("SMPH") and its share of Hydra Insurance Company Limited ("Hydra") with those of SMUA and the Trust to 20 February 2017.

	2017	2016
2. Gross premium written	**US$000**	US$000
Mutual and fixed premium	**331,382**	350,294
Return of premium	**(25,780)**	—
Movement in unearned premium	**40**	35
	305,642	350,329

	2017	2016
3. Outward reinsurance premium	**US$000**	US$000
Group Excess Loss	**31,061**	37,633
Other reinsurance premium	**24,972**	27,197
	56,033	64,830

	2017	2016
4. Claims paid	**US$000**	US$000
Claims and related expenses	**265,316**	221,732
Group Pool claims	**20,310**	22,206
Claims administration expenses	**24,709**	26,007
	310,335	269,945
Less reinsurers' share		
Group Excess Loss	**21,352**	44,857
Group Pool	**69,637**	16,310
Other reinsurers	**426**	2,697
	91,415	63,864
Net claims paid	**218,920**	206,081

5. Change in net provision for claims	**2017 US$000**	2016 US$000
Gross outstanding claims		
Provision brought forward	**(908,028)**	(1,024,708)
Provision carried forward	**765,386**	908,028
	(142,642)	(116,680)
Group Pool and Excess Loss reinsurers' share of outstanding claims		
Provision brought forward	**248,189**	328,700
Provision carried forward	**(150,806)**	(248,189)
	97,383	80,511
Other reinsurers' share of outstanding claims		
Provision brought forward	**46,817**	44,835
Provision carried forward	**(52,023)**	(46,817)
	(5,206)	(1,982)
Change in reinsurers' share	**92,177**	78,529
Change in net provision for claims	**(50,465)**	(38,151)
Net claims outstanding	**562,557**	613,022

A favourable net run-off deviation of US$43.4 million was experienced during the year (2016: US$78.1 million).

6. Operating expenses	**2017 US$000**	2016 US$000
Brokerage	**20,442**	20,763
Underwriting administration expenses	**7,635**	8,132
Other administration expenses	**10,374**	11,786
Directors' remuneration	**368**	467
Auditor's remuneration	**400**	249
	39,219	41,397
Total expenses		
Operating expenses	**39,219**	41,397
Claims expenses (note 4 above)	**24,709**	26,007
Investment charges	**2,145**	1,940
	66,073	69,344

Notes on the Combined Financial Statements

continued

7. Net investment return	**2017 US$000**	2016 US$000
Dividends and interest	**18,457**	16,309
Realised gains/(losses)		
Investments	**1,326**	(1,334)
Currency	**(1,480)**	(6,940)
Investment income	**18,303**	8,035
Unrealised gains/(losses)		
Investments	**13,066**	(15,618)
Currency	**735**	(1,337)
Currency losses allocated to the Technical Account	**745**	8,277
Net investment return	**32,849**	(643)

The allocation to the Technical Account is comprised of all realised and unrealised exchange differences arising on foreign currency investments held to hedge technical provisions in the same currencies.

8. Land and buildings

SMPH owns a freehold property consisting of office premises in London. It is occupied under licence, free of rent, by the Managers. The property was last valued by CBRE Limited at £10,200,000 (US$15,740,741) reflecting the market value at 20 February 2015. The currency loss of US$1.864 million reflects the movement in the US dollar equivalent of £10,200,000 (US$12,686,567) for the year ended 20 February 2017. The original costs incurred when the property was purchased in 1987 amounted to US$16,952,226.

9. Other financial investments

	2017 US$000	2016 US$000
Market value		
Equities	**80,453**	52,373
Alternative investments	**84,498**	77,625
Bonds	**690,976**	659,412
Money market instruments	**113,320**	118,653
Deposits with credit institutions	**49,185**	93,741
Cash accounts	**5,243**	6,253
Derivative financial instruments	**(99)**	(1,047)
	1,023,576	1,007,010
Cost		
Equities	**62,954**	46,491
Alternative investments	**81,222**	79,659
Bonds	**704,570**	669,116
Money market instruments	**113,561**	118,709
Deposits with credit institutions	**49,185**	93,741
Cash accounts	**5,243**	6,253
	1,016,735	1,013,969

