TYSERS

International Insurance and Reinsurance Brokers

THE P&I REPORT '19

ALL AT SEA

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INTRODUCTION

Welcome to the latest edition of the Tysers P&I Report.

Marine remains very much at the core of what we do at Tysers. Our focus is on personal service with added value. With this in mind, and as part of our offering, we have produced this report which is intended to be an up-to-date, succinct, clear and incisive comparative summary of the P&I Market (together with our own subjective thoughts on the rankings within).

We hope you will find this report interesting, informative and enjoyable.

"CLIENT SATISFACTION IS PARAMOUNT TO US. THIS HAS RESULTED IN A SIGNIFICANT CLIENT BASE THAT HAS SHOWN DECADES OF LOYALTY, WHICH IS SOMETHING WE HAVE NEVER TAKEN FOR GRANTED."

Thomas D. Wilson
Managing Director
Head of Marine & Aviation

ABOUT TYSERS

Founded in 1820, Tysers is a leading independent international Lloyd's broker that is based at the heart of the world's premier insurance market in London. Tysers, which is part of the Integro group, employs some 800 people; handles over US$2 billion of annual premiums; and works with leading re/insurance markets worldwide to deliver risk solutions to a global client base.

Despite our size, we work hard to develop a close working relationship with our clients to enable us to provide the best advice, guidance, coverage, claims management and overall service in all aspects of insurance and risk management.

Please visit our website to learn more about what we can offer: www.tysers.com

KEY STRENGTHS

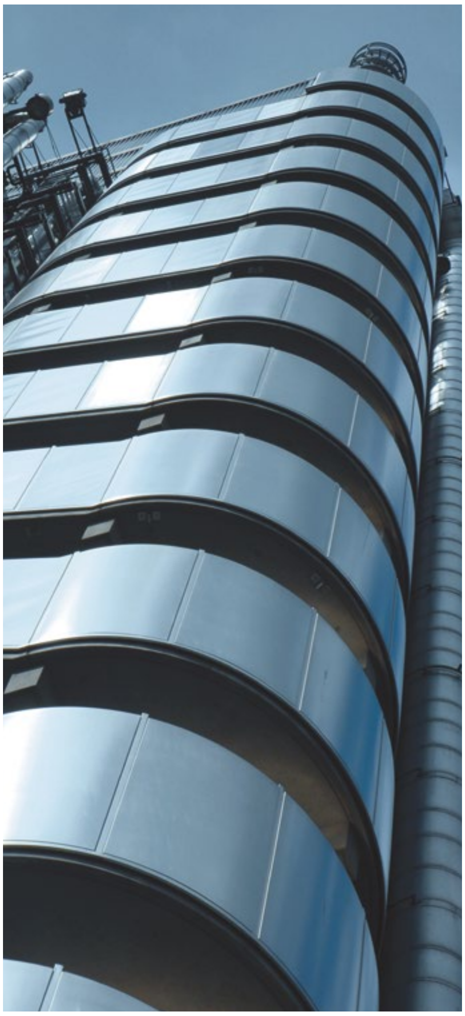
Global expertise
With particular strength in the UK, Europe, Indian sub-continent, South East Asia, the Far East and South America.

Established market presence
Strong relationships with all 13 Clubs in the Group and selected Fixed Market insurers, facilitate competitive pricing.

Extensive experience
Our team has a unique blend of expertise available to clients, having worked previously for International Group P&I Clubs, leading insurers and other major brokers.

Reinsurance expertise
Our reinsurance clients range from the London Market to other major marine underwriting centres, P&I Clubs, fixed premium and overseas insurers.

Proactive claims service
Our integrated claims team is involved in all accounts from day one, before any loss occurrence. The broking and claims teams work in harmony to deliver a complete service.



AREAS OF EXPERTISE

- Protection and Indemnity, FDD, other Marine Liabilities including Contractual and Specialist Operations
- Charterers' Covers
- Containers and Chassis
- Tailor made Crew Insurance
- Ship Agents' Liabilities
- Ports and Terminals
- Loss of Hire/ Trade Disruption
- Hull & Machinery
- War Risks
- Piracy
- Kidnap and Ransom
- Reinsurance
- Builders Risks – including Related Delay Covers and Contract Repudiation
- Mortgagees Interest

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P&I TEAM CONTACTS

Tom Wilson

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Tom has over 35 years experience working in all classes of marine coverage and leads the Marine & Aviation practice at Tysers. Tom is on the Marine Executive of LIIBA.

Martin Hubbard

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Over 40 years P&I experience, mainly as a Senior Underwriter and Director with the Steamship Mutual Underwriting Association Ltd. Joined Tysers in 2005.

Ian Harris

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Ian joined Tysers from Willis in January 2014, and has over 40 years P&I and H&M experience, including ten years in claims.

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Simon joined Tysers in 2012 having previously worked with Marsh and JLT and brings almost 25 year experience in P&I.

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Joined the Marine Division in 1999 having previously been with Sedgwicks and Aon.

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Henry joined Tysers in August 2017 from another Lloyds broker, and has a wealth of broking experience across all Marine classes. His primary focus is Protection & Indemnity, as well as Market Liability insurance.

Liam Scott

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Liam joined Tysers in 2016 straight from education and worked in the technical department for a year before being promoted to work in the P&I team.

Chris Sydenham

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Over 30 years with Tysers specialising in Marine and Aviation Claims. Chris is also Deputy Chairman of the LIIBA Marine Claims Sub-Committee.

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ALL AT SEA

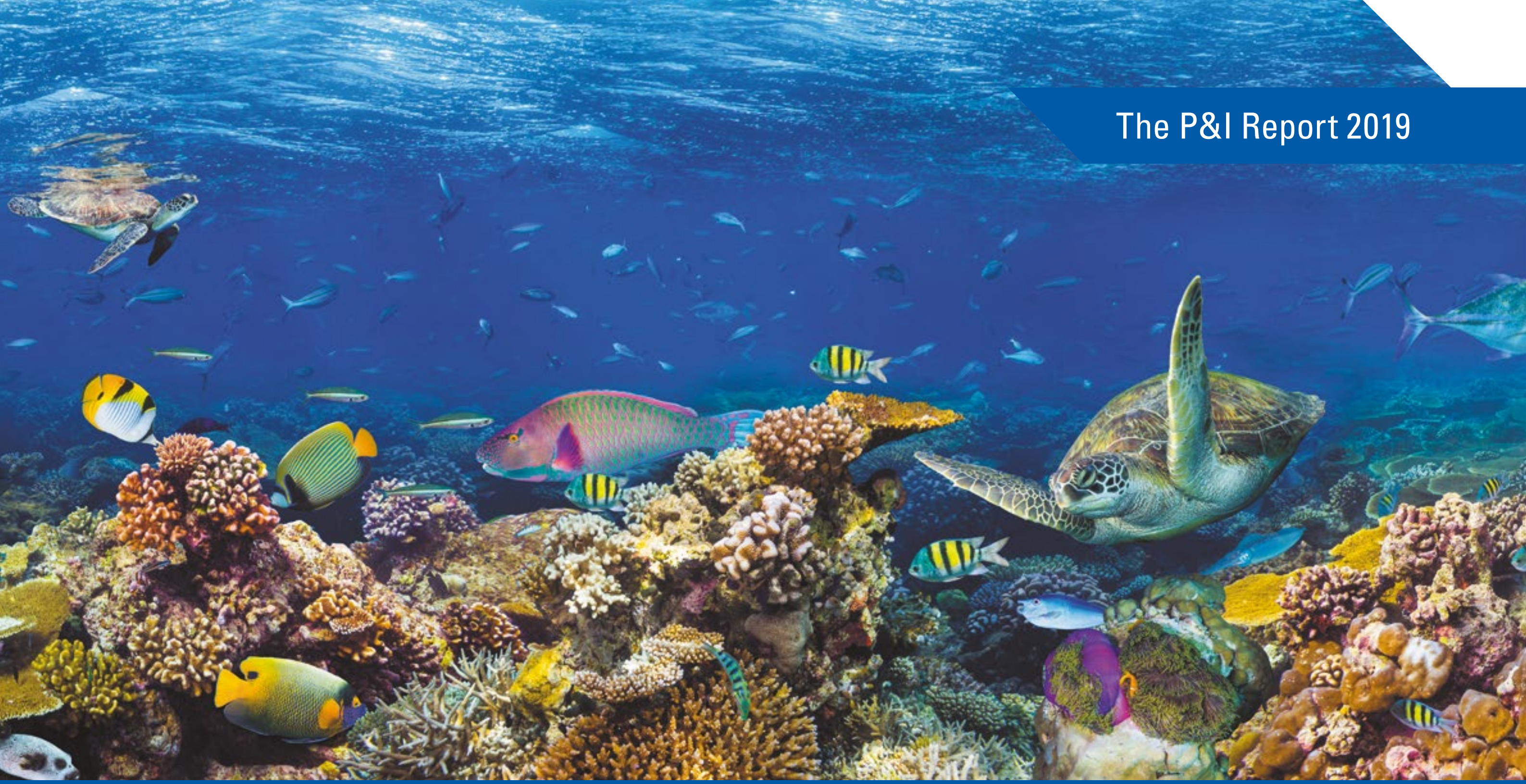
International Group Free Reserves fall by over $300m to $5.3 billion

Year	Owned GT	Free Reserves (US$)	Reserves per GT
2013/14	1,076,000,000	4,318,000,000	$4.01
2014/15	1,104,000,000	4,623,000,000	$4.19
2015/16	1,154,000,000	4,826,000,000	$4.18
2016/17	1,204,000,000	5,303,000,000	$4.40
2017/18	1,245,000,000	5,643,000,000	$4.53
2018/19	1,273,000,000	5,334,000,000	$4.19

With England crowned cricket world champions during 2019, we were tempted to adopt a cricket theme this year but felt that the strange terminology used in this sport, such as “silly mid on”, “googly”, “howzat” and “mullygrubber” may be too much for readers in countries where the sport is not played. So, instead, we have opted for something completely different and chosen to base our 2019 ranking of the International Group Clubs on creatures of the sea. This ranking is based primarily on the financial results for 2018/19 but also reflects our more subjective view of the relative strength and abilities of the Clubs as we move into a hard market.

It is fair to say that the P&I market is somewhat confused and divided at the moment, indeed “all at sea” in our view sums it up quite well. Overall, the International Group lost close to $300m last year, but this figure includes over $90m of premium returns and cash distributions, and free reserves remain an enormous $5.3 billion, equivalent to $4.19 per owned GT compared to $4.53 last year but the same level as 2015/16. The Group thus remains in a very solid position, but many Clubs feel that premium rates have dropped to unhealthy levels. In particular, UK, West and Standard are adamant rates must rise while others such as Gard and Britannia appear quite content with the current state of play.

