

EST. 1820

200
YEARS
OF INSURANCE

International Insurance and Reinsurance Brokers



THE P&I REPORT '20

TROUBLED WATERS

CONTENTS

TROUBLED WATERS 10-14

SUMMARY OF CLUB RESULTS 15

COMPARATIVE TABLES 16-21

REINSURANCE 22-23

THE FIXED P&I MARKET 24-25

About Us	5-7
P&I Team Contacts	8-9
Troubled Waters	10-14
Summary of 2019/20 Club Results	15
P&I Market Share	16
Standard & Poor's Ratings of P&I Clubs	17
Average Expense Ratios (AER)	18
General Increases	19
Supplementary Call Record	20
Freight, Demurrage and Defence Summary	21
Pooling and Reinsurance	22
Excess of Loss Reinsurance Rates	23
Estimated cost of notified Pool claims	23
Fixed Premium P&I	24-25
P&I Club Information	26-27

American Steamship Owners Mutual Protection & Indemnity Association, Inc.	28
The Britannia Steam Ship Insurance Association Ltd	29
Gard P&I (Bermuda) Ltd	30
The Japan Ship Owners' Mutual Protection & Indemnity Association	31
London Steamship Owners Mutual Insurance Association Ltd	32
The North of England P&I Association Ltd	33
The Shipowners Mutual Protection & Indemnity Association (Luxembourg)	34
Assuranceforeningen Skuld	35
The Standard Club Ltd	36
Steamship Mutual Underwriting Association Limited	37
The Swedish Club	38
The United Kingdom Mutual Steam Ship Assurance Association (Bermuda) Ltd	39
The West of England Shipowners Mutual Insurance Association (Luxembourg)	40



EST. 1820

200
YEARS
OF INSURANCE

INTRODUCTION

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

Sensitive to the calamitous impact the COVID-19 pandemic has had on the global economy and on many sectors within the shipping industry, this year we have decided to tone down our usual light-hearted summary and adopt a slightly more serious note to respect the sufferings many have had to endure.

We hope to be able to return to our usual style soon, maybe even next year. In the meantime we hope you will still find this report a clear and incisive comparative summary of the P&I Market (including our own subjective rankings) that is both helpful and informative.



“AT TYERS WE TRY OUR HARDEST TO ENSURE OUR CLIENTS ARE FURNISHED WITH ALL THE MATERIAL FACTS TO ENABLE THEM TO MAKE INFORMED CHOICES CONCERNING THE INSURANCES THEY BUY. THIS P&I REPORT FORMS PART OF THAT SERVICE AND IS AN EXAMPLE OF ONE OF THE MANY THINGS WE DO TO FORGE THE LASTING PARTNERSHIPS WITH OUR CLIENTS THAT WE, AND HOPEFULLY THEY, CHERISH.”

Thomas D. Wilson
Managing Director
Head of Marine & Aviation

ABOUT TYSERS

KEY FACTS

- Tysers is 200 years old.
- Founded in 1820, it is now one of the largest independent Lloyd's Brokers.
- In 2020 Tysers acquired RFIB, which also had a large marine portfolio.
- The combined total staff exceed 1,100 handling circa US\$3 billion of annual premium emanating from clients in over 140 countries.
- We have offices strategically located across all continents positioned to assist in developing local markets or helping local clients where required.
- We are specialist brokers, operating only in classes where we have expertise.
- We excel at finding creative solutions for unusual risks.

Marine remains the largest division within Tysers.

Whilst size may give us added leverage and extended reach, we are adamant that this does not and will not compromise our efforts to remain a client focussed, service oriented broker working hard to provide the best advice, guidance, coverage, claims advocacy and overall service in all aspects of insurance, reinsurance and risk management.

Please visit our website to learn more about what we can offer:

www.tysers.com

KEY STRENGTHS

Global expertise

We support clients based in 140 countries around the world, from offices on all the continents.

Established market presence

With Tysers having been around longer than all the P&I Clubs we have had strong relationships with all 13 of them since their beginnings. Furthermore, we have been instrumental in supporting selected alternative fixed premium P&I and open market insurers. The depth of these relationships enable us to achieve competitive pricing together with comprehensive coverages.

Extensive experience

Our P&I team has a unique blend of expertise (totalling more than 250 years!) that is available to

clients, having worked previously for International Group P&I Clubs, shipping companies, 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 insurance providers and overseas insurers.

Proactive claims service

Strong claims advocacy is at the heart of what we provide. The broking and claims teams work in harmony, from the same office, to deliver a complete and responsive service.



AREAS OF EXPERTISE

- P&I, FD&D and other marine liabilities including contractual and specialist operations
- Charterers' Covers
- Hull & Machinery
- War Risks
- Piracy
- Kidnap & Ransom
- Loss of Hire/Trade Disruption
- Ports and Terminals
- Cargo
- Containers and Chassis
- Ship Agents' Liabilities
- Bespoke Crew Insurance
- Reinsurance
- Builders' Risks, including related delay covers, and Ship Repairers' Liabilities
- Mortgagees Interest



P&I TEAM CONTACTS

Tom Wilson

Email: tom.wilson@tysers.com

Direct line: +44 (0)20 3915 0418

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

Email: martin.hubbard@tysers.com

Mobile: +44 (0)7971 501747

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

Email: ian.harris@tysers.com

Direct line: +44 (0)20 3037 8301

Mobile: +44 (0)7881 265060

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



Simon Smart

Email: simon.smart@tysers.com

Direct line: +44 (0)20 3037 8303

Mobile: +44 (0)7801 553866

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



Laurent Charlet

Email: laurent.charlet@tysers.com

Direct line: +44 (0)20 3037 8338

Mobile: +44 7 896 986 970

Laurent joined Tysers in January 2018, with 20 years of experience having previously worked as the in-house insurance manager for a major multi-modal shipping company.



Piers O'Hegarty

Email: piers.ohegarty@tysers.com

Direct line: +44 (0)20 3037 8315

Mobile: +44 (0)7971 501742

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



Henry Head

Email: henry.head@tysers.com

Direct line: +44 (0)20 3915 0235

Mobile: +44 (0)7769 282513

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.



Kate Crofton

Email: kate.crofton@tysers.com

Direct line: +44 (0)20 3037 8331

Mobile: +44 (0)7443 987 403

Kate has been working in the insurance industry for over 15 years and joined Tysers from Willis in January 2018.



Liam Scott

Email: liam.scott@tysers.com

Direct line: +44 (0)20 3037 8251

Mobile: +44 (0)7977 251834

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

Email: chris.sydenham@tysers.com

Direct line: +44 (0)20 3037 8340

Mobile: +44 (0)7971 501772

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



TROUBLED WATERS

International Group Free Reserves rise by nearly \$200m to over \$5.5 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
2019/20	1,321,000,000	5,522,000,000	\$4.18

We offer our deepest sympathy to all in our industry who have lost family, friends or business colleagues to coronavirus.

This Report covers the performance of the Clubs for the twelve months to 20th February 2020, before the impact of the Covid 19 pandemic. We are watching closely how Clubs are coping

in 2020 and will be reporting on current year developments in our usual Update later this year when we analyse the Clubs' approach to the 2021 renewals.

The overriding trend in 2019/20 was a poor underwriting performance, with an average combined ratio of 117% and only Steamship Mutual managing a ratio under 100% - and that was

99.80% - but all Clubs except Japan, North and Standard still managed to produce a surplus thanks to some excellent investment returns. Thus, despite underwriting losses of nearly \$500m, International Group free reserves still rose by nearly \$200m to over \$5.5 billion, the second highest figure on record. Allowing for tonnage growth, free reserves have remained



very stable over the last five years, which is very reassuring given the increase in large claims over the last two years. This may give the Clubs some breathing space to continue the premium rises they started at last renewal and which the 2019/20 technical results show as necessary as, while investment returns in 2020 are likely to be negligible, the recessionary influences of the pandemic are likely to result in a reduction in claims activity and less pressure on the combined ratios.

We feel there is a strong argument the IG should be prepared to write off 2020 as an exceptional year, accepting that members have suffered badly in both a business and personal sense, and offer a neutral renewal by deferring any perceived need for corrective action until 2021. If

current travel and meeting restrictions continue, P&I renewals will have to be handled in a very different way to that which underwriters and shipowners are accustomed, and we can envisage both Clubs and members suffering considerable frustration with the handling and outcome of

than normal, is still likely to provide the Clubs with added stability. The IG is financially strong, with most Clubs exceeding solvency margin requirements, while many shipowners are struggling to cope with the impact of Covid 19. The Clubs, owned by the members should hold fire until the

full consequences of the pandemic become clear. We shall comment further on this in our Update.

In view of recent changes, the current position of Clubs on diversification of products is now as follows. For the

purposes of the following comparison P&I includes FD&D, charterers covers and fixed premium owned entries in addition to mutual owned P&I.

THE CLUBS, OWNED BY THE MEMBERS SHOULD HOLD FIRE UNTIL THE FULL CONSEQUENCES OF THE PANDEMIC BECOME CLEAR

negotiations. At least the vast majority of the Clubs Excess Loss reinsurance contract is bound through to 2021.

Historically, recessions have been very kind to the Clubs and the current one, while it may perhaps be shorter

CLUB DIVERSIFICATION

P&I only

Japan, London, Shipowners, and Steamship.
Britannia and UK are also P&I only, but their managers run various other marine and non-marine mutuals, with UK managing the important marine facilities TT Club and ITIC as well as Thomas Miller Speciality for small fixed premium vessels.