10. Free Reserves

	2017 US$000	2016 US$000
Brought forward	**440,321**	376,187
Surplus for year	**69,969**	64,134
	510,290	440,321

Notes on the Combined Financial Statements

continued

11. Creditors arising out of reinsurance operations

	2017 US$000	2016 US$000
Group Clubs and Excess Loss reinsurers	**675**	5,823
Other reinsurance creditors	**6,168**	5,516
	6,843	11,339

12. Other creditors

	2017 US$000	2016 US$000
Unsettled investment transactions	**540**	482
Other creditors	**6,460**	6,704
	7,000	7,186

13. Average expense ratio

In accordance with Schedule 3 of the International Group Agreement, Steamship is required to calculate and disclose its Combined Average Expense Ratio, being the ratio of operating expenses to income, including premium and investment income.

The operating expenses include all expenditure incurred in operating Steamship, excluding expenditure incurred in handling claims. Investment income includes all incomes and gains whether realised or unrealised, exchange gains and losses, and investment management costs.

The Combined Average Expense Ratio for the P&I business of Steamship for the five years ended 20 February 2017 is 12.1% (2016: 12.1%).

14. Risk Management

Steamship monitors and manages the risks relating to its operations through its risk management programme which analyses exposures by degree and magnitude of risks. This is evidenced in the Group Solvency Self-Assessment ("GSSA") report.

The GSSA documents Steamship's risk and capital management processes employed to identify, assess, manage and report the risks it may face and to determine the capital resources required to ensure that its overall solvency needs are met at all times. The GSSA considers the business strategy, how the strategy aligns to risk appetite and the current risk profile.

The principal risks faced by Steamship are insurance risk, credit risk, market risk and operational risk.

Insurance risk

Insurance risk is comprised of two elements; premium risk and reserving risk. Premium risk refers to the risk that insurance premium written in the current policy year is insufficient to cover claims and other costs arising in that year. It thus relates to the future, whereas reserving risk is the risk that, over the next year, existing technical provisions are insufficient to cover claims arising in previous policy years. Steamship is exposed to the uncertainty surrounding the timing, frequency and severity of claims made under its insurance contracts. Premium and reserving risk are calculated by reference to risk factors prescribed by the BMA and then combined taking account of dependencies and diversification effects.

Premium is set using assumptions which have regard to trends and the past experience of a specific Member. Premium risk is mitigated by diversification across a variety of ship types and geographical areas, and by careful selection and implementation of underwriting strategy guidelines including the screening of new Members.

Steamship transfers a substantial portion of its insurance risk to its reinsurers through the provisions of the reinsurance arrangements and its membership of the International Group.

The key methods used to estimate claims liabilities are Bornhuetter-Ferguson for the most recent policy year reported and the development factor method for all other policy years. Reserves for both reported and unreported claims are calculated using detailed statistical analysis of the past experience as to frequency and average cost of claims. The Audit and Risk Committee compares the proposed claim reserves with an independent calculation performed by qualified actuaries at year-end.

Steamship aims to reduce reserving risk by setting claims reserves at a prudent level that provides between 70% and 80% confidence that they will be sufficient to cover actual settlement costs. Actual experience will differ from the expected outcome but this prudent basis is expected to result in releases of prior year claim reserves.

The sensitivity of the overall surplus to two factors, other assumptions being unchanged, is shown below.

	2017 **US$000**	2016 US$000
5% increase in claims incurred on current policy year		
Overall surplus: gross of reinsurance	**(12,297)**	(17,084)
net of reinsurance	**(12,297)**	(17,084)
Single claim of US$2billion in current policy year		
Overall surplus: gross of reinsurance	**(2,000,000)**	(2,000,000)
net of reinsurance	**(31,956)**	(34,529)

Notes on the Combined Financial Statements

continued

14. Risk management continued

The following tables show the development of claims over six years on both a gross and net of reinsurance basis.

The top half of each table shows how the estimates of total claims for each policy year have developed over time.
The lower half of each table reconciles cumulative claims to the amount appearing in the balance sheet.