The concern of many Clubs is not with attritional claims which generally appear to be stable but with what some feel are clear signs of a trend of increased frequency of large claims. The Pool certainly had a bad year in 2018/19 and at 20th February 2019, 18 Pool claims totalling $306m had been notified, already well ahead of the previous four years (see page 21), with Standard and West suffering four each and Gard three. We understand that eight further claims have since been notified, pushing the total estimate as at 20th August 2019 to over $425m including the 7.5% Individual Club Retention (ICR) now borne by the Club suffering the claim within



the $50m-$100m layer of the Pool. Pool claim estimates can change considerably as cases develop, but the current total is the highest since 2013 which stands at $409m. The first half of 2019/20 has seen seven Pool claims estimated at $87m gross of the ICR.

A major concern for the Clubs must be the increased frequency of fires. Over the last twenty years It is estimated that a cargo-related fire on a container ship has occurred every 60 days, but during 2019 this average increased to every 30 days, and one of the main problem cargoes has been identified as charcoal/carbon. Container lines, the Clubs and other interested bodies are making serious efforts to mitigate the problems with the major issue appearing to be the correct handling, description and categorisation of dangerous cargoes. As the leading logistics insurer TT Club stated in a circular in September 2019 "the casualty rate in 2019 is not a comfortable reality for any industry stakeholder – whether the shipper community, logistics and ship operators or the diverse range of insurance providers – and highlights the need to galvanise actions to improve safety, protecting lives and the environment, as well as ships, cargo and equipment."

Other concerns for the Clubs include continued problems with liquefaction of ore cargoes from Indonesia and the Philippines, highlighted by the tragic likely loss of 25 crew members aboard the bulk carrier "Nur Allya", which was reported missing on 20 August 2019 in Indonesian waters loaded with nickel ore.

The combined ratios (technical underwriting result excluding investment income) of the Clubs averaged 111% compared to 104% last year, with only Japan Club, Skuld and Swedish Club under 100% and the worst performer for the second year running, and by some distance, was the London Club at 140%. We did warn this Club last year that a poor investment climate or run of large claims "would see free reserves eroded quickly and… the best way forwards would be to merge with another Group Club while the going is comparatively good." Its free reserves have since dropped by over 13% so it needs to get a move on.

The Clubs had no help from the investment markets, with an overall return of just $45m, although it appears that 2019 to date has seen some useful returns.

Renewal 20th February 2020

The tides are running both ways when it comes to the renewal strategy of the Clubs, and we feel many are at this stage undecided and will wait to see what others announce before committing themselves. We do feel this creates a good case for a requirement that **all Clubs should announce their general increase at the same time, so how about noon on 20th November?**

There are clear signals from some Clubs that they need rates to increase, and so far as we can tell at this early stage we believe the position is currently:

Continues on PG 12

Likely to call or need a general increase
American Club
London Club
UK Club
West of England
Standard

Unlikely to require a general increase
Britannia
Japan Club
Shipowners

May follow the market trend
Gard
North
Steamship Mutual
Swedish Club

The one Club not included above is Skuld which since 2011 has a stated policy of not calling general increases, with renewals based on "individual assessment and Members' records". In view of the possible split shown above, we do wonder whether other Clubs this renewal may follow the Skuld strategy and seek increases without any official headline figure.

In our opinion, all Clubs with the possible exception of London Club could happily get through another renewal with no general increase and rely on surplus reserves in the event of a poor claims' or investment year. Sadly, this will not happen although it should not prevent some Clubs from continuing the practice of future premium returns or cash distributions as policy years develop better than expected.

We expect to see a spread of general increases between 0% and 7.5%, and will confirm the position in our usual December Update.

Diversification

With Skuld following Standard and closing down its Lloyd's Syndicate, this marks a welcome end to the International Group's Lloyd's adventures. It was always going to be difficult to develop a profitable Syndicate from scratch, and we are pleased Skuld had the courage to change tack and move their Lloyd's business back under its corporate umbrella.

The International Group is now evenly split between those pursuing the diversification route and those sticking to the traditional monoline approach:

Multiple Lines

American, Gard, North, Skuld, Standard, Swedish.

Monoline

Britannia, Japan, London, Shipowners, Steamship, UK, West. ■

Release Calls as at September 2019

Policy Year	American	Britannia	Gard	Japan	London	North	Shipowners	Skuld	Standard	SSM	Swedish	UK	West of England
2017	20	0	5	3.6	12.5	0	0	3	0	0	8	5	0
2018	20	0	5	3.6	15	5	0	7.5	0	0	10	5	7.5
2019	20	0	10	3.6	15	15	0	15	6	10	15	10	15

Japan reports its Release Calls as a percentage of Advance Call. In order to be consistent with other Clubs, all our figures are expressed as a percentage of estimated total premium.

INTERNATIONAL GROUP

1. Gard P&I (Bermuda) Limited

BLUE WHALE - massive and well-liked

2. Assuranceforeningen Skuld

SHARK - aggressive, hungry and decisive

3. The North of England P&I Association Limited

POLAR BEAR - a large but careful beast, attractive to many

4. The Britannia Steam Ship Insurance Association Limited

GIANT TURTLE - old, safe and much loved

5. The United Kingdom Mutual Steam Ship Assurance Association (Bermuda) Limited

MANTA RAY - big, lethargically graceful

6. The Shipowners Mutual P&I Insurance Association (Luxembourg)

SWORDFISH - nimble, equipped to deal with the opposition

7. Steamship Mutual Underwriting Association Limited

EMPEROR PENGUIN - looking pretty, plenty of body fat

8. The West of England Shipowners Mutual Insurance Association (Luxembourg)

DOLPHIN - friendly and likeable

9. The Swedish Club

SEA HORSE - an attractive but small creature

10. The Standard Club

OCTOPUS - too many arms can get it into trouble

11. The Japan Ship Owners' Mutual P&I Association

SALMON - struggling to get upstream

12. London Steamship Owners Mutual Insurance Association Ltd

JELLYFISH - drifting, needs to find the right direction

13. The American Club

CRAB - small, moving sideways rather than forwards but appeals to a certain clientele

SUMMARY OF 2018/19 RESULTS

Club	U/W Profit/Loss 2018/19 ($M)	Net Combined Ratio 2018/19	Investment Income 2018/19 ($M)	Surplus Feb 2019 ($M)	Free Reserves Feb 2019 ($M)	Total Owned GT Feb 2019 (M)	Free Reserves Per Owned GT Feb 2019
American	(12)	116%	(1)	(12)	45	19	$2.42
Britannia*	(22)	112.56%	(1)	(24)	588	112	$5.25
Gard	(98)	116%	(9)	(90)	1,158	229	$5.05
Japan	3	95%	8	11	238	95	$2.49
London	(34)	140.10%	8	(26)	169	51	$3.30
North	(13)	105.10%	26	13	463	147	$3.15
Shipowners	(8)	104.20%	(29)	(38)	304	27	$11.15
Skuld	8	98%	1	11	453	92	$4.93
Standard	(49)	113%	4	(45)	435	130	$3.34
Steamship	(41)	116.10%	14	(27)	467	86	$5.46
Swedish	(4)	99%	(6)	(10)	204	47	$4.29
UK	(37)	114%	6	(32)	505	144	$3.51
West	(26)	114%	24	(2)	306	93	$3.30
	Total (333)	Average 111%	Total 45	Total (288)	Total 5,335	Total 1,272	Average $4.19

Note: All figures are net of reductions in deferred calls. Capital distributions are reflected in free reserves.
Figures in orange are consolidated figures covering all lines of business rather than P&I alone.

* Includes Boudicca

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P&I MARKET SHARE

These comparisons show the relative size of P&I Clubs by owned gross tonnage, financial year income and free reserves as at 20 February 2019.

P&I Club	Owned GT	%	Accounting Year Premium $	%	Free Reserves $	%
Gard*	229,500,000	18.0	734,916,000*	19.9	1,158,391,000	21.7
North of England	147,000,000	11.6	345,019,000	9.4	463,037,000	8.7
UK	144,000,000	11.3	322,398,000	8.7	504,793,000	9.5
Standard	130,000,000	10.2	386,400,000	10.5	434,700,000	8.1
Britannia	111,900,000	8.8	204,415,000	5.6	587,561,000	11
Japan	95,500,000	7.5	194,386,000	5.3	237,876,000	4.5
West of England	92,800,000	7.3	219,726,000	6.0	306,373,000	5.7
Skuld	91,800,000	7.2	401,621,000	10.9	452,723,000	8.5
Steamship	85,600,000	6.7	306,661,000	8.0	467,049,000	8.8
London	5 1,100,000	4.0	103,660,000	2.8	168,843,000	3.2
Swedish**	47,500,000	3.7	146,088,000	4.0	203,838,000	3.8
Shipowners	27,252,000	2.1	224,267,000	6.1	303,825,000	5.7
American	18,700,000	1.5	95,951,000	2.6	45,225,000	0.8
Total	**1,272,652,000**		**3,685,508,000**		**5,334,234,000**	

* Premium for all lines of business. P&I income $481,963,000 net of waived deferred call

** Premium for all lines of business. P&I income $90,485,000 net of 5% return

STANDARD & POOR'S RATINGS OF P&I CLUBS

Insurance Year	2015	2016	2017	2018	2019
Gard	A+	A+	A+	A+	A+
Britannia	A	A	A	A	A
North of England	A	A	A	A	A
Standard	A	A	A	A	A
Skuld	A	A	A	A	A
UK Club	A	A	A	A	A
Steamship	A-	A	A	A	A
Shipowners	A-	A-	A	A	A
West of England	BBB+	BBB+	A-	A-	A-
Swedish Club	BBB+	BBB+	BBB+	BBB+	A-
Japan Club	BBB+	BBB+	BBB+	BBB+	BBB+
London Club	BBB	BBB	BBB	BBB	BBB
American Club	BBB-	BBB-	BBB-	BBB-	BBB-

THERE IS STILL PLENTY OF PROTECTIVE FAT WITHIN THE IG CLUBS

AVERAGE EXPENSE RATIOS (AER)

The AER was introduced in 1998 as a means of comparing the administration costs of the mutual P&I Associations under the terms of their exemption from the E.U. Competition Directive. The Clubs are only obliged to report their five-year AER and most do not show their annual expense ratio. The below figures are all five-year averages.