P&I and Hull

American (plus management of Eagle Ocean Marine, a fixed premium facility for small vessels)
North, which also offers cover for aquaculture risks.

P&I, Hull and Energy

Gard, Skuld and Swedish.

P&I and Other

Standard: Delay/strikes cover.
West: QWEST (legal and technical consultancy) plus stakes in NMI (delay insurance) and ASTAARA (cyber risks).

We are relieved that Clubs have now realised that Lloyd's is not an appropriate vehicle for diversification, and the Scandinavian Clubs are showing the market the way forwards. We doubt that the six monoline Clubs will change their strategy in the short term, and the alternative for strengthening the long-term future of the IG remains mergers. We have for many years argued that 13 Clubs is too many and we remain of

the view that nine would be more than sufficient to provide added stability on a more cost-effective basis, while continuing the intense competition and service levels that exist currently.

We are continuing our nautical theme from last year, and feel the table on pages 13 and 14 is a suitable summary of the Clubs' comparative performances in 2019/20.

In summary, the Clubs sailed through troubled waters in 2019/20 with ease thanks to the investment markets. This year may well end up the same for different reasons – minimal investment returns but an improved technical result. The lakes need to top up their water levels, but ship owners have plenty of solid options among the others.

Release Calls as at September 2020

Policy Year	American	Britannia	Gard	Japan	London	North	Shipowners	Skuld	Standard	SSM	Swedish	UK	West of England
2018	20	5	5	3.6	12.5	0	0	7.5	0	0	5	5	0
2019	20	7.5	5	3.6	15	5	0	10	0	0	12	10	7.5
2020	20	15	10	3.6	15	15	0	15	6	10	15	15	15

All release calls expressed as a percentage of estimated total premium

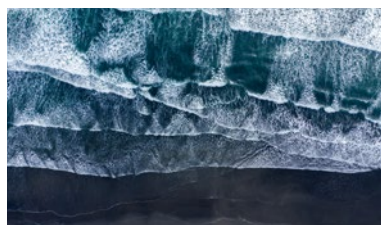
INTERNATIONAL GROUP



1.

Gard P&I (Bermuda) Limited

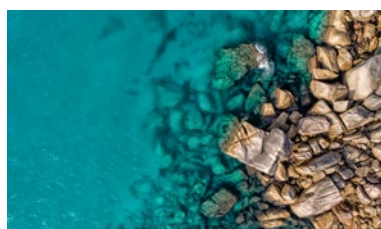
PACIFIC OCEAN - The biggest, most powerful with many currents



2.

Steamship Mutual Underwriting Association Limited

ATLANTIC OCEAN - Creating waves as number two in 2019



3.

The Shipowners Mutual P&I Insurance Association (Luxembourg)

INDIAN OCEAN - Warm and worth a dip, most of the competing pirates have left the scene



4.

The West of England Shipowners Mutual Insurance Association (Luxembourg)

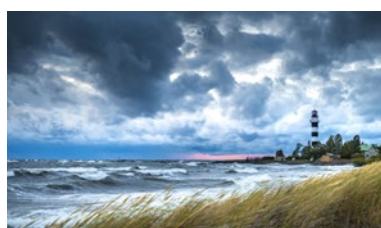
SOUTHERN OCEAN - Strong winds are troubling the competition



5.

The Swedish Club

ARCTIC OCEAN - Is global warming preventing growth?



6.

Assuranceforeningen Skuld

BALTIC SEA - Strong currents with Scandinavian stamina



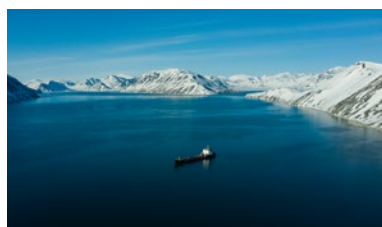
7. The Britannia Steam Ship Insurance Association Limited

ARABIAN SEA - Found to be in hot water in 2019



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

SOUTH CHINA SEA - Care required but important to shipping



9. The North of England P&I Association Limited

BERING SEA - Chilly and must watch the icebergs and what lies beneath



10. The Standard Club

LAKE BAIKAL - A brutal storm has caused erosion



11. London Steamship Owners Mutual Insurance Association Ltd

LAKE VOSTOCK - Stuck under the ice far from where it wants to be



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

LAKE TANGANYIKA - The shores are full of hungry predators



13. The American Club

LAKE TITICACA - In the middle of nowhere

SUMMARY OF 2019/20 RESULTS

Club	U/W Profit/Loss 2019/20 (\$M)	Net Combined Ratio 2019/20	Investment Income 2019/20 (\$M)	Surplus Feb 2020 (\$M)	Free Reserves Feb 2020 (\$M)	Total Owned GT Feb 2020 (M)	Free Reserves Per Owned GT Feb 2020	Solvency Capital Ratio 2020
American	(-6)	117%	15	9	54	17	\$3.17	n/a
Britannia*	(-54)	132%	87	7	594	118	\$5.06	200%
Gard**	(-83)	114%	118	20	1,179	245	\$4.82	263%
Japan	(-7)	113%	2	(-7)	236	99	\$2.39	141%
London	(-36)	137%	41	5	174	51	\$3.43	209%
North	(-68)	126%	65	(-19)	444	160	\$2.77	219%
Shipowners	(-10)	105%	46	36	340	27	\$12.56	190%
Skuld	(-35)	109%	55	25	466	93	\$5.01	176%
Standard	(-110)	131%	69	(-41)	394	130	\$3.03	187%
Steamship*** 1		100%	64	48	515	88	\$5.83	219%
Swedish	(-8)	106%	32	24	228	50	\$4.57	227%
UK	(-51)	120%	106	54	559	142	\$3.94	217%
West	(-13)	107%	46	32	338	102	\$3.33	233%
	Total (-480)	Average 117%	Total 746	Total 193	Total 5,521	Total 1,322	Average \$4.18	Average 207%

Note: Figures in orange are consolidated figures covering all lines of business

* Includes Boudicca. Surplus is net of \$25m capital distribution.

** Assumes \$72m deferred call for 2019 will be waived. Net combined ratio is 102% on full ETC basis

*** Surplus is net of \$16m cash distribution.

P&I MARKET SHARE

These comparisons show the relative size of the P&I Clubs by owned gross tonnage, financial year income and free reserves as at 20th February 2020.

P&I Club	Owned GT	%	Accounting Year Premium \$	%	Free Reserves \$	%
Gard*	244,700,000	18.53	755,283,000	20.41	1,179,200,000	21.35
North of England	160,000,000	12.11	346,567,000	9.36	443,810,000	8.04
UK	142,000,000	10.75	305,037,000	8.24	559,194,000	10.13
Standard	130,000,000	9.84	353,500,000	9.55	393,700,000	7.13
Britannia	117,500,000	8.90	201,185,000	5.44	594,388,000	10.76
West of England	101,500,000	7.68	221,663,000	5.99	338,147,000	6.12
Japan	98,800,000	7.48	183,078,000	4.95	235,935,000	4.27
Skuld**	93,000,000	7.04	390,760,000	10.56	465,845,000	8.44
Steamship	88,400,000	6.69	308,725,000	8.34	515,342,000	9.33
London	50,700,000	3.84	116,175,000	3.14	173,891,000	3.15
Swedish***	50,000,000	3.79	157,361,000	4.25	228,445,000	4.14
Shipowners	27,100,000	2.05	224,902,000	6.08	339,974,000	6.16
American	17,100,000	1.29	137,085,000	3.70	54,192,000	0.98
Total	1,320,800,000		3,701,321,000		5,522,063,000	

*Premium for all lines of business excluding 20% deferred P&I call for 2019. P&I income \$442m assuming \$72m deferred call for 2019 (20%) is waived.

** Premium for all lines of business, P&I income \$286m.

*** Premium for all lines of business. P&I income \$93,268,000

STANDARD & POOR'S RATINGS OF P&I CLUBS

Insurance Year	2016	2017	2018	2019	2020
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+	A-	A-	A-	A-
Swedish Club	BBB+	BBB+	BBB+	A-	A-
Japan Club	BBB+	BBB+	BBB+	BBB+	BBB+
London Club	BBB	BBB	BBB	BBB	BBB
American Club	BBB-	BBB-	BBB-	BBB-	BBB-

**LONDON CLUB AND
STANDARD CURRENTLY
SUBJECT TO NEGATIVE
OUTLOOK FROM S&P**

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 the below figures are all five-year averages.