Insurance claims – gross policy year	2011/12 US$000	2012/13 US$000	2013/14 US$000	2014/15 US$000	2015/16 US$000	2016/17 US$000
End of reporting year	485,127	429,668	364,898	306,136	341,743	245,943
One year later	764,249	354,164	254,372	237,964	338,071	
Two years later	949,778	334,971	235,589	232,980		
Three years later	1,072,279	314,316	227,727			
Four years later	1,045,184	297,510				
Five years later	1,013,205					
Current estimate of ultimate claims	1,013,205	297,510	227,727	232,980	338,071	245,943
Cumulative payments to date	909,730	255,444	165,885	168,911	165,708	50,439
Claims outstanding	103,475	42,066	61,842	64,069	172,363	195,504
Claims outstanding relating to last six policy years						639,319
Other claims liabilities						126,067
Total gross outstanding claims						765,386

Insurance claims – net policy year	2011/12 US$000	2012/13 US$000	2013/14 US$000	2014/15 US$000	2015/16 US$000	2016/17 US$000
End of reporting year	263,946	280,512	266,696	239,384	245,985	223,046
One year later	253,164	253,863	230,933	214,612	232,623	
Two years later	243,051	255,088	223,774	205,809		
Three years later	246,075	245,586	217,545			
Four years later	241,346	235,862				
Five years later	236,195					
Current estimate of ultimate claims	236,195	235,862	217,545	205,809	232,623	223,046
Cumulative payments to date	209,651	205,805	160,030	154,903	102,955	50,439
Claims outstanding	26,544	30,057	57,515	50,906	129,668	172,607
Claims outstanding relating to last six policy years						467,297
Other claims liabilities						95,260
Total gross outstanding claims						562,557

Credit risk

Credit risk is the risk that a counterparty owing money to Steamship may default causing a debt to be written off. The reinsurance protection arranged by Steamship effectively transforms a proportion of insurance risk into credit risk as the risk exposure becomes reinsurer default. External reinsurers are generally only used if their financial strength rating is at least A- from Standard & Poor's ("S&P") or an equivalent rating from another rating agency, except in the case of some members of the Group and participants on reinsurance contracts placed through the Group. The key areas of exposure to credit risk for Steamship are in relation to its reinsurance recoverables and bonds in the investment portfolio.

The Boards' Investment Policy and specific guidelines in investment mandates control the amount of credit risk taken in pursuit of investment return and ensure that such credit risk is diversified thereby avoiding any concentration of exposure.

Credit risk in respect of amounts due from Members is spread across diverse industries and geographical areas. Cover can be cancelled and claims set off against unpaid premium and there are other strong incentives for Members to keep their insurance cover in place. In practice therefore Steamship experiences prompt payment of premium and bad debt experience is immaterial.

Credit risk arises on operational balances and deposits held with banks. This is controlled by using a variety of banks and limiting individual exposures to US$10 million for banks rated AA by S&P, or an equivalent rating from another agency, and U$5 million for banks rated A by S&P, or an equivalent rating from another agency. The credit risk of one unrated, privately capitalised bank is monitored by reference to a specific capital ratio.

Loans and receivables from Members, agents and intermediaries generally do not have a credit rating. Equities and alternative investments are also included within other assets that do not have a credit rating.

The following tables show the aggregated credit risk exposure for those assets with external credit ratings.

	AAA	AA	A	BBB	BB & below	Not rated	Total
As at 20 February 2017	US$000	US$000	US$000	US$000	US$000	US$000	US$000
Bonds and loans	47,163	303,096	157,774	156,981	24,208	1,754	690,976
Money market instruments	113,320	—	—	—	—	—	113,320
Deposits with credit institutions	—	39,185	10,000	—	—	—	49,185
Cash accounts	—	11	5,232	—	—	—	5,243
Derivative financial instruments	—	—	(132)	—	—	33	(99)
Cash at bank	335	18,747	531	—	—	4,941	24,554
Reinsurers' share of technical provisions	—	35,598	164,345	2,705	—	181	202,829
Debtors arising out of reinsurance operations	—	17	7,831	843	—	357	9,048
Accrued interest	128	1,587	1,111	1,300	110	—	4,236
Total assets with credit ratings	160,946	398,241	346,692	161,829	24,318	7,266	1,099,292
Other assets	—	—	—	—	—	202,703	202,703
Total assets	160,946	398,241	346,692	161,829	24,318	209,969	1,301,995