	2015	2016	2017	2018	2019
American Club	21.60%	24.20%	25.70%	27.90%	26.60%
Shipowners	20.00%	21.00%	22.00%	22.00%	24%
West of England	14.86%	15.50%	15.15%	14.75%	14.68%
Swedish	13.00%	13.30%	13.30%	13.40%	13.80%
Gard	11.40%	11.83%	12.02%	11.21%	13.04%
Skuld	12.90%	12.80%	12.80%	12.70%	12.80%
Standard	11.40%	12.20%	12.40%	12.50%	12.78%
North of England	12.40%	12.40%	12.00%	12.10%	12.70%
Steamship	11.80%	12.10%	12.10%	12.20%	12.40%
UK Club	9.66%	10.28%	10.22%	10.31%	11.09%
Britannia	8.43%	9.12%	9.42%	9.73%	10.90%
London Club	8.78%	9.52%	9.51%	9.68%	10.30%
Japan Club	5.25%	5.18%	5.46%	6.21%	6.52%
Average	**12.42%**	**13.02%**	**13.24%**	**13.44%**	13.97%

GENERAL INCREASES 2010/2019

	Shipowners	Gard	Skuld	Steamship	Swedish	West*	American	Britannia	Standard	UK	North	Japan	London
2010	5	0	5	5	2.5	5	4	5	3	5	5	12.5	5
2011	0	0	0	0	2.5	5	2	5	3.5	5	3	10	5
2012	0	5	0	5	5	5	5	5	5	3	5	3	5
2013	5^	5	8.5	7.5	7.5	7.5	10	16.5	7.5	7.5	15	5	12.5
2014	5^	5	8.5+	10	7.5	7.5	10	2.5	12.5	10	7.5	7.5	10
2015	0^	2.5	0	0	2.5	2.5	4.5	2.5	5	6.5	4.75	3	6
2016	0	2.5	0	0	0	0	2.5	2.5	2.5	2.5	2.5	3	5
2017	0	0	0	0	0	0	0	0	0	0	0	0	0
2018	0	0	0	0	0	0	0	0	0	0	0	0	0
2019	0	0	0	0	0	5	0	0	0	0	0	0	0
Total 2010/2019	116	122	124	130	131	144	144	145	146	147	151	153	159

Average 139

* Applies to premium net of Group Excess Loss Reinsurance costs

\+ Estimated

^ Includes any increase in Group Excess Loss Reinsurance costs

The total shows the cumulative increase based on 2009 premium of 100.

SUPPLEMENTARY CALL RECORD

(Original Estimate/Current Estimate)

Policy Year	American	Britannia	Gard	Japan	London	North of England	Shipowners	Skuld	Standard	Steamship	Swedish	UK	West of England
2010	25/25	40/40	25/15	40/50	0/0	0/0	10/10	0/0	0/0	0/0	0/0	0/0	30/30
2011	25/25	40/40	25/20	40/40	0/0	0/0	0/0	0/0	0/0	0/0	0/0	0/-2.50	30/30
2012	0/0	40/40	25/15	40/40	0/0	0/0	0/0	0/0	0/0	0/0	0/0	0/0	30/30
2013	0/0	45/45	25/15	40/40	0/0	0/0	0/0	0/0	0/0	0/0	0/0	0/0	35/35
2014	0/0	45/35	25/15	40/20	0/0	0/0	0/0	0/0	0/0	0/-10	0/0	0/-2.50	35/35
2015	0/0	45/40	25/15	40/30	0/0	0/0	0/0	0/0	0/0	0/-10	0/0	0/-3	35/35
2016	0/0	45/45	25/0	40/30	0/0	0/-5	0/0	0/-2.50	0/-5	0/0	0/0	0/0	35/35
2017	0/0	45/45	25/0	40/40	0/0	0/0	0/0	0/-2.50	0/-5	0/0	0/-4	0/0	35/35
2018	0/0	45/45	25/12.5	40/40	0/0	0/0	0/0	0/-2.50	0/0	0/0	0/-5	0/0	0/0
2019	**0/0**	45/45	**0/0**	40/40	**0/0**	**0/0**	0/0	**0/0**	**0/0**	**0/0**	**0/0**	**0/0**	**0/0**

Called above Estimated Total Call Called below Estimated Total Call Called full Estimated Total Call

FREIGHT, DEMURRAGE AND DEFENCE SUMMARY

General Increases

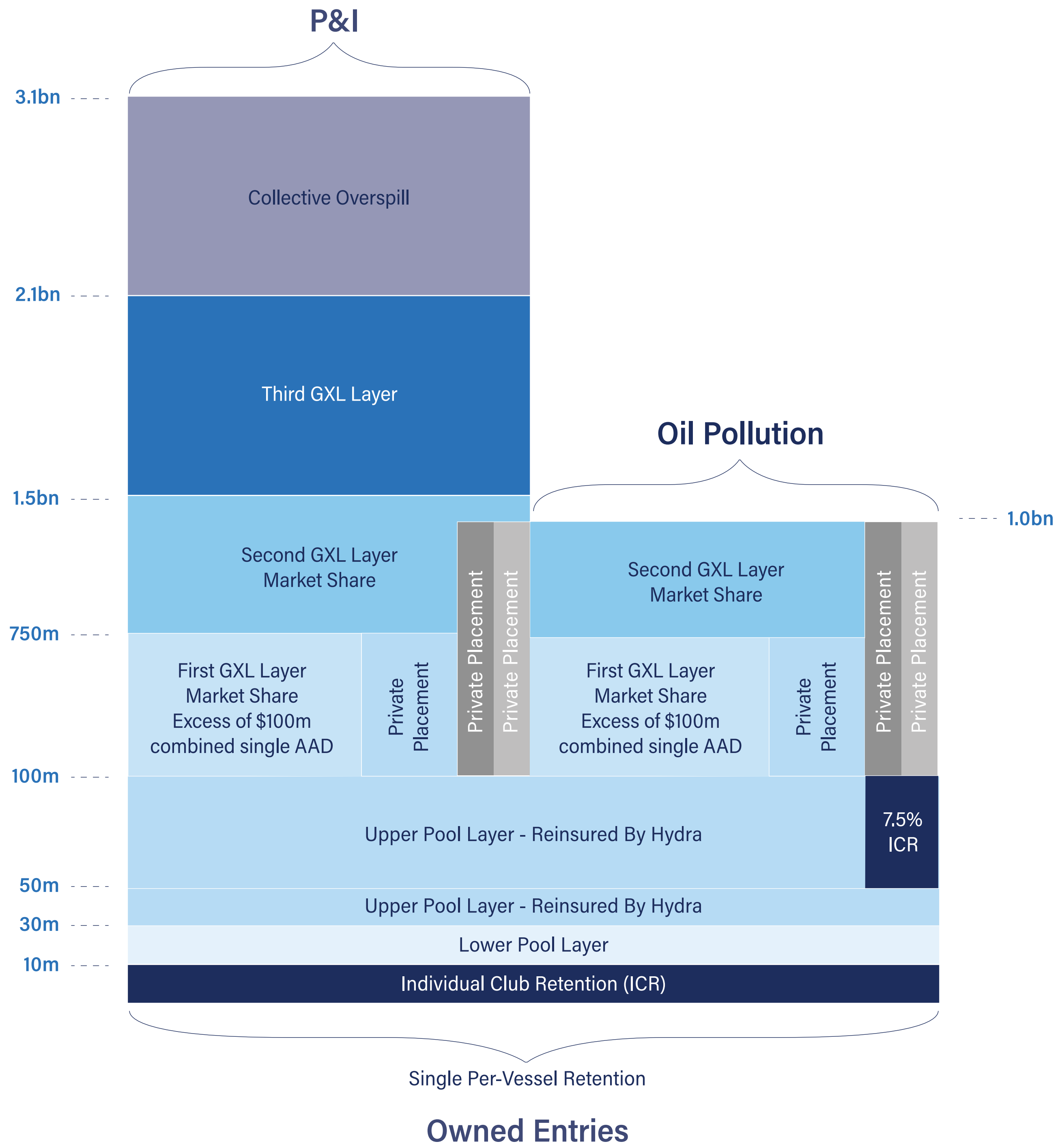
	American	Britannia	Gard	Japan	London	North of England	Shipowners	Skuld	Standard	Steamship	Swedish	UK Defence Club	West of England
2014	10	0	10	7.5	10	5	5	0	12.5	10	7.5	5	7.5
2015	4.5	0	10	0	6	2.5	0	0	5	0	5	0	0
2016	0	0	2.5	0	5	2.5	0	0	0	0	0	0	0
2017	0	0	0	0	0	0	0	0	0	0	0	0	0
2018	0	0	0	0	0	0	0	0	0	0	0	0	0
2019	0	0	0	0	0	0	0	0	0	0	0	0	0

2019 Limits and Deductibles

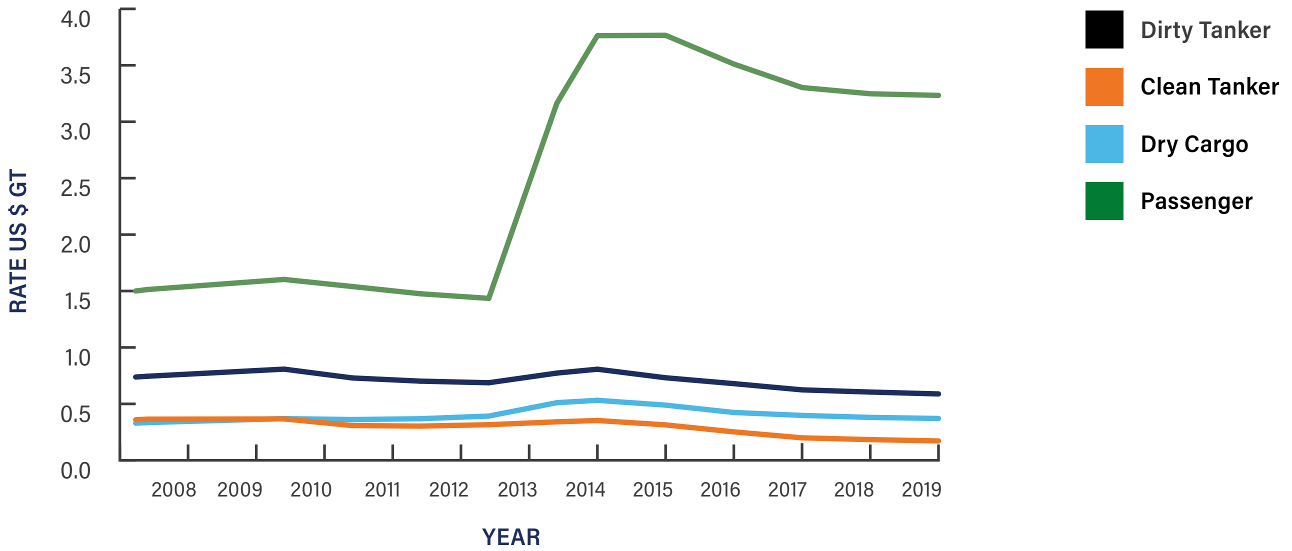
Club	Standard Limit	Standard Deductible
American	$2,000,000	25%, minimum $5,000 maximum $30,000
Britannia	$10,000,000 (but $2,000,000 sale and purchase)	1/3 of all expenses in excess of $7,500
GARD	$10,000,000 (but $1,000,000 sale and purchase)	25%, minimum $5,000 maximum $50,000
Japan	Yen 1.5 billion (Eq. $14,000,000)	One third of all costs in excess of $1,000
London P&I	$7,500,000	25% of all costs
North of England	None but $250,000 building, purchase, sale disputes	25%, minimum $10,000 maximum $150,000
Shipowner	$5,000,000 (but $1,000,000 building, purchase, or sale)	25% minimum $750 maximum $30,000
Skuld	$5,000,000 (but $300,000 for alteration, conversion, building, purchase, mortgage or sale)	25%, minimum $10,000
Standard	$5,000,000	25%, minimum $10,000
Steamship	$10,000,000 (but $2,000,000 construction, repairs, purchase)	$5000 then one third overall maximum $30,000
The Swedish Club	$5,000,000	$12,000 but for costs incurred in excess of $250,000 a further deductible of 25% applies
UK	$15,000,000	Nil but no cover for disputes under $12,000
West of England	$10,000,000	US$5,000 and 25% thereafter, with the deductible capped at US$50,000, except in the case of new building disputes where the maximum deductible is capped at US$100,000