	2016	2017	2018	2019	2020
American Club	24.20%	25.70%	27.90%	26.60%	24.30%
Shipowners	21.00%	22.00%	22.00%	24%	23%
West of England	15.50%	15.15%	14.75%	14.68%	14.60%
North of England	12.40%	12.00%	12.10%	12.70%	13.70%
Swedish	13.30%	13.30%	13.40%	13.80%	13.20%
Skuld	12.80%	12.80%	12.70%	12.80%	13%
Standard	12.20%	12.40%	12.50%	12.78%	12.90%
Gard	11.83%	12.02%	11.21%	13.04%	12.81%
Steamship	12.10%	12.10%	12.20%	12.40%	12.10%
Britannia	9.12%	9.42%	9.73%	10.90%	11.50%
UK Club	10.28%	10.22%	10.31%	11.09%	11.28%
London Club	9.52%	9.51%	9.68%	10.30%	10.41%
Japan Club	5.18%	5.46%	6.21%	6.52%	7.42%
Average	13.02%	13.24%	13.44%	13.97%	13.86%

GENERAL INCREASES 2011/2020

	Shipowners	Skuld	Gard	Steamship	Swedish	Britannia	American	West*	Japan	UK	Standard	North	London
2011	0	0	0	0	2.5	5	2	5	10	5	3.5	3	5
2012	0	0	5	5	5	5	5	5	3	3	5	5	5
2013	5^	8.5	5	7.5	7.5	16.5	10	7.5	5	7.5	7.5	15	12.5
2014	5^	8.5+	5	10	7.5	2.5	10	7.5	7.5	10	12.5	7.5	10
2015	0^	0	2.5	0	2.5	2.5	4.5	2.5	3	6.5	5	4.75	6
2016	0	0	2.5	0	0	2.5	2.5	0	3	2.5	2.5	2.5	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	5	0	0	0	0	0
2020	5	0	0	7.5	5	0	0	2.5	7.5	7.5	7.5	7.5	7.5
Total 2011/2020	116	118	122	133	134	138	139	141	146	150	152	154	163

↓
Average 139

* Applies to premium net of Group Excess Loss Reinsurance costs until 2019 + Estimated

^ Includes any increase in Group Excess Loss Reinsurance costs

The total shows the cumulative increase based on 2010 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
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	0/22.5	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	0/17.5	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
2020	0/0	0/0	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

This table does not include capital distributions made by certain Clubs as these are not policy year specific and/or for the benefit of all members. Details can be found under our individual Club commentary.

FREIGHT, DEMURRAGE AND DEFENCE SUMMARY

General Increases

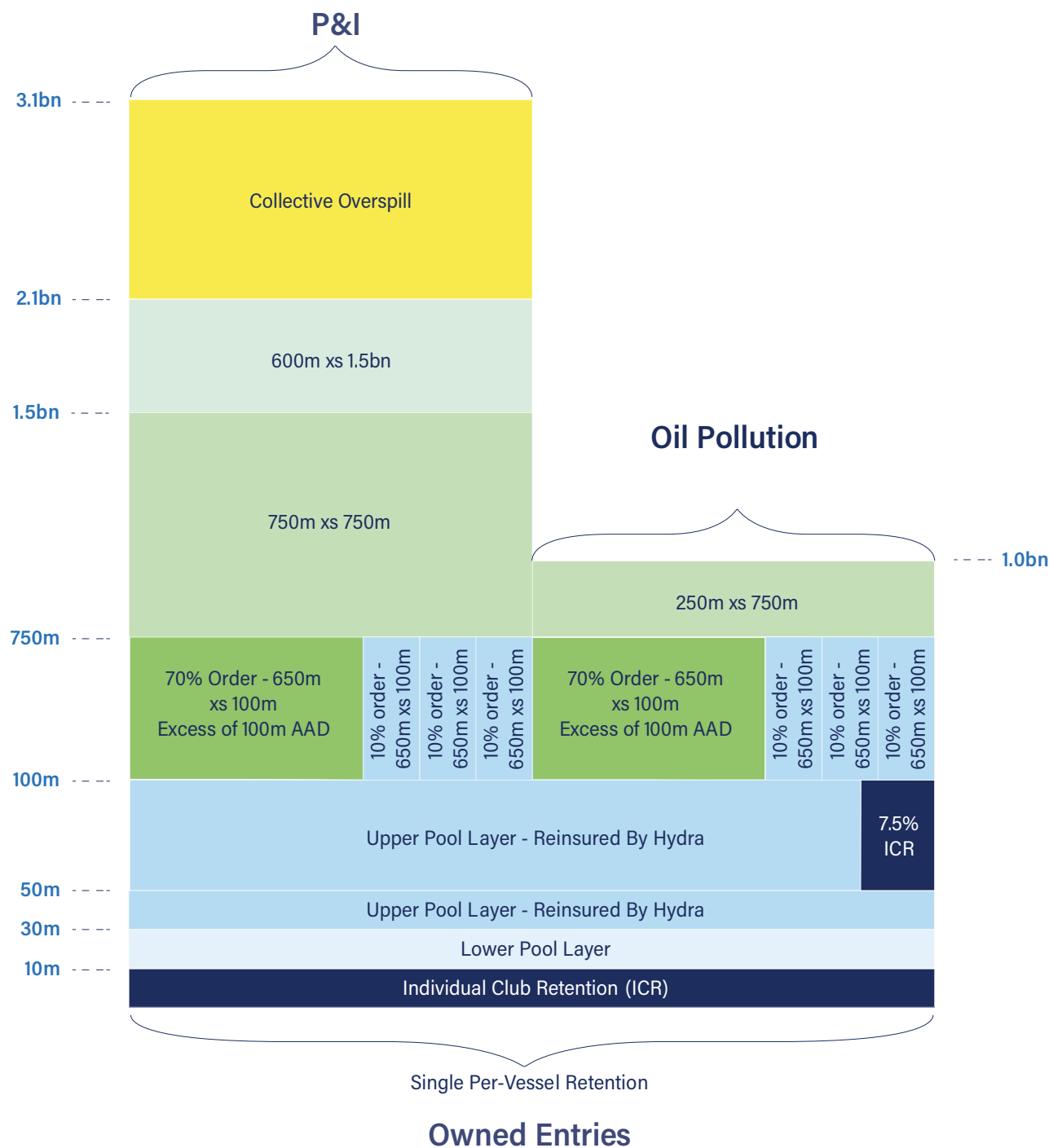
	American	Britannia	Gard	Japan	London	North of England	Shipowners	Skuld	Standard	Steamship	Swedish	UK Defence Club	West of England
2015	4.5	0	10	0	6	2.5	0	0	5	0	5	0	0
2016	0	0	2.5	0	5	2.5	0	0	0	0	0	0	0
2017	0	0	0	0	0	0	0	0	0	0	0	0	0
2018	0	0	0	0	0	0	0	0	0	0	0	0	0
2019	0	0	0	0	0	0	0	0	0	0	0	0	0
2020	0	0	0	0	7.5	7.5	5	0	7.5	7.5	0	0	0

2020 Limits and Deductibles

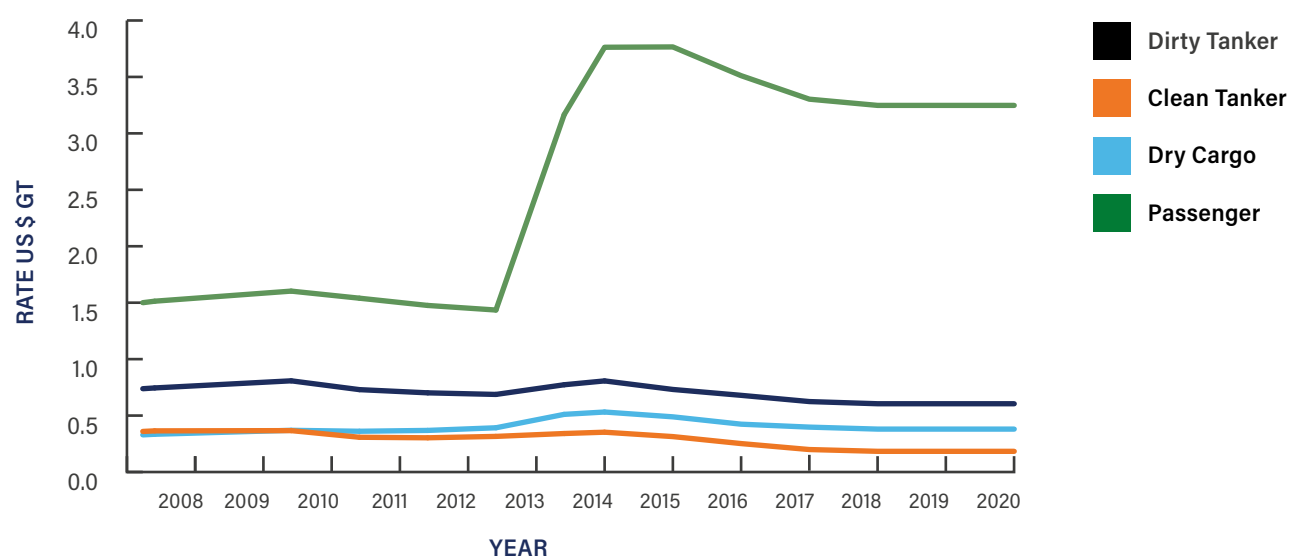
Club	Standard Limit	Standard Deductible
American	\$2,000,000 (up to \$10m on request)	25%, minimum \$5,000 maximum \$30,000
Britannia	\$10,000,000 (but \$2,000,000 sale and purchase)	1/3 of all expenses in excess of \$7,500
GARD	\$10,000,000 (but \$1,000,000 sale and purchase)	25%, minimum \$5,000
Japan	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 \$5,000 maximum \$30,000
Skuld	\$5,000,000 (but \$300,000 for alteration, conversion, building, purchase, mortgage or sale)	25%, minimum \$12,500
Standard	\$5,000,000	25%, minimum \$10,000
Steamship	\$10,000,000 (but \$2,000,000 construction, repairs, purchase)	\$5,000 then one third overall maximum \$30,000
Swedish Club	\$5,000,000 (up to \$10m on request)	\$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 (up to \$15m on request)	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 2020/21