Notes on the Combined Financial Statements

continued

14. Risk management continued

credit risk continued As at 20 February 2016	AAA US$000	AA US$000	A US$000	BBB US$000	BB & below US$000	Not rated US$000	Total US$000
Bonds and loans	65,822	265,563	161,124	134,687	29,842	2,374	659,412
Money market instruments	92,929	5,401	20,323	—	—	—	118,653
Deposits with credit institutions	—	83,743	9,998	—	—	—	93,741
Cash accounts	—	—	6,253	—	—	—	6,253
Derivative financial instruments	—	—	(1,047)	—	—	—	(1,047)
Cash at bank	334	17,670	423	—	—	4,159	22,586
Reinsurers' share of technical provisions	—	16,424	240,075	38,387	—	120	295,006
Debtors arising out of reinsurance operations	—	—	2,260	1,320	—	—	3,580
Accrued interest	162	1,538	1,213	1,226	140	—	4,279
Total assets with credit ratings	159,247	390,339	440,622	175,620	29,982	6,653	1,202,463
Other assets	—	—	—	—	—	170,516	170,516
Total assets	159,247	390,339	440,622	175,620	29,982	177,169	1,372,979

The following tables show the age analysis of debtors arising out of insurance operations and debtors arising out of reinsurance operations after deducting provisions for bad debt.

As at 20 February 2017	Not due US$000	0–30 days US$000	31–90 days US$000	Over 90 days US$000	Impaired US$000	Total US$000
Debtors arising out of direct insurance operations	6,845	2,966	3,191	2,680	935	16,617
Debtors arising out of reinsurance operations	—	8,694	301	36	17	9,048
Total	6,845	11,660	3,492	2,716	952	25,665

As at 20 February 2016	Not due US$000	0–30 days US$000	31–90 days US$000	Over 90 days US$000	Impaired US$000	Total US$000
Debtors arising out of direct insurance operations	10,326	4,208	1,675	701	820	17,730
Debtors arising out of reinsurance operations	—	3,580	—	—	—	3,580
Total	10,326	7,788	1,675	701	820	21,310

Market risk

Market risk is the risk of financial loss as a consequence of movements in prices of equities and bonds, interest rates and currency exchange rates and other price changes. Market risk arises primarily from investment activities.

Steamship's exposure to changes in interest rates and market prices is concentrated in the investment portfolio. The risk appetite, asset allocation and tolerance ranges are set by the Board of the Corporate Trustee having consulted with the Board of the reinsured. Exposures and compliance with Board policies are monitored and reported by the Managers assisted by independent investment consultants.

Steamship receives the majority of its premium income in US dollars, a significant amount in euro and small amounts in UK sterling and Canadian dollars. Claim liabilities arise in a number of currencies but predominantly in US dollars, euro, UK sterling and Brazilian reals. This exposure is mitigated by holding investments in UK sterling denominated assets and derivative positions held by the Trust in respect of the euro and Brazilian real. To minimise currency translation costs operational bank balances in euro and UK sterling are maintained to fund expected short term claim payments in those currencies.

The following tables show Steamship's assets and liabilities by currency.

	US dollar	UK sterling	Euro	Brazilian real	Indian rupee	Other	Total
As at 20 February 2017	US$000	US$000	US$000	US$000	US$000	US$000	US$000
Assets	1,236,351	40,950	14,441	1,144	—	9,109	1,301,995
Liabilities	(689,668)	(26,511)	(25,229)	(14,295)	(8,721)	(27,281)	(791,705)
	546,683	14,439	(10,788)	(13,151)	(8,721)	(18,172)	510,290
Derivative position			14,380	11,091			

	US dollar	UK sterling	Euro	Brazilian real	Korean won	Other	Total
As at 20 February 2016	US$000	US$000	US$000	US$000	US$000	US$000	US$000
Assets	1,263,852	41,329	41,505	1,140	15,937	9,216	1,372,979
Liabilities	(794,856)	(32,821)	(27,536)	(16,611)	(19,448)	(41,386)	(932,658)
	468,996	8,508	13,969	(15,471)	(3,511)	(32,170)	440,321
Derivative position				12,000			

IBNR and reinsurers' share of IBNR are classified as US dollar.

The majority of the operating expenses of Steamship are the costs of SIMSL, the service company of SPIM. These expenses are payable in UK sterling giving rise to a currency exchange risk when compared to Steamship's base currency of US dollars. Steamship has a Hedging Policy which requires that a percentage of forward future costs be fixed in US dollar terms. This is achieved by entering into forward purchase contracts or other option based products with a bank under the terms of an ISDA agreement.