POOLING AND REINSURANCE

Layers of International Group Excess Loss Programme 2019/20



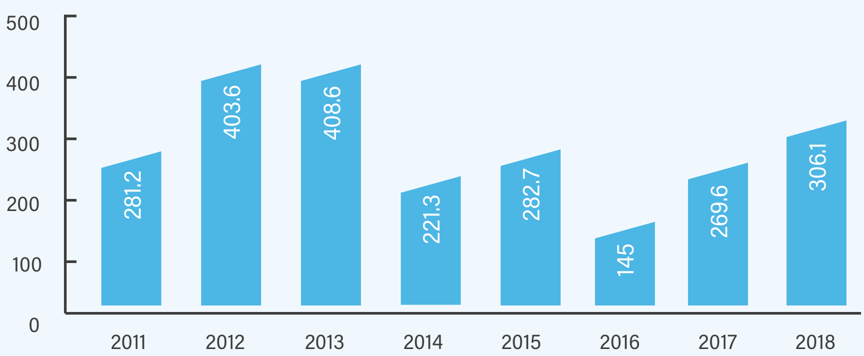
EXCESS OF LOSS REINSURANCE RATES



The Actual rates US$ per GT are:

Year	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Tankers (Dirty)	0.8079	0.7554	0.7038	0.6515	0.7565	0.7963	0.7317	0.6567	0.5955	0.5845	0.5747
Tankers (Clean)	0.3667	0.3335	0.3055	0.2798	0.3245	0.3415	0.3138	0.2816	0.2675	0.2626	0.2582
Dry Cargo	0.3695	0.3867	0.3709	0.3561	0.4942	0.5203	0.4888	0.4537	0.4114	0.4038	0.3971
Passengers	1.6026	1.5654	1.4780	1.3992	3.1493	3.7791	3.7791	3.5073	3.3319	3.2707	3.2161

ESTIMATED COST OF NOTIFIED POOL CLAIMS



For 2019, there was no change to the Club retention of $10m or the Pool limit of $100m. The table shows the total cost of Pool claims based on historical thresholds.

Estimates in USD millions as at February 2019

THE FIXED P&I MARKET

We reintroduced a section on the fixed market last year, and feel an update is warranted this year as this sector continues to change significantly. Again, we restrict our commentary to facilities which offer cover internationally.

Recent developments

Since last year there has been further change which we must say can only be for the better. The most notable development has been the virtual demise of the small independent MGA facilities – independent management companies administering covers which are backed 100% by commercial market security and earning a tidy management fee for doing so. The market traditionally endured a plethora of MGAs, most of which failed to grow to a viable size and many writing any business they could secure without much concern for quality and showing a serious aversity to paying claims.

Last year we reported that only two warranted a mention – Hanseatic and Lodestar. Hanseatic has now followed Navigators and Osprey and been acquired by Thomas Miller Specialty, the managers of the UK Club. Lodestar lost its RSA backing and had considerable difficulty finding replacement security, so losing considerable business over the renewal season and having to downsize its office and staff. It is now working with Aspen Insurance Holdings Limited, but we are still seeking reassurances it has a viable future.

Other MGAs do still exist, but these are mainly run by Club managers with UK Club, through Thomas Miller Speciality, and American Club via Eagle Ocean Marine preferring this route and keeping the fixed business totally separate from their mutual entries. While a higher level of professionalism should be expected from these facilities, we remain of the view expressed last year that this option is flawed due to the pressure as a separate business to gain reasonable market share without using the Clubs' services and the heavy reliance on commercial market reinsurance.

Indeed, at the end of 2018 Tindall Riley, the Britannia Club managers, sold its fixed premium MGA facility Carina to the MECO Group, which runs various fixed facilities including the Charterers Club. While the official reason given for the sale was a preference to focus on its mutual products, we have little doubt that lack of growth and profitability had a bearing on the decision. Carina currently insures around 4.5m GT with annual premium of $17m

The recommended options

We do welcome the continued consolidation in the fixed market. It should in time provide more quality and stability but, in our opinion, owners of small tonnage should look at their options in the following order:

Shipowners Club

A well-run P&I Club specialising solely in small tonnage and able to offer cover on both a mutual and a fixed basis.

Other P&I Clubs

Many Clubs are now keen to write small tonnage as an integral part of the Club's business and with all the services available to mutual members. Some have restrictions on the business they will accept (geographical or vessel type) but Clubs such as West of England, London and North are notably expanding their fixed business on a general basis. North is now using its Sunderland Marine subsidiary to establish "a market-leading fixed premium P&I product", and this will be run from North's new London office, which has taken on three of the American Club's former London staff for the purpose. While marketed as Sunderland Marine, the facility is secured 100% by North and has the benefit of all North's services.

QBE/British Marine

A very solid, tested and traditional alternative to the Clubs:

- Founded 1876 and a mutual until 2000.
- Now fully integrated into QBE, S&P rating A+.
- 2018 premium income just over $98m.
- Insured tonnage 11.2m.
- Tonnage come mainly from Asia (34%), Europe (25%) and the Americas/Caribbean (21%), with a balanced division of all major vessel types.

Club-managed MGAs

These should offer a good service, subject to our caveats above. Only the American Club facility Eagle Ocean Marine has provided any figures and GT of 2.5m with premium income $14m shows it is a small player although they equate to close to 15% of the size of the American Club, and the combined ratio since inception in 2011 is around 70%.

The others

Amlin/Raetsmarine

The second largest non-Club related facility behind British Marine. A well-established alternative willing to accept almost any risk.

Carina/MECO

See opposite page.

TYSERS

P&I CLUB INFORMATION & REVIEWS

Introduction

- The information contained in this report is not and is not intended to be a definitive analysis of the Clubs' accounts.
- In so far as is possible we have homogenised the data to enable comparison.
- Calls and Premiums are the consolidated totals for all classes.
- The net underwriting statistics express the 'technical' result for the year and exclude any 'non-technical' investment income.
- Operating Expenses include management expenses and business acquisition costs.
- Solvency margins are calculated as the ratio between total assets and gross outstanding claims.
- All monetary figures shown are US dollars.
- Whilst every effort has been made to ensure that the information contained in the report is accurate and up-to-date at the time of printing, this cannot be guaranteed by Tysers. Under no circumstances shall Tysers be responsible or liable for any loss or damage caused directly or indirectly by the publication or use of this information.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AMERICAN STEAMSHIP OWNERS MUTUAL PROTECTION & INDEMNITY ASSOCIATION, INC.

Managers

SCB Inc
(Eagle Ocean Management LLC)

Gross Tonnage

Owned	18,700,000
Chartered	2,200,000

Free reserves

2019	45,225,000
2018	57,614,000
2017	51,418,000
2016	56,410,000
2015	58,600,000

Standard & Poor's Rating

BBB-

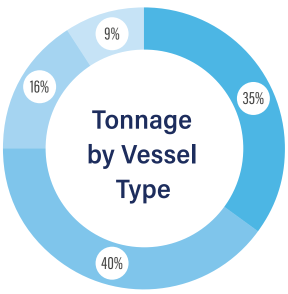
The 2018 financial year (which follows the calendar year) was not a good one for the Club but does not stop the Managers from reporting that it "made progress". Premium dropped over $2m to $96m, net incurred claims rose by nearly $10m to $46m but at least operating costs remained stable. An underwriting loss of $12m plus a small investment loss saw free reserves drop from $57.6m to $45.2m.

On a more positive note, owned tonnage was up 1.6m to 18.7m GT at the February 2019 renewal and a strong investment recovery in the first part of 2019 has aided some recovery in the free reserves. On a policy year basis, 2018 retained member claims were at their lowest level since 2002 but Pool claims from other Clubs have risen steeply to their highest since 2013.

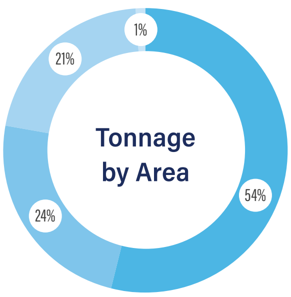
The Club's fixed premium facility, Eagle Ocean Marine, in which the Club covers 55% of the first $10m of exposure, increased its tonnage by 450,000 to nearly 2.5m GT and premium by $2.75m to around $14m. It is currently re-staffing following several defections to North.

The Club's hull offering – American Hellenic Hull Insurance Co. Ltd – is now in its third year of trading but is yet to turn in a profit. The 2018 financial year shows a loss of $1.8m while gross written premium for the year was just over $11m, a 10% rise on 2017. The Club is optimistic profitability is on the horizon as the market hardens and capacity reduces. We have heard that one before!

The Club concludes that it is not doing badly as the P&I market starts to harden. Its own claims are running at acceptable levels, and it is those naughty big Clubs producing Pool claims plus volatile investment markets that are the problem. Our worry is that at the accounting date, free reserves per ton had dropped to $2.42 from $3.37 last year and $4.22 in 2015/16. This is a concern and the Club will need more than a decent investment year if it is to return to a position of comfort in better than crab-like fashion.



- Bulkers
- Tankers
- General Cargo / Passenger / Container
- Tugs / Barges / Small craft



- Europe / Middle East / Africa
- N. America
- Asia
- Other

Year	2019	2018	2017	2016	2015
Calls/Premium	95,951	98,389	109,493	97,504	114,798
Reinsurance Cost	22,546	24,194	14,168	16,128	20,553
Net Claims (incurred)	45,905	36,302	70,761	49,364	65,962
Operating Expenses	39,805	40,300	37,744	33,978	34,795
Net Underwriting Result	(12,305)	(2,407)	(13,180)	(1,966)	(6,512)
Gross Outstanding Claims	192,689	193,493	222,214	212,260	228,457
Total Assets	308,060	322,228	334,996	314,387	326,897
Average Expense Ratio	26.60%	27.90%	25.70%	24.20%	21.60%
Solvency Margin	1.60	1.67	1.51	1.48	1.43
Reserves/GT Ratio	$2.42	$3.37	$3.32	$4.00	$4.22

All figures $'000

THE BRITANNIA STEAM SHIP INSURANCE ASSOCIATION LIMITED

BRITANNIA P&I
TRUSTED SINCE 1855

Managers

Tindall Riley (Britannia) Limited

Gross Tonnage

Owned	111,900,000
Chartered	19,000,000

Free reserves

2019	587,561,000
2018	641,557,000
2017	601,042,000
2016	512,696,000
2015	545,567,000

Standard & Poor's Rating

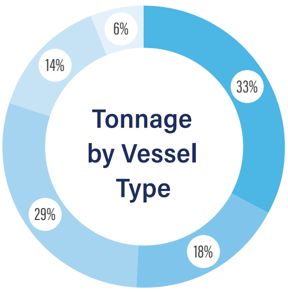
A

We have again combined the Club's results with those of its dedicated reinsurer, Boudicca, to give a complete and more accurate picture of the Club's performance. Premium income was down nearly $4m to $204m while net incurred claims rose by $20m to $165m. This resulted in a combined ratio of 112%, and a small investment loss resulted in an overall deficit of $24m for the year. The Club still felt comfortable enough to give members a capital distribution of $30m, so free reserves are down from $642m to $588m. A further distribution of $10m was given in May 2019 so over the last three years the Club has returned $70m to members on a non-policy year basis.