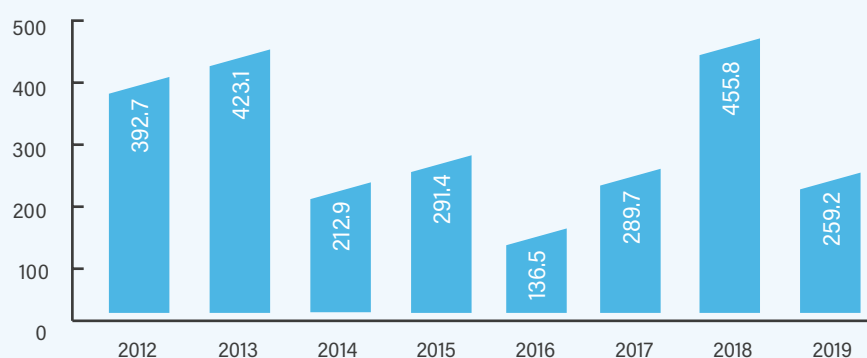
EXCESS OF LOSS REINSURANCE RATES



The Actual rates US\$ per GT are:

Year	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Tankers (Dirty)	0.7554	0.7038	0.6515	0.7565	0.7963	0.7317	0.6567	0.5955	0.5845	0.5747	0.5747
Tankers (Clean)	0.3335	0.3055	0.2798	0.3245	0.3415	0.3138	0.2816	0.2675	0.2626	0.2582	0.2582
Dry Cargo	0.3867	0.3709	0.3561	0.4942	0.5203	0.4888	0.4537	0.4114	0.4038	0.3971	0.3971
Passengers	1.5654	1.4780	1.3992	3.1493	3.7791	3.7791	3.5073	3.3319	3.2707	3.2161	3.2161

Estimated Cost of Notified Pool Claims



For 2020, 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 2020**

THE FIXED P&I MARKET

The viability of independent MGA facilities (independent management companies running fixed premium P&I facilities on behalf of the commercial market) continues to be tested, and last year saw the demise of Lodestar whose dwindling portfolio was transferred to Thomas Miller Specialty, the fixed premium MGA run by the managers of the UK Club. Carina appears to have had considerable difficulty renewing its market binder last year and we shall have to wait

and see whether its next renewal in October is any easier. British Marine has seen good growth, taking

Swiss RE, and we mention them as our recent experience with them has shown a very professional approach.

IF YOU NEED FIXED PREMIUM COVER LOOK FIRST TO THE CLUBS WHO ARE KEEN TO EXPAND IN THIS AREA

Our advice remains unaltered: if you need fixed premium cover look first to the Clubs who are keen to expand in this area, then British Marine and the MGAs run by Club managers. If you have still had no luck, go to Amlin and the MGA facilities.

advantage of the fragility of the MGA market. A comparative newcomer is EF Marine, an MGA backed by

Current estimated business volume (owned tonnage) of these options is:



Club/Insurer	Approximate Tonnage	Estimated Premium (US \$)
Shipowners Club	6,800,000	87,000,000
North (started Sept 19)	520,000	3,000,000
West	1,100,000	9,000,000
London	3,000,000	N/A
British Marine	12,000,000	98,000,000
Thomas Miller Speciality	4,800,000	43,000,000
Eagle Ocean Marine	2,500,000	14,800,000
Amlin	16,700,000	36,000,000



AMERICAN
28



BRITANNIA
29



GARD
30



JAPAN
31



LONDON
32



**NORTH OF
ENGLAND**
33



SHIPOWNERS
34



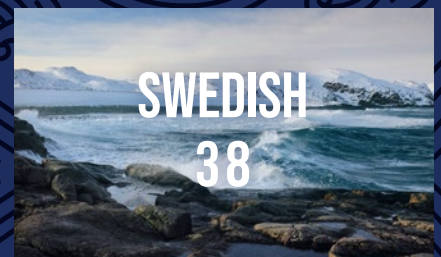
STANDARD
36



**STEAMSHIP
MUTUAL**
37



SKULD
35



SWEDISH
38



UK
39



WEST OF ENGLAND
40

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.

AMERICAN STEAMSHIP OWNERS MUTUAL PROTECTION & INDEMNITY ASSOCIATION, INC.



Managers

SCB Inc

(Eagle Ocean Management LLC)

Gross Tonnage

Owned 17,100,000

Chartered 2,300,000

Free reserves

2020 54,192,000

2019 45,225,000

2018 57,614,000

2017 51,418,000

2016 56,410,000

Standard & Poor's Rating

BBB-

While the Club's Managers conclude that its calendar year results for 2019 were "favourable", others are likely to disagree as the Club required additional gross premium of around \$26m by way of unbudgeted calls on the 2016 and 2017 policy years plus an investment return of 10.6% to secure a surplus of \$9m and push free reserves up to \$54m.

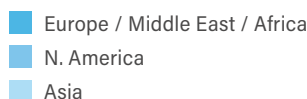
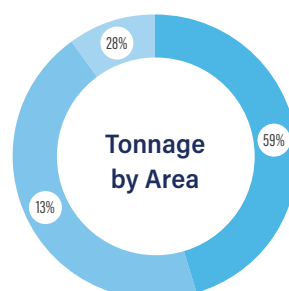
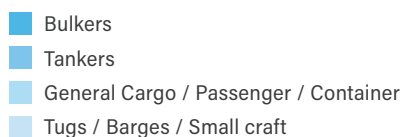
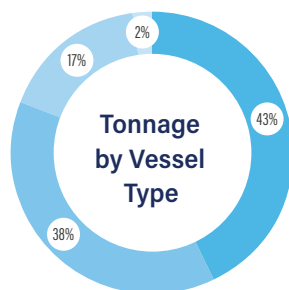
On a policy year basis to February 2020, owned tonnage reduced from 18.7m to 17.1m GT while there were small increases in chartered tonnage and entries into the Club's fixed premium facility, Eagle Ocean Marine, where the Club covers 55% of the first \$10m of exposure. The Club's combined ratio for the 2019 policy year was 117%, slightly up on 2019.

For the financial year, net premium rose thanks mainly to the unbudgeted calls from \$73m to \$109m, while net incurred claims increased from \$46m to \$71m, including deterioration on back years of \$16m – mainly on the 2018 year. There were no claims on the Pool but claims in the \$1m to \$10m range rose by \$12m to over \$23m. The Club does not believe there is any pattern to the incidence of large claims, and attributes it to "pure fortuity".

The Club's hull facility, American Hellenic Marine, continued to make losses although the 2019 loss was \$440,000 compared to over \$1.8m for 2018. The managers believe that the hardening of the hull market and the retreat of capacity will result in the facility returning a profit in 2020.

Commentators may feel that unbudgeted calls, a combined ratio of 117% and a decline in tonnage should result in some humility from the Club's managers. On the contrary, contriteness is not in their vocabulary and the following statement from the Club's annual report left us, for a change, speechless:

"The Club continued to dedicate substantial resources to its business development activities throughout 2019, a trend which continues into the current year. This has magnified the growth of tonnage over recent years, as well as enhancing service delivery to Members and their intermediaries. Part of these initiatives focus on the use of social media through LinkedIn, Twitter, YouTube, and Instagram accounts." ■



Year	2020	2019	2018	2017	2016
Calls/Premium	137,085	95,951	98,389	109,493	97,504
Reinsurance Cost	28,411	22,546	24,194	14,168	16,128
Net Claims (incurred)	71,443	45,905	36,302	70,761	49,364
Operating Expenses	43,545	39,805	40,300	37,744	33,978
Net Underwriting Result	(-6,314)	(12,305)	(2,407)	(13,180)	(1,966)
Gross Outstanding Claims	215,503	192,689	193,493	222,214	212,260
Total Assets	341,224	308,060	322,228	334,996	314,387
Average Expense Ratio	24.30%	26.60%	27.90%	25.70%	24.20%
Solvency Margin	1.58	1.60	1.67	1.51	1.48
Reserves/GT Ratio	\$3.17	\$2.42	\$3.37	\$3.32	\$4.00

All figures \$'000

THE BRITANNIA STEAM SHIP INSURANCE ASSOCIATION LIMITED



Managers

Tindall Riley (Britannia) Limited

Gross Tonnage

Owned	117,500,000
Chartered	45,000,000

Free reserves

2020	594,388,000
2019	587,561,000
2018	641,557,000
2017	601,042,000
2016	512,696,000

Standard & Poor's Rating

A

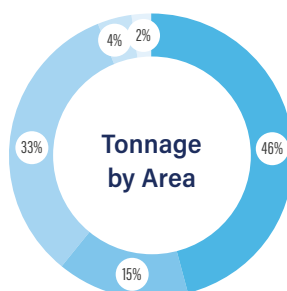
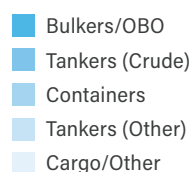
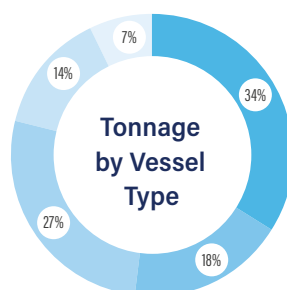
Our figures as usual reflect the combined performance of the Club and its dedicated reinsurer Boudicca.

Despite a combined ratio of 132%, the second worst in the IG after the London Club, the Club still managed a surplus of \$32m, with an investment return of \$87m more than compensating the underwriting loss of \$54m and enabling the Club to make a total capital distribution of \$25m to members so the final net surplus was \$7m. Over the last four years, the Club has returned \$85m to members on a non-policy year basis.

Gross premium reduced by \$3m to \$201m while net claims were up \$25m at \$190m. For the 2019 policy year, the Club suffered 20 claims in excess of \$1m and these totalled \$70m, with three claims hitting the Pool but, overall, the net retained claims position for the policy year is some \$20m better than for 2018.

Owned tonnage rose by over 5m to 118m GT, while chartered tonnage saw a massive rise from 19m to 45m GT, pushing overall tonnage to a record high. New Chairman Anthony Firmin seems pretty happy with the overall state of the Club, and it is remarkable that the Club can, on a consolidated basis, end the year looking as financially strong as ever despite the awful combined ratio.