Notes on the Combined Financial Statements

continued

14. Risk management continued

Steamship's interest rate risk is in relation to the fluctuation in the fair value of future cash flows of bonds due to changes in interest rates. The table below shows the change in fair value of the investments assuming a 1% increase in interest rates.

	Effect on investment valuation US$000
As at 20 February 2017	(11,118)
As at 20 February 2016	(14,960)

The above assumes that all other key market variables are held constant and that the interest rate change is instantaneous, which is rarely the case.

Liquidity risk

Liquidity risk is the risk that Steamship cannot meet its financial obligations as they fall due. Steamship maintains a highly liquid portfolio of cash, government and corporate bonds with a maturity equivalent to the expected settlement period of claim liabilities. Most of the remaining assets in the surplus portfolio could be converted in to cash in less than one month.

The following tables show the expected maturity of Steamship's assets. The tables below have been drawn up based on the undiscounted contractual maturities of the assets including interest that will be earned on those assets except where Steamship anticipates that the cash flow will occur in a different period.

As at 20 February 2017	0–1 years US$000	1–2 years US$000	2–5 years US$000	Over 5 years US$000	Total US$000
Investments	512,082	278,252	219,784	13,458	1,023,576
Reinsurers' share of technical provisions	67,799	42,961	62,504	29,565	202,829
Other assets	62,903	—	—	12,687	75,590
Total assets	642,784	321,213	282,288	55,710	1,301,995

As at 20 February 2016	0–1 years US$000	1–2 years US$000	2–5 years US$000	Over 5 years US$000	Total US$000
Investments	479,065	43,977	453,410	30,558	1,007,010
Reinsurers' share of technical provisions	101,537	66,328	89,491	37,650	295,006
Other assets	56,412	—	—	14,551	70,963
Total assets	637,014	110,305	542,901	82,759	1,372,979

The following tables show the expected maturity profile of Steamship's undiscounted obligations with respect to its insurance contract liabilities and other liabilities.

As at 20 February 2017	0–1 years US$000	1–2 years US$000	2–5 years US$000	Over 5 years US$000	Total US$000
Claims outstanding	255,842	162,118	235,861	111,565	765,386
Other liabilities	26,319	—	—	—	26,319
Total liabilities	282,161	162,118	235,861	111,565	791,705

As at 20 February 2016	0–1 years US$000	1–2 years US$000	2–5 years US$000	Over 5 years US$000	Total US$000
Claims outstanding	312,534	204,157	275,451	115,886	908,028
Other liabilities	24,630	—	—	—	24,630
Total liabilities	337,164	204,157	275,451	115,886	932,658

Operational risk

Operational risk includes fraud, interruptions in service due to external or internal disruption and procedural or systems errors. Steamship has identified its operational risks in a risk register and has in place appropriate controls to manage and mitigate such risks, consistent with good practice, regulatory guidance and legislation relating to human resources, financial crime, business continuity and information security. Appropriate controls are also in place to monitor the outsourcing of operations to the Managers and, through them, other service providers.

Combined Policy Year Statement

All Classes

Development of policy years	2016/17	2015/16	2014/15	Total
Open policy years	US$000	US$000	US$000	**US$000**
Gross premium	333,162	351,519	338,325	**1,023,006**
Reinsurance premium	(58,264)	(65,191)	(71,061)	**(194,516)**
Net earned premium	274,898	286,328	267,264	**828,490**
Allocated investment return transferred from the non-technical account	(2,616)	(3,101)	(643)	**(6,360)**
Net incurred claims				
Claims paid net of reinsurance recoveries	25,749	89,198	116,842	**231,789**
Claims administration expenses	24,691	13,759	38,059	**76,509**
Net claims outstanding	69,662	76,736	32,207	**178,605**
IBNR provision	93,184	50,357	17,531	**161,072**
Future claims administration expenses	9,762	2,577	1,166	**13,505**
	223,048	232,627	205,805	**661,480**
Operating expenses				
Brokerage	20,499	20,834	22,640	**63,973**
Other expenses	18,761	20,620	22,655	**62,036**
	39,260	41,454	45,295	**126,009**
Underwriting balance	9,974	9,146	15,521	**34,641**
Allocated net investment income	5,325	8,215	(1,004)	**12,536**
Surplus on open policy years	15,299	17,361	14,517	**47,177**
Closed policy years				
Surplus in respect of 2012/13 and prior years at 20 February 2016				**179,742**
Balance on 2013/14 year as at 20 February 2016				**32,566**
Movements on policy years prior to 2014/15				**(7,183)**
Surplus on all policy years				**252,302**

Managers' notes

1. Investment income earned by SMUAB and SMUA is credited to the same policy year as the financial year in which it rises. Investment income earned by the Trust is only allocated to the policy year to the extent required to bring that year into overall balance.