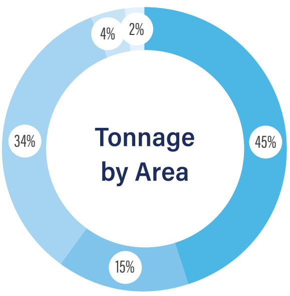
Owned tonnage grew by 5m to nearly 112m GT during the year, while chartered tonnage was slightly down at 19m GT. Despite the negative results, free reserves remain at a very healthy level of $5.25 per owned GT, the second highest in the International Group.

As with other Clubs, attritional claims are not the problem but the Club saw an increase in larger claims in the 2018/19 policy year, with 18 claims over $1m totalling $84m compared to 13 totalling $63m in the previous year. These included three serious collisions plus a significant container stowage collapse resulting in the loss of 81 containers off the coast of Australia. Even so, the Club appears relaxed that large claims remain within the historical range.

As mentioned in our review of the Fixed Market, the Club's Managers decided at the end of 2018 to divest themselves of their fixed premium MGA, Carina. It was something of an anomaly to see this noble Club dabbling in the murky waters of the small vessel fixed market and no surprise that it did not really suit this old and wise Club and its managers. ■



- Bulkers/OBO
- Tankers (Crude)
- Containers
- Tankers (Other)
- Cargo/Other



- Asia
- Scandinavia
- Europe
- Americas
- Other

Year	2019	2018	2017	2016	2015
Calls/Premium	204,415	208,147	225,854	260,722	269,726
Reinsurance Cost	32,433	30,507	39,498	43,413	48,941
Net Claims (incurred)	164,941	144,828	114,789	192,276	132,991
Operating Expenses	28,649	25,666	25,719	26,986	24,963
Net Underwriting Result	(21,608)	7,146	45,848	(2,403)	62,831
Gross Outstanding Claims	1,163,551	1,142,577	1,173,878	1,308,955	1,093,595
Total Assets	1,747,396	1,807,557	1,796,568	1,853,548	1,663,617
Average Expense Ratio	10.90%	9.73%	9.42%	9.12%	8.43%
Solvency Margin	1.50	1.58	1.53	1.42	1.52
Reserves/GT Ratio	$5.25	$6.00	$5.96	$4.84	$5.03

Please note all figures for Brtiannia have been restated to include those of Boudicca.

All figures $'000

GARD P&I (BERMUDA) LIMITED

Managers

Gard AS

Gross Tonnage

Owned	229,500,000
Chartered	85,000,000

Free reserves

2019	1,158,391,000*
2018	1,248,567,000*
2017	1,134,400,000*
2016	1,016,697,000*
2015	968,590,000*

Standard & Poor's Rating

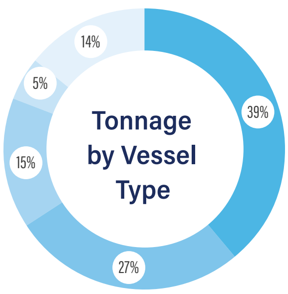
A+

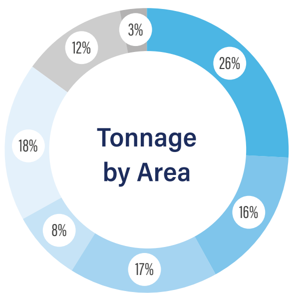
This is the first time since 2009 that Gard has recorded a loss and the tenth successive year that members have received a return of premium – a total return of $429m for the ten years. It is fair to say that only Gard would still give a 10% reduction worth $37m on 2018 premium after announcing a loss of $90m and a combined ratio of 110% before the reduction (which rises to 116% after the return).

Before the return, the P&I combined ratio was 106% (2017/18 92%), while for Marine & Energy it was 118% (2017/18 88%). After the return, the overall loss was $90m, including an investment loss of $9m. Free reserves have thus reduced from $1,249m to $1,158m. The loss does include a surprisingly large provision of $40m net of tax relating to the termination of a contract with a software supplier, which has been allocated to the P&I account and is included under "Operating expenses".

P&I claims were actually down $19m at $339m, with three claims hitting the Pool. The Club does comment that claims levels in recent years have been lower than expected and unlike others, it appears to feel that improved operating standards and continued focus on loss prevention are likely to result in continued fewer large claims and reduced claims frequency – at least for the high quality Gard membership.

New Chairman Morten Hoegh extols the historic success of the P&I system but then continues that each Club, and the industry as a whole, must be willing to face the future and embrace change. He is confident Gard has the appetite, stating that "as the leading club it is my ambition for Gard to be a vocal and pro-active protagonist for modernising and future-proofing the mutual P&I system and the International Group structure." We can only hope the other Clubs will listen to the giant of the oceans. ■





Year	2019	2018	2017	2016	2015
Calls/Premium	481,130	467,425	531,474	607,260	628,672
Reinsurance Cost	102,296	106,201	117,371	137,214	132,615
Net Claims (incurred)	338,538	357,388	325,585	351,938	421,976
Operating Expenses	102,190	45,490	52,147	50,494	59,723
Net Underwriting Result	(61,894)	(41,654)	37,693	67,614	10,364
Gross Outstanding Claims	1,409,646*	1,338,266*	1,445,660*	1, 572, 498*	1,379,308*
Total Assets	2,858,758*	2,867,126*	3,047,131*	3,012,936*	2,745,611*
Average Expense Ratio	13.04%	11.21%	12.02%	11.83%	11.40%
Solvency Margin	2.03*	2.14*	2.11*	1.92*	1.99*
Reserves/GT Ratio	$5.05*	$5.59*	$5.24*	$4.72*	$5.12*

Note: items marked * are Group figures and include all business lines, not just P&I.

All figures $'000

THE JAPAN SHIP OWNERS' MUTUAL PROTECTION & INDEMNITY ASSOCIATION

Managers	
Self-Managed	
Gross Tonnage	
Owned	95,500,000
Chartered	13,700,000
Free reserves	
2019	237,876,000
2018	226,524,000
2017	208,423,000
2016	187,130,000
2015	172,369,000
Standard & Poor's Rating	
BBB+	

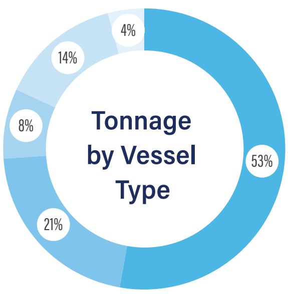
New Chairman Yukikazu Myochin must be very pleased to be able to report on a good year for the Club, which was full of positives including S&P maintaining its BBB+ rating with the outlook improved from stable to positive.

A 95% combined ratio and a 1.49% investment return produced an overall surplus of $11m, pushing free reserves up in dollar terms from $226.5m to almost $238m. In JPY, the free reserves grew by close to 10% to JPY26,410m. Over the last five years, free reserves per owned GT have improved from $1.85 to $2.49, still low compared to the International Group average of $4.19 but moving towards acceptable levels, especially when bearing in mind the very mutual approach of the Club and the reduced supplementary calls in 2014, 2015 and 2016.

Owned tonnage including the Naiko coastal class grew from 93.6m to 95.5m GT, and there was also a 13% rise in chartered tonnage to 13.7m GT.

The Club is seeing no clear sign of any upward trend in retained claims, but its contribution to Pool claims rose in 2018 to $15m from an average of $9.5m for the previous four years. The Club did suffer one claim in 2018 in excess of $10m.

The Club continues to work on its latest plan to regain its domestic market share and develop high quality business abroad. Both the Chairman and the Director General, Hiroshi Sugiura, comment that following a review of all services the Club is "going back to basics" as the Association created by shipowners for shipowners, so as to be the Members' first-choice Club. It does appear that the Club is feeling the pressure of so many other Clubs now having a local presence in Japan, and with major Japanese shipowners having multiple-Club entries it must keep improving and simply cannot afford to fail on service or otherwise. Like a salmon, it should return to where it hatched as spawning quality business abroad is most unlikely to succeed.



Bulk carriers
Tankers
Car Carriers
Container Ships
General Cargo/Other

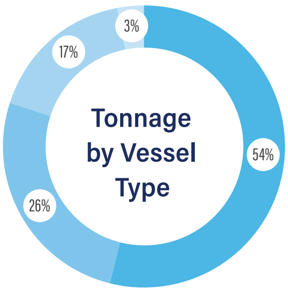
Year	2019	2018	2017	2016	2015
Calls/Premium	194,384	214,241	221,126	226,280	233,096
Reinsurance Cost	42,351	50,681	49,132	59,229	55,257
Net Claims (incurred)	123,140	121,533	122,604	125,416	155,635
Operating Expenses	25,739	26,536	25,441	25,556	21,488
Net Underwriting Result	3,154	14,164	23,949	16,079	716
Gross Outstanding Claims	435,842	398,057	367,501	371,395	347,216
Total Assets	643,569	645,160	626,834	584,276	557,348
Average Expense Ratio	6.52%	6.21%	5.46%	5.18%	5.25%
Solvency Margin	1.48	1.62	1.71	1.57	1.61
Reserves/GT Ratio	$2.49	$2.42	$2.28	$2.03	$1.85

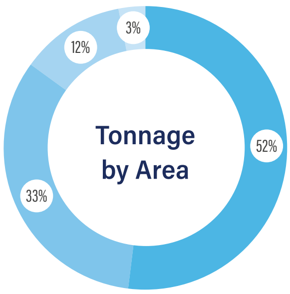
All figures $'000

LONDON STEAMSHIP OWNERS MUTUAL INSURANCE ASSOCIATION LTD

The London P&I Club

Managers	
A Bilbrough & Co Ltd	
Gross Tonnage	
Owned	51,100,000
Chartered	16,000,000
Free reserves	
2019	168,843,000
2018	194,642,000
2017	188,012,000
2016	160,707,000
2015	157,414,000
Standard & Poor's Rating	
BBB	





Chairman John Lyras reports a challenging year for the Club, with increased claims and continued downward pressure on premium levels producing an underwriting loss of nearly $34m and a combined ratio of 140%, the worst in the International Group by some margin. A 3% investment return reduced the loss by $8m, and free reserves fell from $195m to $169m, equivalent to a still reasonable $3.30 per GT (2018: $4.29 per GT).