We do, though, have one complaint. In order to make a fair comparison with the other Clubs, we do look at the Club and Boudicca on an overall basis. We appreciate that the Club cannot issue consolidated accounts but we do feel its Review of the Year issued in advance of the Annual Report is misleading in summarising the Club's performance (excluding Boudicca) by including investment income of \$62m to improve the Club's "net loss ratio" to 79.9%. Please adopt the market practice of separating the technical result from the investment performance. ■



Year	2020	2019	2018	2017	2016
Calls/Premium	201,185	204,415	208,147	225,854	260,722
Reinsurance Cost	33,152	32,433	30,507	39,498	43,413
Net Claims (incurred)	189,832	164,941	144,828	114,789	192,276
Operating Expenses	31,891	28,649	25,666	25,719	26,986
Net Underwriting Result	(-53,691)	(21,608)	7,146	45,848	(2,403)
Gross Outstanding Claims	1,198,743	1,163,551	1,142,577	1,173,878	1,308,955
Total Assets	1,806,962	1,747,396	1,807,557	1,796,568	1,853,548
Average Expense Ratio	11.50%	10.90%	9.73%	9.42%	9.12%
Solvency Margin	1.51	1.50	1.58	1.53	1.42
Reserves/GT Ratio	\$5.06	\$5.25	\$6.00	\$5.96	\$4.84

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

All figures \$'000

GARD P&I (BERMUDA) LIMITED



Managers

Gard AS

Gross Tonnage

Owned **244,700,000**

Chartered **95,000,000**

Free reserves

2020 **1,179,200,000***

2019 **1,158,391,000***

2018 **1,248,567,000***

2017 **1,134,400,000***

2016 **1,016,697,000***

Standard & Poor's Rating

A+

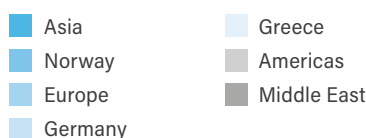
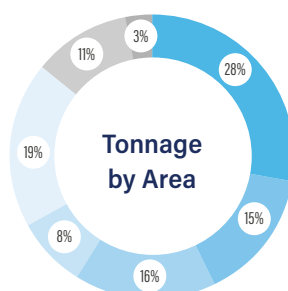
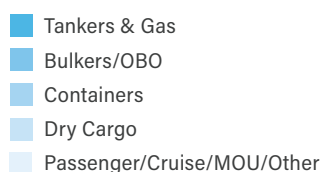
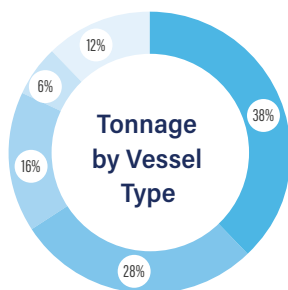
Gard has decided to defer a decision on whether to charge its last P&I instalment for 2019 until later in 2020 when the effects of Covid-19 on global markets will be reviewed. This 20% instalment is worth around \$72m and given the underlying strength of the Club it is a fair bet that members will not have to pay it in full.

The technical result was a combined ratio of 102% (114% if no final instalment) compared to 110% last year, but an investment return of \$118m (5.8%) means free reserves have increased by \$20m without the final instalment or \$93m on an estimated total cost (ETC) basis. By segment, the ETC P&I combined ratio was 106%, the same as 2019, while Marine & Energy improved to 93% from last year's 118%. ETC P&I gross premium was flat at \$519m while claims increased by \$66m to \$405m due to increased Pool claims.

As Chairman Morten Hoegh reports, "Gard's diversification strategy enables us to balance a small loss on our mutual business with a profit from our for-profit insurance businesses." More traditional Clubs will be horrified to see the word "profit" used in a Club's annual report, but diversification can work to the benefit of mutual members – you just have to know how to do it! As Hoegh also states, the Club has the scale and strength both operationally and financially to work through times of turmoil such as shipping and insurance markets face in 2020.

Not for the first time, Gard is somewhat critical of the International Group, warning that shipowners require and expect greater support and faster change on how insurers deliver risk transfer solutions. 2020 will see shipping and marine insurance industries tested as never before.

Gard are ready for the challenge, are others? ■



Year	2020	2019	2018	2017	2016
Calls/Premium	442,052	481,130	467,425	531,474	607,260
Reinsurance Cost	97,890	102,296	106,201	117,371	137,214
Net Claims (incurred)	405,015	338,538	357,388	325,585	351,938
Operating Expenses	38,831	102,190	45,490	52,147	50,494
Net Underwriting Result	(-99,864)	(61,894)	(41,654)	37,693	67,614
Gross Outstanding Claims	1,381,122*	1,409,646*	1,338,266*	1,445,660*	1,572,498*
Total Assets	2,881,429*	2,858,758*	2,867,126*	3,047,131*	3,012,936*
Average Expense Ratio	12.81%	13.04%	11.21%	12.02%	11.83%
Solvency Margin	2.09*	2.03*	2.14*	2.11*	1.92*
Reserves/GT Ratio	\$4.82*	\$5.05*	\$5.59*	\$5.24*	\$4.72*

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 98,800,000

Chartered 12,600,000

Free reserves

2020 235,935,000

2019 237,876,000

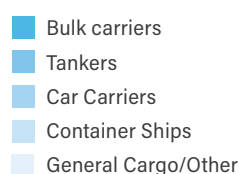
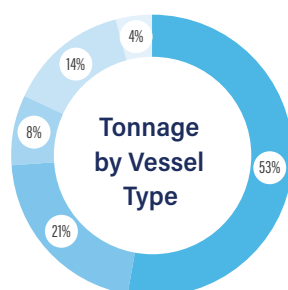
2018 226,524,000

2017 208,423,000

2016 187,130,000

Standard & Poor's Rating

BBB+



It appears to have been a rather dull financial year for the Japan Club. Net claims remained stable at \$118m and premium was down \$11m to \$183m. A combined ratio of 113% was partly offset by a small investment surplus and free reserves fell, in US\$ terms, by \$2m to just under \$236m. On a policy year basis, 2019 is looking poor, with the Club warning that the while the overall number of claims continues to reduce, there has been an increase in serious claims over \$1m, with two exceeding \$10m and hitting the Pool.

Owned tonnage did rise by over 2m GT to nearly 99m, but the increase was less than had been hoped for and has prompted the Club to review its products, services and organisation. Another new Chairman, Tadaaki Naito, reports that 2020 sees the start of the Club's Second Action Plan 2020 – 2023, aimed at becoming more customer friendly and the recovery of its share of the domestic market and "to obtain good quality contracts in overseas markets". This will be difficult, and we recommend they focus more on the domestic market which now faces severe competition from many stronger IG Clubs.

2020 sees the Club celebrate its 70th anniversary. Sadly, the Club is going to be very busy dealing with the "Wakashio" which ran aground and broke up in July, causing extensive oil pollution along the Mauritius coastline. This is likely to be the Club's largest ever claim and a serious test of its claims handling abilities. ■

Year	2020	2019	2018	2017	2016
Calls/Premium	183,078	194,384	214,241	221,126	226,280
Reinsurance Cost	46,174	42,351	50,681	49,132	59,229
Net Claims (incurred)	118,370	118,734	121,533	122,604	125,416
Operating Expenses	25,710	25,739	26,536	25,441	25,556
Net Underwriting Result	(-7,176)	7,560	14,164	23,949	16,079
Gross Outstanding Claims	468,556	435,842	398,057	367,501	371,395
Total Assets	659,533	643,569	645,160	626,834	584,276
Average Expense Ratio	7.42%	6.52%	6.21%	5.46%	5.18%
Solvency Margin	1.41	1.48	1.62	1.71	1.57
Reserves/GT Ratio	\$2.39	\$2.49	\$2.42	\$2.28	\$2.03

All figures \$'000

LONDON STEAMSHIP OWNERS MUTUAL INSURANCE ASSOCIATION LTD

Managers

A Bilbrough & Co Ltd

Gross Tonnage

Owned	50,700,000
Chartered	16,000,000

Free reserves

2020	173,891,000
2019	168,843,000
2018	194,642,000
2017	188,012,000
2016	160,707,000

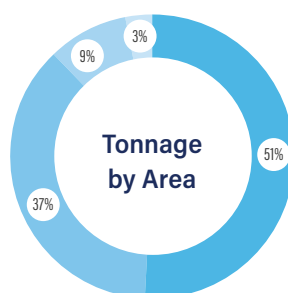
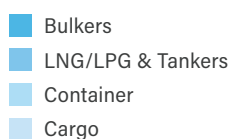
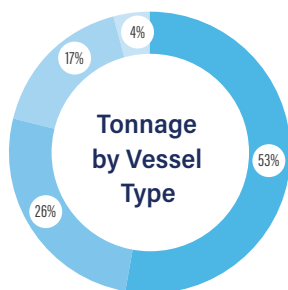
Standard & Poor's Rating

BBB

2019/20 was another dire year on the underwriting front for the London Club. A combined ratio of 137% equates to a technical loss of \$36m, following on the \$34m loss in 2018/19, but at least investment income came to the rescue this year, with a return of 9.1% producing \$41m although this does include a timely \$9m gain from the revaluation of the Club's London office. Free reserves thus rose by \$5m to \$174m, but are still well below the 2017 and 2018 levels. Tonnage remained steady at a combined total of 66.7m GT, of which 47m relates to owned mutual tonnage. 3m to fixed owned and 16m to chartered entries.