2. The pure underwriting result excluding additional premium, being the balance of net earned premiums after deducting claims paid net of reinsurance recoveries, net claims outstanding, IBNR provision and brokerage is as follows:

2016/17	2015/16	2014/15
US$m	US$m	US$m
65.8	49.2	78.0

Balance available for outstanding claims by policy year	2016/17 US$000	2015/16 US$000	2014/15 US$000	Closed years US$000	**Total US$000**
Gross claims outstanding					
Own claims	160,278	147,326	55,779	266,041	**629,424**
Pool claims	25,464	22,461	7,124	64,125	**119,174**
Future claims administration expenses	9,762	2,577	1,166	3,281	**16,786**
Reinsurance recoveries outstanding					
Group Excess Loss contract	—	(3,917)	—	(64,753)	**(68,670)**
Group Pool	(17,787)	(34,942)	(5,948)	(23,458)	**(82,135)**
Other	(5,109)	(3,835)	(7,217)	(35,862)	**(52,023)**
Net provision for claims outstanding	172,608	129,670	50,904	209,374	**562,556**
Free reserves					
Surplus on policy years	15,299	17,361	14,517	205,125	**252,302**
Unallocated investment income	—	—	—	257,988	**257,988**
	15,299	17,361	14,517	463,113	**510,290**
Balance available for outstanding claims	187,907	147,031	65,421	672,487	**1,072,846**

Managers' notes

1. Combined projected net outstanding claims at 20 February 2017, amounting to US$562.6 million, includes IBNR provision totalling US$232.0 million as follows:

2016/17 US$m	2015/16 US$m	2014/15 US$m	Closed years US$m	**Total US$m**
93.2	50.4	17.5	70.9	**232.0**

2. Combined free reserves at 20 February 2017, amounting to US$510.3 million, are stated net of a provision for future expenses on outstanding claims amounting to US$16.8 million.

Combined Policy Year Statement

P&I Class

Development of policy years	2016/17	2015/16	2014/15	Total
Open policy years	US$000	US$000	US$000	**US$000**
Gross premium	300,676	315,723	300,694	**917,093**
Reinsurance premium	(49,038)	(55,237)	(61,180)	**(165,455)**
Net earned premium	251,638	260,486	239,514	**751,638**
Allocated investment return transferred from the non-technical account	(2,153)	(2,263)	(308)	**(4,724)**
Net incurred claims				
Claims paid net of reinsurance recoveries	24,021	83,411	108,764	**216,196**
Claims administration expenses	22,316	12,348	32,486	**67,150**
Net claims outstanding	67,697	69,823	29,225	**166,745**
IBNR provision	88,165	47,275	16,129	**151,569**
Future claims administration expenses	9,344	2,375	1,064	**12,783**
	211,543	215,232	187,668	**614,443**
Operating expenses				
Brokerage	19,044	19,315	20,953	**59,312**
Acquisition and other expenses	16,959	18,504	20,436	**55,899**
	36,003	37,819	41,389	**115,211**
Underwriting balance	1,939	5,172	10,149	**17,260**
Allocated net investment income	5,634	4,844	(905)	**9,573**
Surplus on open policy years	7,573	10,016	9,244	**26,833**
Closed policy years				
Surplus in respect of 2012/13 and prior years at 20 February 2016				**168,239**
Balance on 2013/14 year as at 20 February 2016				**21,535**
Movements on policy years prior to 2014/15				**904**
Surplus on all policy years				**217,511**

Managers' notes

1. Investment income earned by SMUAB and SMUA is credited to the same policy year as the financial year in which it arises. Investment income earned by the Trust is only allocated to the policy year to the extent required to bring that year into overall balance.