Net incurred claims for the financial year totalled $104m, an increase of 24% on 2017/18 and 46% higher than the average of the three preceding years. There were two claims on the Pool in 2018/19, one involving the grounding of a container ship and consequent pollution by bunkers, the other relating to a bulk carrier which hit a riverside berth.

Gross premium income rose by $2m to nearly $104m but this was due to an increase in mutual tonnage of 7% and premium rates across all business lines continued to fall. Mutual owned tonnage grew by over 3m to 48.6m GT, and with fixed small tonnage of 2.5m, total owned tonnage stands at just over 51m GT. Both chartered business and the Club's fixed premium facility for small owned vessels saw decent growth during the year with 21 new accounts, which is hardly surprising given the Club's competitive pricing on these lines.

We do have the impression that the Club is desperate to retain business at any cost and is quite willing to give generous discounts on existing rates when faced with the threat of losing business. This is not surprising given the size of the Club but is not a practice the Club can afford to continue.

The Club has held on to its S&P BBB rating, but this now comes with a negative outlook. It should certainly announce a general increase in 2020 and must adopt a disciplined underwriting approach as results need to improve quickly. At the moment it is drifting like a jellyfish and needs a clear direction to avoid the possibility of stinging its clients with additional calls. ■

Year	2019	2018	2017	2016	2015
Calls/Premium	103,660	101,728	102,891	110,072	111,290
Reinsurance Cost	19,671	20,393	20,181	22,670	24,445
Net Claims (incurred)	104,019	83,902	69,472	60,129	104,277
Operating Expenses	13,644	12,655	11,542	11,954	12,483
Net Underwriting Result	33,674	(15,222)	1,696	15,319	(29,915)
Gross Outstanding Claims	326,160	298,144	298,867	332,037	346,993
Total Assets	511,570	512,840	501,916	505,479	517,374
Average Expense Ratio	10.30%	9.68%	9.51%	9.52%	8.78%
Solvency Margin	1.53	1.72	1.68	1.52	1.49
Reserves/GT Ratio	$3.30	$4.29	$4.28	$3.62	$3.59

All figures $'000

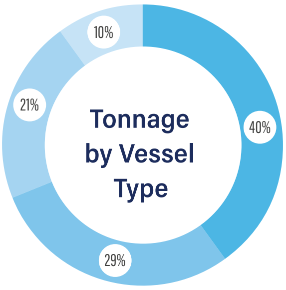
THE NORTH OF ENGLAND P&I ASSOCIATION LIMITED

Managers	
Self-Managed	

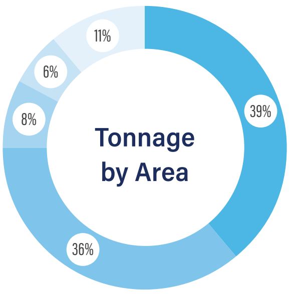
Gross Tonnage	
Owned	147,000,000
Chartered	60,000,000

Free reserves	
2019	463,037,000
2018	450,462,000
2017	430,755,000
2016	428,109,000
2015	338,109,000

Standard & Poor's Rating
A



Bulkers
Tankers
Containers
Other



Europe
Asia Pacific
Middle East
Americas
Scandinavia

2018/2019 was a very satisfactory year for North. A combined ratio of 105% was among the lowest in the International Group and was more than offset by an investment return of nearly $30m (2.45%) although the pensions scheme suffered a $4m deficit. Overall, the Club achieved a surplus of $13m, pushing free reserves up to $463m. Owned tonnage grew by 5m to 147m GT and an increase in chartered business has pushed total entered tonnage to over 200m GT for the first time.

The Club believes that a measured approach to diversification is "a tangible point of differentiation for a modern and successful P&I club", and the integration of its fixed premium subsidiary Sunderland Marine has been successful and is contributing to the bottom line. Chairman Pratap Shirke affirms "we are well placed to continue developing our diversified lines of business from a well-managed and profitable base. It is a fundamental part of our business model that we embrace diversification opportunities that are not speculative but instead make a positive and quantifiable contribution to the success of our Members and the Club."

The Club does not see any clear evidence of an upwards claims trend. The 2018 policy year saw an increase in retained claims of $23m over 2017, but this is not much out of line with the last four years and well below the levels of 2011 -2014 despite the Club's growth in entered tonnage. There were 34 claims over $1m, accounting for 53% of total retained claims (2017: 56 claims, 51% of total).

Of more concern may be the decline of circa $40m in premium income for the financial year and Shirke gives a clear warning that premiums will rise –" Whilst we will endeavour to keep premiums as low as we can to support our Members going forward, we continue to believe that an adjustment is needed to premium levels over future renewals if clubs are to underwrite sustainably."

The year also saw the re-establishment of a London office and a large number of staff changes, notably the retirement of Joint MD and Executive Director Alan Wilson after 38 years at the Club (we wish you well Alan and will miss your cheeky smile and good humour) and Thya Kathiravel taking over as Chief Underwriting Officer, replacing Savraj Mehta who becomes Chief Commercial Officer and will be spending a lot of time in London where he should enjoy the warmer southern climate. CFO Ed Davies becomes an Executive Director. There have been various other changes across the claims and underwriting teams and we also congratulate Chief Executive Paul Jennings on his appointment as Chairman of the International Group. Busy times indeed for this very commercially-minded Club, but like a polar bear it is a big beast moving ahead carefully and attractive in many ways. ■

Year	2019	2018	2017	2016	2015
Calls/Premium	345,019	387,599	428,348	489,810	526,007
Reinsurance Cost	61,701	81,326	98,389	128,757	155,438
Net Claims (incurred)	227,138	243,944	246,013	196,040	329,531
Operating Expenses	68,868	77,410	75,698	77,579	69,385
Net Underwriting Result	(12,688)	(15,081)	8,248	87,434	(28,347)
Gross Outstanding Claims	836,932	826,053	865,610	869,420	1,069,483
Total Assets	1,429,786	1,413,731	1,494,210	1,490,314	1,606,592
Average Expense Ratio	12.70%	12.10%	12.00%	12.40%	12.40%
Solvency Margin	1.71	1.71	1.73	1.71	1.50
Reserves/GT Ratio	$3.15	$3.17	$3.08	$3.27	$2.66

Figures include Sunderland Marine.

All figures $'000

THE SHIPOWNERS MUTUAL PROTECTION & INDEMNITY INSURANCE ASSOCIATION (LUXEMBOURG)

Managers

The Shipowners' Protection Ltd

Gross Tonnage

Owned	27,252,461
Chartered	N/A

Free reserves

2019	303,825,000
2018	341,726,000
2017	294,041,000
2016	279,378,000
2015	300,273,000

Standard & Poor's Rating

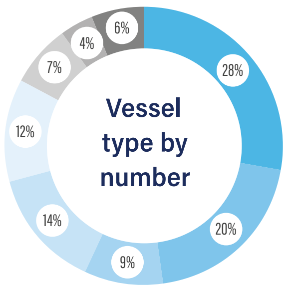
A

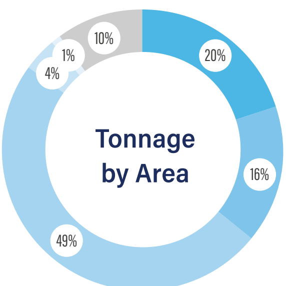
The Club reports a loss of $37.9m for 2018, due mainly to an investment loss of just under $30m which is a massive but not entirely unexpected turnaround from last year's superb investment return of $46m. After eight consecutive years under 100%, the net combined ratio rose to 104% and equates to an underwriting loss of $8m so, overall, free reserves dipped by $38m to just under $304m.

These results do not, in our view, raise any cause for alarm. The five-year average combined ratio is 98.9%, and the 2018 figure of 104% compares very favourably with most other Clubs and the International Group average of 111%. Free reserves remain healthy while a member retention rate of 99% and an increase of 7% in entered tonnage to 27.3m GT, due mainly to growth in the yacht, dry cargo and fishing sectors, confirms the Club is admirably fending off the reducing competition of the fixed market. It should also be noted that the Club now reports on a calendar year basis and, like the American and Swedish Clubs, saw an investment recovery early in 2019. Indeed, its half-year figures to June 2019 show a positive investment return of $33m and free reserves up to $330m.

Incurred claims were up 20% to $96m, although frequency was down 7%. This trend of reduced frequency but higher values was most apparent in claims over $1m, particularly those involving wreck removal in remote areas and subject to the increased intervention of local authorities. The largest claim, which resulted in the Club's only Pool claim in 2018, involved the capsize of a jack up barge in the South China Sea. Despite the high value of the barge, the remote location of the loss and the consequent increased cost of salvage efforts resulted in the barge becoming a constructive total loss, leaving the Club with an expensive wreck removal and SCOPIC exposure. The cost of claims under $1m remained stable, but the Club does report two noteworthy trends being an increase in claims firstly for damage to subsea cables and secondly for damage to coral reefs.

Overall, retained claims rose from $136m to $151m, while the increase in earned premium (net of reinsurance) from $186m to $195m is, according to Chief Executive Simon Swallow, clear evidence of a change to a hard market. Simon's beaming smile in the Club's Annual Review indicates his contentment with the state of the market as the Club continues to dominate the small-ship market. A small but well-equipped creature.





Year	2019	2018	2017	2016*	2015
Calls/Premium	224,267	216,341	228,580	209, 881	247,342
Reinsurance Cost	29,270	29,706	27,527	27, 870	36,243
Net Claims (incurred)	151,038	136,165	149,087	136,060	145,493
Operating Expenses	52,156	48,709	49,164	42,704	54,168
Net Underwriting Result	(8,197)	1,761	2,802	3,247	11,438
Gross Outstanding Claims	440,348	425,420	433,441	474,576	390,177
Total Assets	843,216	859,393	823,121	846,880	764,253
Average Expense Ratio	24%	22%	22%	21%	20%
Solvency Margin	1.91	2.02	1.90	1.78	1.96
Reserves/GT Ratio	$11.15	$13.41	$11.56	$11.34	$12.74

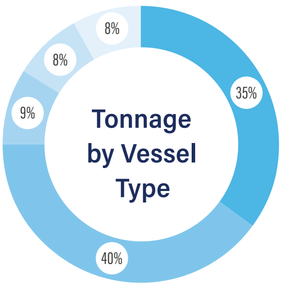
* 2016 covers the shortened period of 20th February 2015 to 31st December 2015

All figures $'000

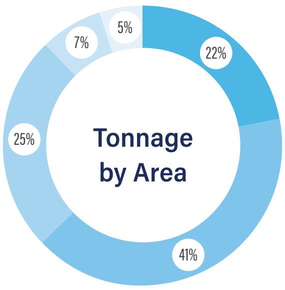
ASSURANCEFORENINGEN SKULD

SKULD

Managers	
Self-Managed	
Gross Tonnage	
Owned	91,800,000
Chartered	N/A
Free reserves	
2019	452,723,000
2018	442,026,000
2017	394,075,000
2016	348,230,000
2015	335,195,000
Standard & Poor's Rating	
A	



Bulkers
Tankers
Containers
General Cargo
Other



Europe
Asia
Nordic
Americas
Other

Skuld does have its critics within the P&I market but we do like their clear and decisive, hungry shark-like approach to business. Yet again the Club managed a combined ratio under 100% - the 16th consecutive year, although this year the mutual business ran at 101% and the fixed commercial business produced 95% resulting in an overall 98% ratio. The investment return was just $1m but, overall, free reserves grew by $11m from $442m to $453m.