The Club reports that for 2019/20 the net burning cost of claims per entered ton was its highest for five years and 25% above the average of the last four years. Gross premium for the financial year rose by \$12m to \$116m but net incurred claims rose by \$15m to \$119m. We are told the fixed business (chartered and small owned vessels) performed in line with expectations and it was the owned mutual tonnage which performed worse than forecast. Claims increased at all levels but mainly above the \$500,000 level. On a policy year basis, net claims at \$89m were \$18m higher than the previous year.

The Club appears to be happy plodding along on the edge of the City of London, with no readily obvious plans to improve its underwriting results or its market profile. With investment income unlikely to come to the rescue in 2020, a significant reversal of claims' trends will be needed to avoid erosion of the already comparatively fragile free reserves and to protect its potentially tenuous S&P rating of BBB (negative outlook). ■



Year	2020	2019	2018	2017	2016
Calls/Premium	116,175	103,660	101,728	102,891	110,072
Reinsurance Cost	18,502	19,671	20,393	20,181	22,670
Net Claims (incurred)	118,680	104,019	83,902	69,472	60,129
Operating Expenses	15,093	13,644	12,655	11,542	11,954
Net Underwriting Result	(-36,100)	(33,674)	(15,222)	1,696	15,319
Gross Outstanding Claims	334,851	326,160	298,144	298,867	332,037
Total Assets	526,501	511,570	512,840	501,916	505,479
Average Expense Ratio	10.41%	10.30%	9.68%	9.51%	9.52%
Solvency Margin	1.57	1.53	1.72	1.68	1.52
Reserves/GT Ratio	\$3.43	\$3.30	\$4.29	\$4.28	\$3.62

All figures \$'000

THE NORTH OF ENGLAND P&I ASSOCIATION LIMITED



Managers

Self-Managed

Gross Tonnage

Owned	160,000,000
Chartered	70,000,000

Free reserves

2020	443,810,000
2019	463,037,000
2018	450,462,000
2017	430,755,000
2016	428,109,000

Standard & Poor's Rating

A

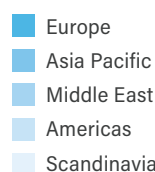
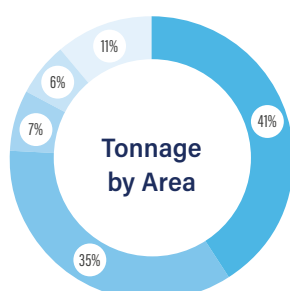
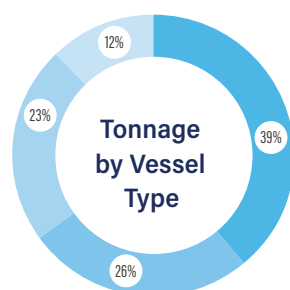
It is fair to say that 2019/20 was a bad year for North. It was dominated by two high profile casualties, the sinking of "Grande America" and the capsizing and wreck removal of "Golden Ray". The latter is one of the largest P&I claims ever and expected to cost over \$400m. In the Club's defence, such serious casualties are random in nature and can hit any Club. However, when you are as big as North, with a not so good record in the Pool, which has suffered a substantial increase in claims over the last two years, and with the Pool arrangements now also requiring the Club suffering the loss to pay an additional \$3.5m in the layer \$50m-\$100m, these casualties can impact substantially on a Club's bottom line.

The combined ratio thus deteriorated to 125.80% from last year's 105.10%, producing an underwriting loss of \$68m. While this was nearly covered by an investment return of \$64m (6.37%) another pension deficit, this time of \$16m means that, overall, free reserves fell by \$19m to \$444m. Total gross premium was virtually unchanged at \$346m but net claims rose by \$47m to \$274m.

Owned tonnage grew by 13m to 160m GT, and chartered tonnage is up by 10m to 70m GT. The worrying result of this is that free reserves per owned GT are now down to \$2.77, one of the lowest ratios in the IG. It will be no surprise if North seeks a general increase at the top end of the scale for 2021.

On a more positive note, the integration process of Sunderland Marine - which writes Hull and P&I for small vessels, and aquaculture - was completed in 2020 with the formal transfer of the business to North, and the Club has very recently established a Hull facility for blue water tonnage.

In the Club's annual review called "Forward thinking", Chairman Pratap Shirke confirms that "the agenda for growth and diversification lies at the heart of our plans to continue to build the strong foundations that can deliver predictability, security and reliability for our Members". Those foundations started creaking last year and need reinforcement if "forward thinking" is not to become "current worrying". ■



Year	2020	2019	2018	2017	2016
Calls/Premium	346,567	345,019	387,599	428,348	489,810
Reinsurance Cost	65,512	61,701	81,326	98,389	128,757
Net Claims (incurred)	274,490	227,138	243,944	246,013	196,040
Operating Expenses	74,715	68,868	77,410	75,698	77,579
Net Underwriting Result	(-68,150)	(12,688)	(15,081)	8,248	87,434
Gross Outstanding Claims	1,256,282	836,932	826,053	865,610	869,420
Total Assets	1,873,184	1,429,786	1,413,731	1,494,210	1,490,314
Average Expense Ratio	13.70%	12.70%	12.10%	12.00%	12.40%
Solvency Margin	1.49	1.71	1.71	1.73	1.71
Reserves/GT Ratio	\$2.77	\$3.15	\$3.17	\$3.08	\$3.27

Figures include Sunderland Marine.

All figures \$'000

THE SHIOWNERS MUTUAL PROTECTION & INDEMNITY INSURANCE ASSOCIATION (LUXEMBOURG)



Managers

The Shipowners' Protection Ltd

Gross Tonnage

Owned **27,100,000**

Chartered **N/A**

Free reserves

2020 **339,974,000**

2019 **303,825,000**

2018 **341,726,000**

2017 **294,041,000**

2016 **279,378,000**

Standard & Poor's Rating

A

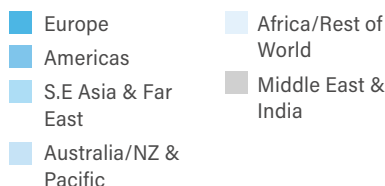
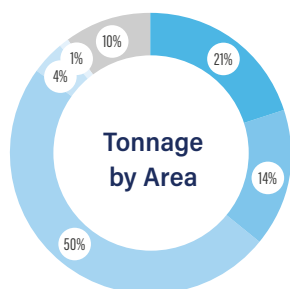
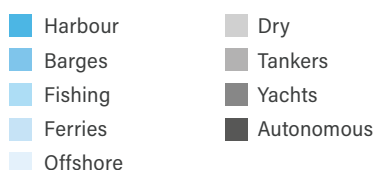
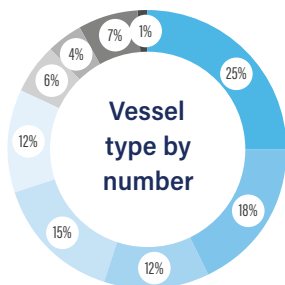
The Club reports a satisfactory set of results for the 2019 calendar year. The combined ratio of 105% was the second year running the Club has reported a technical loss- \$10.3m following on the loss of \$8.2m in 2018, but we are told this was in line with budget. An excellent investment return of 9% brought in \$46.4m net of tax so free reserves rose by \$36m, recovering nearly all the 2018 losses. Nearly 80% of the Club's funds are invested in fixed income instruments.

Entered tonnage remained stable at just over 27m GT, with the Club enjoying a member retention rate of 98%. Growth was seen mainly in the passenger, yacht and fishing sectors. As the fixed market offerings continue to dwindle, the Club for the first time reports that competition now comes more from other Clubs in the International Group. It does not appear too concerned about this, citing the fact it has been insuring small vessels for 160 years so knows what it is doing when it comes to claims and to administering a portfolio of nearly 8,000 members and over 33,000 vessels.

The Club insures a small but growing number of autonomous vessels, operating mainly in inshore/offshore survey and fishery research. These vessels are generally very small but the Club feels that larger and more mainstream applications are not far away. The Club is at the forefront of this emerging sector, working with industry experts to ensure it fully understands the related liabilities and provides the comprehensive cover required.

Net incurred claims in 2019 were up just over \$5m at \$156m and earned premium net of reinsurance rose by a similar amount to \$200m. The Club does not note any particular claims trend but does see "convention creep" pushing up claim values.

During the year the Club celebrated ten years of its Singapore branch, which now employs over 40 staff to help service its substantial Asian book, and also opened a service office in Greece. ■



Year	2020	2019	2018	2017	2016*
Calls/Premium	224,902	224,267	216,341	228,580	209,881
Reinsurance Cost	24,943	29,270	29,706	27,527	27,870
Net Claims (incurred)	156,491	151,038	136,165	149,087	136,060
Operating Expenses	53,741	52,156	48,709	49,164	42,704
Net Underwriting Result	(-10,273)	(8,197)	1,761	2,802	3,247
Gross Outstanding Claims	464,442	440,348	425,420	433,441	474,576
Total Assets	905,789	843,216	859,393	823,121	846,880
Average Expense Ratio	23%	24%	22%	22%	21%
Solvency Margin	1.95	1.91	2.02	1.90	1.78
Reserves/GT Ratio	\$12.56	\$11.15	\$13.41	\$11.56	\$11.34

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

All figures \$'000

ASSURANCEFORENINGEN SKULD



Managers

Self-Managed

Gross Tonnage

Owned 93,000,000

Chartered N/A

Free reserves

2020 465,845,000

2019 452,723,000

2018 442,026,000

2017 394,075,000

2016 348,230,000

Standard & Poor's Rating

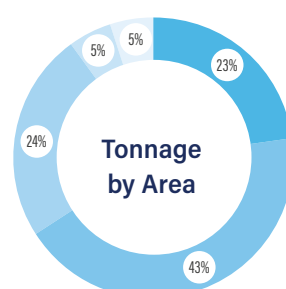
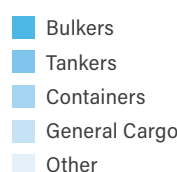
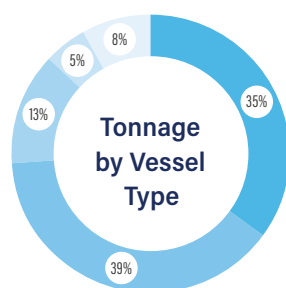
A

For the first time in 16 years, Skuld reports a combined ratio over 100%. Across all business lines the ratio was 109%, but P&I was the worst performer at 119% whilst commercial business turned in a creditable 100%. The result was affected by run-off costs relating to the closure of the Club's Lloyds Syndicate and we are told Skuld Hull got off to a profitable start, enjoying the fruits of a hardening market and reduced capacity. CEO Stale Hansen readily admits that P&I rates need to rise – "our technical result continues to show a clear need to bring the premium levels into line with risk".