2. The pure underwriting result, being the balance of net earned premiums after deducting claims paid net of reinsurance recoveries, net claims outstanding, IBNR provision and brokerage is as follows:

	2016/17	2015/16	2014/15
	US$m	US$m	US$m
	52.7	40.7	64.4
3. Net product of 10% supplementary call	24.7	24.8	24.2

Balance available for outstanding claims by policy year	2016/17 US$000	2015/16 US$000	2014/15 US$000	Closed years US$000	**Total US$000**
Gross claims outstanding					
Own claims	152,563	136,135	50,930	255,763	**595,391**
Pool claims	25,464	22,461	7,124	64,125	**119,174**
Future claims administration expenses	9,344	2,375	1,064	3,151	**15,934**
Reinsurance recoveries outstanding					
Group Excess Loss contract	—	(3,917)	—	(64,753)	**(68,670)**
Group Pool	(17,787)	(34,942)	(5,948)	(23,458)	**(82,135)**
Other	(4,378)	(2,639)	(6,752)	(33,725)	**(47,494)**
Net provision for claims outstanding	165,206	119,473	46,418	201,103	**532,200**
Free reserves					
Surplus on policy years	7,573	10,016	9,244	190,678	**217,511**
Unallocated investment income	—	—	—	257,988	**257,988**
	7,573	10,016	9,244	448,666	**475,499**
Balance available for outstanding claims	172,779	129,489	55,662	649,769	**1,007,699**

Managers' notes

1. Combined projected net outstanding claims at 20 February 2017, amounting to US$532.2 million, includes IBNR provision totalling US$218.0 million as follows:

2016/17 US$m	2015/16 US$m	2014/15 US$m	Closed years US$m	**Total US$m**
88.2	47.3	16.1	66.4	**218.0**

Staff Training

During the year the staff of the Managers' London Representatives have attended training courses, or received the benefit of numerous talks and presentations on subjects of topical interest given by several of the Club's service providers such as lawyers and experts. The Managers are grateful to the following organisations for their co-operation and assistance in passing on the benefit of their knowledge and experience:

7 King's Bench Walk

Bowman Gilfillan

Brookes Bell

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Campbell Johnston Clark Ltd

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Chartered Insurance Institute

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Colin, Biggers & Paisley

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Mills & Co

MTI Network

Myton Law Ltd

Reed Smith LLP

SMIT

Stembridge Solicitors

Taylor Marine

Thompson Reuters

Wang Jing & Co

Weightmans LLP

Glossary

Term/Abbreviation	Explanation
BMA	Bermuda Monetary Authority
churn effect	Replacement of older higher rated tonnage with newer lower rated tonnage
CLC	International Convention on Civil Liability for Oil Pollution Damage
EU	European Union
F&FO	Fixed and Floating Objects
FD&D	Freight, Demurrage and Defence
GSSA	Group Solvency Self-Assessment
GT	Gross Tonnage
Hydra	Hydra Insurance Company Limited
IBNR	Incurred But Not Reported – a term used to describe a claim which may have occurred, but of which the Club is not yet aware, or is only partially aware and for which provision must be made when calculating the Club's liabilities
IOPC Fund	International Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage (Fund Convention)
JCPOA	Joint Comprehensive Plan of Action
NOD	Net of Deductible
P5+1	The P5+1 is a group of world powers who have been negotiating with Iran since 2006 with the goal of limiting Iran's capacity to manufacture a nuclear weapon in exchange for relief from certain economic sanctions and the ability to pursue a civilian nuclear energy program. The P5+1 is composed of the five permanent members (P5) of the UN Security Council (the United States, China, Russia, France and the United Kingdom) and Germany (+1).
P&I	Protection and Indemnity
PEME	Pre-Employment Medical Examination
SFCR	Solvency and Financial Condition Report
S&P	Standard & Poor's
SIMSL	Steamship Insurance Management Services Limited
SMPH	Steamship Mutual Property Holdings Limited
SMUA	Steamship Mutual Underwriting Association Limited
SMUAB	The Steamship Mutual Underwriting Association (Bermuda) Limited
SMUARI	The Steamship Mutual Underwriting Association (Reinsurance) Limited
SPIM	Steamship P&I Management LLP
The Trust	The Steamship Mutual Trust
UK	United Kingdom
UN	United Nations
US	United States (of America)

Notes

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Visit play.google.com to download the Android App