Owned tonnage and chartered premium remained flat at 92m GT and $51m respectively. Premium income declined by $11m to $402m, and net retained claims fell by $7m to $245m. The 2018 policy year claims developed in line with expectations and included two claims on the Pool, which is the norm. So, overall, it was a pretty flat but stable year – something many other Clubs would have cherished.

However, the big event of the year was the Club's decision to close its Lloyd's Syndicate and write its commercial business on Skuld corporate paper. The Club states that "this consolidation creates transparency and clarity for shipowners and will offer both improved operational synergies and coordinated hands-on service". We have previously expressed our doubts as to the viability of Clubs running profitable business under the Lloyd's umbrella so endorse this decision which, with its hull facility SMA running well, rationalises the business sensibly.

CEO Stale Hansen affirms that Skuld continues in robust health but does so cautiously. While claims levels continue as anticipated, he does warn that the severity of large claims generally has increased, and premium rates must rise to maintain the stability of the market.

In typical Skuld fashion, Hansen concludes "Much is in the pipeline. We will continue our diversification journey as we serve a growing share of the ocean industries community". ■

Year	2019	2018	2017	2016	2015
Calls/Premium	401,621	412,739	403,235	409,980	411,246
Reinsurance Cost	56,070	57,363	71,636	56,663	63,622
Net Claims (incurred)	244,577	251,580	229,143	243,276	259,057
Operating Expenses	92,937	92,224	88,510	87,971	87,781
Net Underwriting Result	8,037	11,572	13,946	22,071	786
Gross Outstanding Claims	875,663	925,721	617,049	583,921	555,116
Total Assets	1,040,143	1,070,091	1,000,465	918,602	903,704
Average Expense Ratio	12.80%	12.70%	12.80%	12.80%	12.90%
Solvency Margin	1.19	1.16	1.62	1.57	1.63
Reserves/GT Ratio	$4.93	$4.73	$ 4.34	$4.24	$4.19

Note: All figures are Group figures including all business lines, not just P&I. All figures $'000

THE STANDARD CLUB

Standard Club

Managers

Charles Taylor & Co (Bermuda)

Gross Tonnage

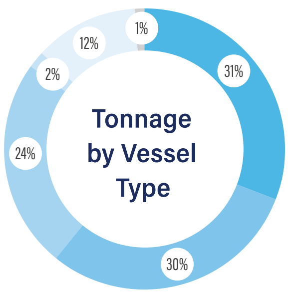
Owned	130,000,000
Chartered	25,000,000

Free reserves

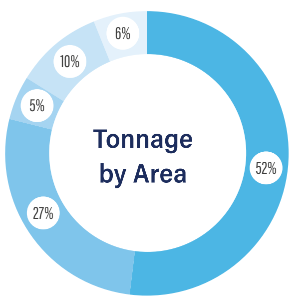
2019	434,700,000
2018	461,500,000
2017	430,500,000
2016	390,100,000
2015	380,300,000

Standard & Poor's Rating

A



- Tankers
- Cargo/Container
- Bulkers
- Passenger & Ferries
- Offshore
- Other



- Europe
- Asia
- USA
- Rest of World
- Canada

The Club's non-P&I business dominates the figures this year, although the Club does its best to confuse the picture citing, for example, a combined ratio of 100% which happens to exclude the now-defunct Lloyd's Syndicate losses estimated at $50m as well as the 5% P&I premium returns of 2016 and 2017. We understand the actual, overall combined ratio was 113%.

The Club suffered an underwriting loss of $49m across all business but did manage an investment return of $4m (2.2%). With some rather good timing, the Club did incorporate the Strike Club at 20th February 2019, having previously managed it as a separate entity. This added a useful $19m to the balance sheet, so limiting the drop in free reserves from $462m to $435m.

The Club sees no issue with helping local P&I facilities and during the year established a facility for Chinese owners with the local insurer Ping An, following on similar agreements with the Korean P&I Club. Gone are the days such deals would be seriously frowned on by the International Group.

P&I owned tonnage reduced by 2m to 130m GT, and chartered tonnage suffered a similar reduction. The Club puts this down to its strict underwriting policy rather than members leaving of their own freewill.

Chairman Cesare d'Amico summarises the year as one of "some notable achievements and some less positive developments", with the Club continuing in good financial shape with "a healthy balance sheet, improved risk profile, a broad revenue base, continued strong financial rating and focus on service excellence". He confirms that free reserves remain well in excess of regulatory and rating agency capital requirements but does give a clear warning that the marine market is turning. Claims in 2018 returned to levels last seen in 2013 and d'Amico is convinced the benign claims environment of the past few years is definitely over and premiums must rise. The Club is experiencing claims inflation of 4% per annum thus increasing the cost of attritional claims, and suffered four Pool claims in 2018, more than twice the expected norm. For the 2018/19 financial year, it is significant to note that net incurred claims rose by nearly $42m to $274m (2017/18 $232m, 2016/17 $201m).

The Club's operating costs suffered a substantial rise from $46m to $81m. For the P&I class, the five-year Average Expense Ratio rose from 12.5% to just 12.78%, and we understand most of the increase in 2018 is due to the inclusion of the Lloyd's Syndicate's current and run-off costs and brokerage. There is an interesting comment tucked away in the Accounts that the Club is keen to encourage greater transparency of administration costs "although this does not appear to be a high priority for some clubs".

No doubt the Club will be happy to put the wobbly 2018/19 behind it as quickly as possible, keep its hungry arms under control and hope for a trouble-free 2019/20. ■

Year	2019	2018	2017	2016	2015
Calls/Premium	386,400	334,300	338,800	354,300	354,000
Reinsurance Cost	80,700	80,800	77,000	90,100	92,000
Net Claims (incurred)	274,100	232,300	200,800	206,900	233,800
Operating Expenses	81,100	45,700	43,500	39,600	28,600
Net Underwriting Result	(49,500)	(24,500)	17,500	17,700	(400)
Gross Outstanding Claims	883,600	967,900	971,100	976,000	1,000,400
Total Assets	1,466,300	1,538,400	1,477,100	1,426,400	1,449,600
Average Expense Ratio	12.78%	12.50%	12.40%	12.20%	11.40%
Solvency Margin	1.66	1.59	1.52	1.46	1.45
Reserves/GT Ratio	$3.34	$3.50	$3.42	$3.36	$3.40

All figures $'000

STEAMSHIP MUTUAL UNDERWRITING ASSOCIATION LIMITED

Managers

Steamship P&I Management LLP

Gross Tonnage

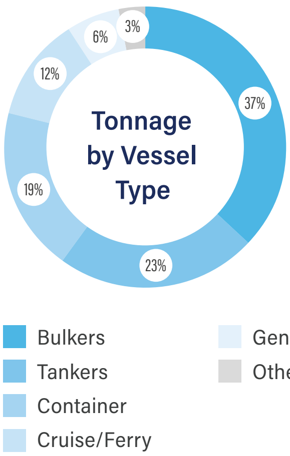
Owned	85,600,000
Chartered	74,500,000

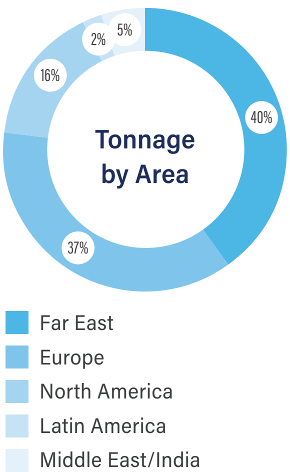
Free reserves

2019	467,049,000
2018	515,968,000
2017	510,290,000
2016	440,321,000
2015	376,187,000

Standard & Poor's Rating

A





We like the attitude of Steamship in the face of what was not the best of years in 2018/19. A combined ratio of 116% (prior to any distribution), equivalent to a loss of $41m (including currency losses) was only partly offset by a net investment return of $14m but the Club still went ahead with a capital distribution of $22m to renewing members, so pushing up the overall loss after tax to $49m for the financial year.

Free reserves thus fell from $516m to $467m but the message from the Club is clear enough – after three solid years, it can afford a loss and free reserves remain very healthy; indeed, at $5.46 per owned GT, they are the envy of most Clubs. Since 2017, the Club has made returns to members totalling $74m.

Owned and chartered tonnage remained constant, with a total increase of 1.5m GT. Premium prior to capital distributions was down $14m and the Club does now consider that churn is no longer an influential factor.

Owned claims under $250,000 have remained consistent over several years while, unlike other Clubs, the frequency of larger claims increased but total values were down due, perhaps, to the Club not suffering any claim large enough to hit the Pool. There were 67 claims in excess of US$250,000 totalling an estimated $106m, compared to 50 claims with a total estimate of US$173m in the preceding year. The Club does feel the lack of volatility in attritional claims is an encouraging sign for claims trends.

The substantial chartered entry of 75m GT was, unusually, responsible for the most frequent and severe exposure, with 15 large claims producing a total exposure over $42m, the majority involving fires on container vessels.

New CEO Stephen Martin has reiterated that the Club is not interested in diversification and feels its monoline approach is successful enough. Overall, this likeable Club continues in good shape with plenty of fat for the hard winter, and we do not expect any knee-jerk reactions for next year, mainly because penguins do not (we think) have knees. ■

Year	2019	2018	2017	2016	2015
Calls/Premium	306,661	295,318	305,642	350,329	365,341
Reinsurance Cost	50,522	52,089	56,033	64,830	69,002
Net Claims (incurred)	246,358	241,369	168,455	167,930	187,614
Operating Expenses	41,623	40,570	39,219	41,397	45,421
Net Underwriting Result	(31,842)	(38,710)	41,935	76,172	63,304
Gross Outstanding Claims	827,408	830,826	765,386	908,028	1,024,708
Total Assets	1,343,120	1,378,037	1,301,995	1,372,979	1,445,909
Average Expense Ratio	12.40%	12.20%	12.10%	12.10%	11.8%
Solvency Margin	1.62	1.66	1.70	1.51	1.41
Reserves/GT Ratio	$5.46	$6.06	$6.03	$5.66	$5.06

All figures $'000

THE SWEDISH CLUB

Managers

Self-Managed

Gross Tonnage

Owned	47,500,000
Chartered	31,000,000

Free reserves*

2019	203,838,000
2018	213,472,000
2017	194,880,000
2016	183,074,000
2015	186,342,000

Standard & Poor's Rating

A-

* All classes of business

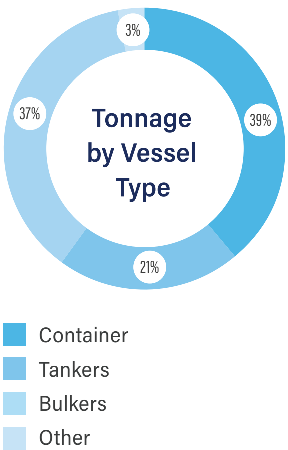
The big news for the Club in 2018/19 was its upgrade by S&P to an A- rating. The Club is clearly very happy with this as no less than seven contributors to its Annual Review make mention of the upgrade.