Gross premium reduced from \$402m to \$391m, and only around 45% of this was mutual premium, with the balance from commercial lines including fixed charterers P&I which remained steady at \$54m. Owned mutual tonnage saw a small increase to 93m GT. Net incurred claims rose from \$245m to \$289m due to an increase in larger claims, but none were big enough to hit the Pool.

The overall underwriting deficit was \$35m, but an investment return of 5.5% produced \$55m and a tax benefit of \$5m resulted in an overall surplus of \$25m. However, due to interim tax rules requiring reclassification of 25% of free reserves as "deferred cessation tax" pending implementation of new Norwegian tax regulations for mutuals in 2020, free reserves are shown as having increased by just \$13m to \$466m.

We have long argued that size brings substantial benefits to the P&I sector, and Hansen shares the same view, concluding that "Growth is important to Skuld, as scale of business reduces the exposure our members might otherwise have to volatility and costs. To stay relevant for the ocean industries that we serve, we are constantly looking for new products and services that we may offer, and new business segments and geographical areas we may serve. Our global Skuld team is well prepared for the future". ■



Year	2020	2019	2018	2017	2016
Calls/Premium	390,760	401,621	412,739	403,235	409,980
Reinsurance Cost	47,361	56,070	57,363	71,636	56,663
Net Claims (incurred)	288,842	244,577	251,580	229,143	243,276
Operating Expenses	89,775	92,937	92,224	88,510	87,971
Net Underwriting Result	(-35,219)	8,037	11,572	13,946	22,071
Gross Outstanding Claims	801,897	875,663	925,721	617,049	583,921
Total Assets	1,067,131	1,040,143	1,070,091	1,000,465	918,602
Average Expense Ratio	13%	12.80%	12.70%	12.80%	12.80%
Solvency Margin	1.33	1.19	1.16	1.62	1.57
Reserves/GT Ratio	\$5.01	\$4.93	\$4.73	\$4.34	\$4.24

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

All figures \$'000

Managers

Charles Taylor & Co (Bermuda)

Gross Tonnage

Owned 130,000,000

Chartered 25,000,000

Free reserves

2020 393,700,000

2019 434,700,000

2018 461,500,000

2017 430,500,000

2016 390,100,000

Standard & Poor's Rating

A

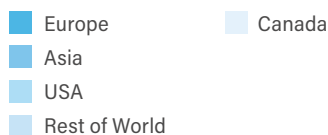
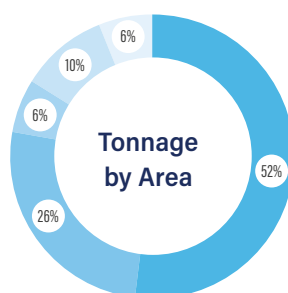
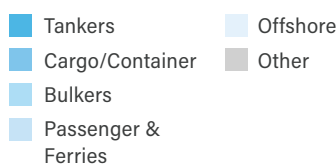
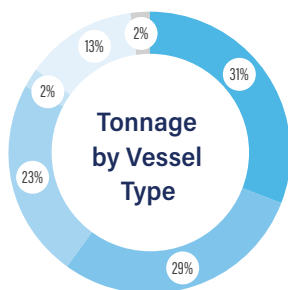
A small note in the Directors' Report for 2019/20 caught our eye and sums up the turbulent times Standard has faced in recent years. The Club has a "chairman's group" to assist the chairman and meet with the managers between board meetings and the note mentions that this group held a staggering 37 meetings over the last year. The end result appears to be the decision to move the Club's management in house, leaving Charles Taylor with just limited management functions including IT, investment management and internal audit. The process of the management change has started in 2020 and will be concluded next year.

It is fair to say the Club's move into the commercial market through its Lloyds Syndicate was a disaster, and the Syndicate results of the last four years show a combined ratio over 150% in each year. We understand the total cost to the Club of the Syndicate venture is well over \$100m. Members will be relieved the experiment is over, but the P&I results now look to need urgent attention and in May this year, S&P revised its outlook for the Club to negative, citing deteriorating

underwriting performance as the reason.

The combined ratio for 2019/20 was 131%, an underwriting loss of \$90m on P&I with a further \$20m relating to disposal of the Syndicate. A sound investment return of \$69m (9.7%) reduced the overall loss to \$41m, following on the previous year's deficit of \$45m, and free reserves are down to \$394m, nearly \$70m lower than the 2018 high of \$461m.

Not surprisingly, the Club has seen no tonnage growth this year. Chairman Cesare d'Amico thanks the members for their commitment to the Club "in these uncertain times" and insists that "with its strong capital base, new management model and excellent management team, our club has a bright future." We shall be looking for clear evidence over the next 12 months that the above changes are having the desired effect. ■



Year	2020	2019	2018	2017	2016
Calls/Premium	353,500	386,400	334,300	338,800	354,300
Reinsurance Cost	96,000	80,700	80,800	77,000	90,100
Net Claims (incurred)	309,100	274,100	232,300	200,800	206,900
Operating Expenses	58,100	81,100	45,700	43,500	39,600
Net Underwriting Result	(-109,700)	(49,500)	(24,500)	17,500	17,700
Gross Outstanding Claims	929,500	883,600	967,900	971,100	976,000
Total Assets	1,416,700	1,466,300	1,538,400	1,477,100	1,426,400
Average Expense Ratio	12.90%	12.78%	12.50%	12.40%	12.20%
Solvency Margin	1.52	1.66	1.59	1.52	1.46
Reserves/GT Ratio	\$3.03	\$3.34	\$3.50	\$3.42	\$3.36

All figures \$'000

STEAMSHIP MUTUAL UNDERWRITING ASSOCIATION LIMITED



Managers

Steamship P&I Management LLP

Gross Tonnage

Owned **88,400,000**

Chartered **68,100,000**

Free reserves

2020 **515,342,000**

2019 **467,049,000**

2018 **515,968,000**

2017 **510,290,000**

2016 **440,321,000**

Standard & Poor's Rating

A

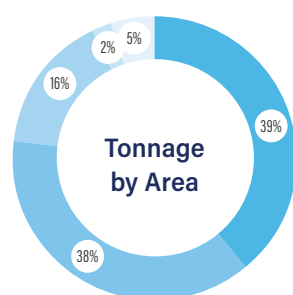
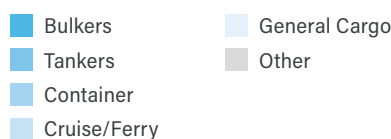
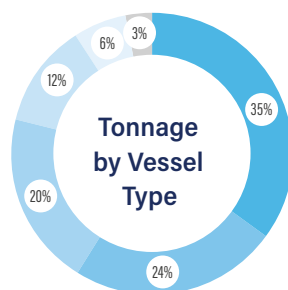
The Club has quickly turned around the disappointing results for 2018/19 and has come out with what it correctly describes as a market leading performance for 2019/20. A combined ratio just the right side of 100% and net investment income of \$64m saw free reserves grow to \$515m, after a capital distribution to renewing members of \$16m. The Club has now returned capital totalling \$90m over the last four years.

The only slight disappointment may be the tonnage figures – while owned GT grew by 2.8m to 88.4m, chartered tonnage reduce from 74m to 68m GT due to the loss of one substantial account, so total tonnage reduced from 160m to 156m GT.

Gross premium was up \$2m at \$309m while net incurred claims reduced by \$28m to \$218m. The Club suffered 54 claims excess of \$250,000, down from 67 in the previous year although the total value of these claims remained similar at \$106m. There were three claims that hit the Pool. Claims on the Club's substantial chartered book reverted to more normal levels, with four large claims totalling \$3m compared to 15 totalling \$42m in 2018/19.

Chairman Armand Pohan does warn that the Club's reserves may be adversely impacted in 2020/21 by the consequences of Covid-19, and we imagine the Club's large cruise ship portfolio will have had its fair share of claims and will also affect premium income as ships are laid up or sold.