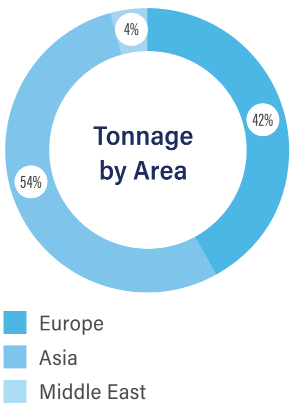
We do eventually get to the facts and figures, and the Club achieved a combined ratio of 99% across all business lines, with P&I a very creditable 89% allowing the Club to make a 5% return on the 2018 P&I premium, but Marine and Energy having a bad year at 122%. Investments produced a negative return of $6m and, with the P&I return premium, contributed to a fall in free reserves of nearly $10m to $204m. We should mention here that the Club's accounts are calendar-year based so the results missed out on the equity recoveries in early 2019. Indeed the Club's half-year results to June 2019 show a 6.3% return on investments for the period, pushing free reserves up to over $220m.

The Club saw a drop in owned tonnage of over 3m to 48m GT due mainly to the enforced loss of Iranian tonnage following the reintroduction of sanctions, while chartered tonnage continued to grow.

M.D. Lars Rhodin describes 2018 as 'more evolution and small improvements everywhere rather than revolution'. It was a benign year for P&I claims but Rhodin does warn that four years of no general increases mean the Club is not keeping up with inflation. He comments that "we do have concerns that P&I clubs are creating a perfect storm with zero general increases for a number of years - decisions driven more by strong capital than strong underwriting performance", to which the simple answer is do what the Swedish Club needs to do, not what other Clubs are doing.

The Club remains an attractive but small player in the P&I sea. ■





Year	2019	2018	2017	2016	2015
Calls/Premium	90,485	95,362	104,113	109,958	106,006
Reinsurance Cost	27,300	27,390	25,096	26,755	27,139
Net Claims (incurred)	47,052	60,562	60,726	60,482	59,689
Operating Expenses	14,870	15,303	14,854	14,523	15,209
Net Underwriting Result	1,264	(7,893)	3,436	8,198	3,969
Gross Outstanding Claims*	225,053	258,123	259,819	237,936	272,959
Total Assets*	530,472	533,582	516,710	510,744	537,017
Average Expense Ratio	13.80%	13.40%	13.3%	13.30%	13%
Solvency Margin*	2.36	2.07	1.99	2.15	1.97
Reserves/GT Ratio*	$4.29	$4.18	$4.16	$4.19	$4.49

Note: items marked * are Group figures and include all business lines, not just P&I.

All figures $'000

THE UNITED KINGDOM MUTUAL STEAM SHIP ASSURANCE ASSOCIATION (BERMUDA) LIMITED

Managers

Thomas Miller

Gross Tonnage

Owned	144,000,000
Chartered	100,000,000

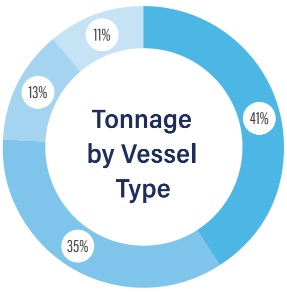
Free reserves*

2019	504,793,000
2018	539,980,000
2017	458,377,000
2016	447,844,000
2015	449,069,000

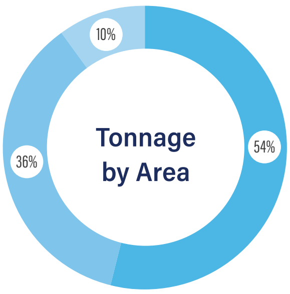
Standard & Poor's Rating

A

*Excludes $100m hybrid capital



Tankers/Gas
Bulkers
Container
Other



Europe/M.East/Africa
Asia Pacific
Americas

2018/19 was not a good year for the Club. A combined ratio of 114% and a measly investment return of $6m (1.4%) saw free reserves drop by nearly $35m to just under $505m. Owned tonnage rose by 5m to 144m GT, while chartered tonnage remained stable at around 100m GT.

Attritional claims (under $500k) are not the problem, they have fallen in number and value to total around a third of the total claims cost, compared to half ten years ago. New Chairman Nicholas Inglessis points out that this change in profile renders the Club far more exposed to an increase in large claims, and in the 2018 policy year the Club suffered twelve claims over $3m (including just one which hit the Pool) compared to the norm of six. These claims added 15% to the combined ratio and Inglessis states "although the cost of large claims may be exceptional, it highlights the need for future action on premium rates."

Many Clubs including UK have an "abatement layer" whereby claims within the Club retention of $10m but over a certain limit (UK $2.5m) are shared among all the members by means of each member's premium including an element to cover the expected cost of the abatement layer for each policy year. We assume the Club is referring to the fact this element of premium will need to rise in line with the increase in large claims and hope it is not trying to move to rating generally on a pure exposure basis rather than the member's own recent experience.

Premium income for the financial year was down almost $40m at $322m, and the Club points out that although the last eight years have produced an on- target average combined ratio of 100%, members have enjoyed significant premium reductions over the same period and premium rates are at historically low levels. It looks pretty clear what this big beast is planning for the 2020 renewal.

During 2019, the Club celebrated its 150th anniversary. It does not have any plans for change and its future strategy appears limited to enforcing strict underwriting discipline and making full use of new technology to improve operational efficiency and loss prevention services. While the Club is sticking to tradition and not looking to diversify, it should not be forgotten that the Managers have established and operate excellent facilities such as the TT Club and ITIC, and they are also busy acquiring commercial P&I facilities in order to develop a strong fixed premium offering for smaller vessels under its Thomas Miller Speciality umbrella (see previously under Fixed Premium P&I).

It does, though, give the impression of a somewhat lethargic but graceful creature of the P&I world. ■

Year	2019	2018	2017	2016	2015
Calls/Premium	322,398	361,793	376,170	385,360	408,059
Reinsurance Cost	64,860	65,119	81,082	81,414	88,969
Net Claims (incurred)	250,941	225,700	273,619	241,252	289,936
Operating Expenses	43,654	34,542	51,310	43,378	49,522
Net Underwriting Result	(37,057)	36,432	(29,841)	19,316	(20,368)
Gross Outstanding Claims	984,145	986,236	924,537	969,305	978,931
Total Assets	1,506,871	1,640,168	1,515,268	1,550,462	1,554,953
Average Expense Ratio	11.09%	10.31%	10.22%	10.28%	9.66%
Solvency Margin	1.53	1.66	1.64	1.60	1.59
Reserves/GT Ratio	$3.51	$3.88*	$3.30*	$3.32*	$3.54*

All figures $'000

THE WEST OF ENGLAND SHIPOWNERS MUTUAL INSURANCE ASSOCIATION (LUXEMBOURG)

WEST

Managers

Self-Managed

Gross Tonnage

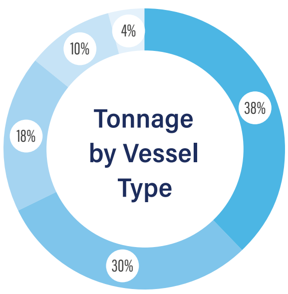
Owned	92,800,000
Chartered	30,000,000

Free reserves

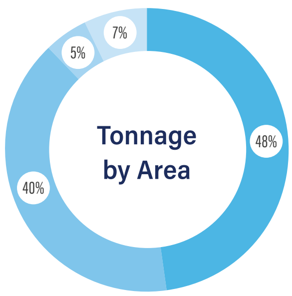
2019	306,373,000
2018	308,533,000
2017	306,512,000
2016	276,661,000
2015	243,692,000

Standard & Poor's Rating

A-



Bulkers
Tankers
Containers
Cargo/Reefers
Ferries/Passenger/Other



Europe
Asia
Americas
Other

2018/19 was another testing year for West, with a combined ratio of 114% following on from last year's 116% pushing the three year average up to 106% from 96% last year. The underwriting loss was $26m and while an investment return of $24m (3.9%) reduced the loss for the year to $2m, around half of this return was the net benefit to the balance sheet of the sale of the Club's London property on the south side of Tower Bridge and the move to rented offices in the heart of the City of London. Free reserves thus reduced from $308.5m to $306.4m.

Owned tonnage grew by just over 2m to 92.8m GT, with chartered tonnage stable at 30m GT, and Chairman Francis Sarre reports good controlled growth in the Club's fixed premium small vessel business, with specialist staff recruited to develop this side of the portfolio.

In line with other Clubs, West's problem is not attritional claims under $500,000 which are running in line with or even better than expected. Even claims up to $5m, while naturally showing more volatility are not the problem but in the last two years the Club has been hit with a number of large losses over $5m. The average incidence of such claims for the period 2011 -2016 was less than two per annum, but the Club suffered seven in 2017 and five in 2018. Worse still, four of the 2018 claims were particularly severe and hit the Pool.

Last year the Club was alone in deciding it needed a general increase. For 2020, it will certainly have company. In similar fashion to the UK Club, West bemoans the fact that market pressure has pushed rates down to levels it feels are unsustainable compared to the claims risk, increased operational costs and regulatory requirements. CEO Tom Bowsher believes "premiums across the market have been reduced to a level where it is difficult to foresee operating results being positive in the short-term".

With new branding, new offices, new management and new staff, there is an air of optimism about the Club. A friendly and likeable dolphin of a Club but it could do with some good luck in avoiding the random big casualties. ■

Year	2019	2018	2017	2016	2015
Calls/Premium	219,726	213,797	221,849	227,614	216,798
Reinsurance Cost	38,646	37,496	40,172	43,927	40,619
Net Claims (incurred)	169,668	169,143	123,772	118,072	136,280
Operating Expenses	37,438	35,392	34,688	35,466	35,350
Net Underwriting Result	(26,026)	(28,234)	23,217	30,149	4,549
Gross Outstanding Claims	567,069	577,660	602,525	601,699	598,825
Total Assets	912,460	918,531	938,575	914,348	879,656
Average Expense Ratio	14.68	14.75%	15.15%	15.50%	14.86%
Solvency Margin	1.61	1.59	1.56	1.52	1.47
Reserves/GT Ratio	$3.30	$3.41	$3.72	$3.84	$3.61

All figures $'000

TYSERS, STANDING FIRM IN TURBULENT TIMES

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