However, as Pohan comments, "the Club accumulates reserves in order to absorb and help shield its members from all kinds of financial shocks, including those that are unexpected." We expect the Club to weather the storm of 2020 quite comfortably and, despite its obstinate monoline conservatism, it remains an attractive option. ■



Year	2020	2019	2018	2017	2016
Calls/Premium	308,725	306,661	295,318	305,642	350,329
Reinsurance Cost	48,389	50,522	52,089	56,033	64,830
Net Claims (incurred)	218,027	246,358	241,369	168,455	167,930
Operating Expenses	40,780	41,623	40,570	39,219	41,397
Net Underwriting Result	529	(31,842)	(38,710)	41,935	76,172
Gross Outstanding Claims	821,204	827,408	830,826	765,386	908,028
Total Assets	1,381,712	1,343,120	1,378,037	1,301,995	1,372,979
Average Expense Ratio	12.10%	12.40%	12.20%	12.10%	12.10%
Solvency Margin	1.68	1.62	1.66	1.70	1.51
Reserves/GT Ratio	\$5.83	\$5.46	\$6.06	\$6.03	\$5.66

All figures \$'000

Managers

Self-Managed

Gross Tonnage

Owned 50,000,000

Chartered 36,000,000

Free reserves*

2020 228,445,000

2019 203,838,000

2018 213,472,000

2017 194,880,000

2016 183,074,000

Standard & Poor's Rating

A-

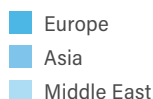
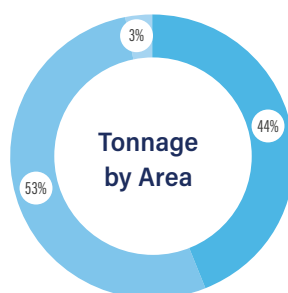
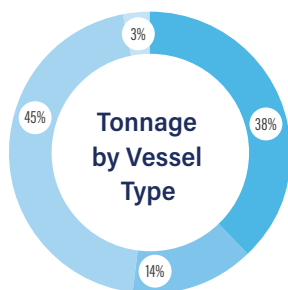
* All classes of business

Managing Director Lars Rhodin is justifiably satisfied with the Club's results for the 2019 calendar year. A combined ratio of 106% across all lines of business is well below the International Group average and the technical loss of \$8m was handsomely compensated by an investment return of 9.7% which produced \$32m, so pushing up free reserves by \$24m to \$228m. The combined ratio for the P&I class was 110%, with gross premium of \$93m and net incurred claims \$63m, including \$14m of Pool claims from other Clubs. The Club itself had no claims excess of its \$10m retention. The FDD combined ratio was 100% and Marine & Energy 102%.

Owned tonnage grew by 2.5m GT to 50m, and chartered tonnage rose by 5m to 36m GT. Rhodin says he is optimistic about growth but does cite the old chestnut, so often use by Clubs who may not be reaching their targets, that they want to grow but only on a selective basis "maintaining quality while continuing to deliver the service our members expect."

Rhodin is proud of the Club's loss prevention initiatives, with Maritime Resource Management and Emergency Response Training now joined by the new Trade Enabling Loss Prevention (TELP). The TELP system was fully launched in 2020 and uses AIS technology to track members' vessels and automatically identify any that are moving towards an area the Club has identified (through its own claims statistics) as being of particular risk. The Club can then generate tailored advice which is sent out to the member before arrival. As the Club rightly points out, "large P&I incidents are all about 'location, location, location' – that, and the availability of equipment to respond, is what determines response cost."

Like Gard, the Club feels the International Group can do more and wants to see shipowners benefiting from improved sharing of claims data. ■



Year	2020	2019	2018	2017	2016
Calls/Premium	93,268	90,485	95,362	104,113	109,958
Reinsurance Cost	25,827	27,300	27,390	25,096	26,755
Net Claims (incurred)	59,979	47,052	60,562	60,726	60,482
Operating Expenses	14,439	14,870	15,303	14,854	14,523
Net Underwriting Result	(-6,977)	1,264	(7,893)	3,436	8,198
Gross Outstanding Claims*	238,041	225,053	258,123	259,819	237,936
Total Assets*	580,036	530,472	533,582	516,710	510,744
Average Expense Ratio	13.20%	13.80%	13.40%	13.3%	13.30%
Solvency Margin*	2.44	2.36	2.07	1.99	2.15
Reserves/GT Ratio*	\$4.57	\$4.29	\$4.18	\$4.16	\$4.19

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 142,000,000

Chartered 100,000,000

Free reserves

2020 559,194,000

2019 504,793,000

2018 539,980,000

2017 458,377,000

2016 447,844,000

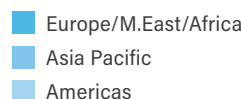
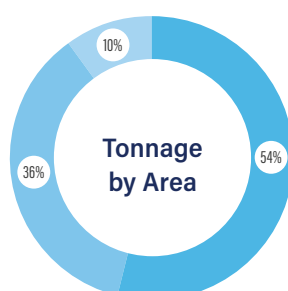
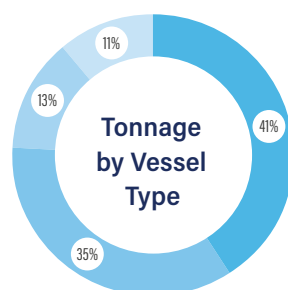
Standard & Poor's Rating

A

For 2019/20 the shining light for the Club was an excellent investment return of 9.6% which added a whopping \$106m to the coffers. Otherwise, though, it was a rather dull year for the Club. There was no tonnage growth, gross premium was down \$17m to \$305m and net incurred claims were stable at just over \$250m. The underwriting loss was \$51m, but thanks to the investment performance free reserves grew by \$54m to \$559m.

The combined ratio of 120% was the worst for many years and well outside the acceptable range. A late deterioration on 2017 policy year claims and on old occupational disease claims is reported as adding 10% to the combined ratio, and the Club has now protected the position on the latter by means of specific reinsurance. The Club does feel that with its conservative approach to claims estimating, the combined ratio is likely to improve over time as claims reserves are released and improve the free reserves position.

The Club attributes the lack of tonnage growth to its disciplined approach to underwriting, with a refusal to quote on 12m GT of potential new business during the year. It is dropping clear hints that premiums must rise next year, and we shall be following closely the Club's progress during the very different circumstances of 2020. ■



Year	2020	2019	2018	2017	2016
Calls/Premium	305,037	322,398	361,793	376,170	385,360
Reinsurance Cost	60,386	64,860	65,119	81,082	81,414
Net Claims (incurred)	251,707	250,941	225,700	273,619	241,252
Operating Expenses	43,724	43,654	34,542	51,310	43,378
Net Underwriting Result	(-50,780)	(37,057)	36,432	(29,841)	19,316
Gross Outstanding Claims	957,030	984,145	986,236	924,537	969,305
Total Assets	1,533,085	1,506,871	1,640,168	1,515,268	1,550,462
Average Expense Ratio	11.28%	11.09%	10.31%	10.22%	10.28%
Solvency Margin	1.60	1.53	1.66	1.64	1.60
Reserves/GT Ratio	\$3.94	\$3.51	\$3.88*	\$3.30*	\$3.32*

All figures \$'000

THE WEST OF ENGLAND SHIPOWNERS MUTUAL INSURANCE ASSOCIATION (LUXEMBOURG)

WEST.

Managers

Self-Managed

Gross Tonnage

Owned 101,500,000

Chartered 40,000,000

Free reserves

2020 338,147,000

2019 306,373,000

2018 308,533,000

2017 306,512,000

2016 276,661,000

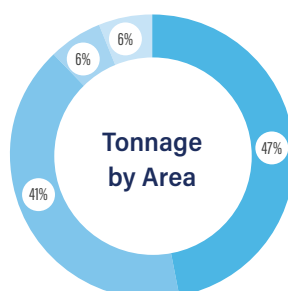
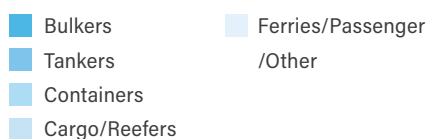
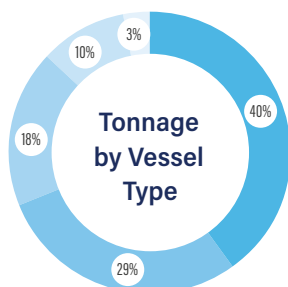
Standard & Poor's Rating

A-

West has had a decent year with some interesting developments. Its combined ratio improved to 107%, its best for 3 years, and its Solvency Capital Ratio is a healthy 233% - both are amongst the best in the IG. Gross premium rose by \$2m to \$222m and net claims were down \$13m to \$157m. Claims for the 2018 policy year have developed better than expected and 2019 is running at lower levels than the previous two years, with large claims returning to more normal levels.

A healthy investment return of 6.5% helped push free reserves up by nearly \$32m to a record \$338m, and the only downside was the increase in contributions to other Clubs' Pool claims. Owned tonnage grew from 93m to just over 101m GT, and there was also good growth in chartered tonnage.

Under its new, younger leadership the Club has moved away from old traditions and dipped its toe into the sea of diversification. We believe the main driver for doing so is to increase the efficiency of the Club's cost base. Following Swedish regulatory approval, it has acquired a substantial stake in Nordic Marine Insurance, which provides delay cover and other niche products for shipowners and charterers. It is also acquiring a stake in Astaara, a London based MGA offering comprehensive cyber insurance and, finally for now, has joined forces with C Solutions Ltd (specialists in casualty response and dispute resolution) to form Qwest which "offers a number of innovative products and services to assist ship operators, (including) legal and claims supportforensics, finance arrangements to assist with liquidity, and demurrage calculation and recovery" on an individual project basis through to full outsourcing of certain back office functions. ■

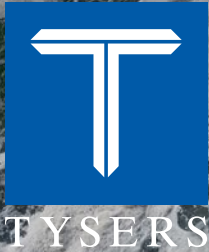


Year	2020	2019	2018	2017	2016
Calls/Premium	221,663	219,726	213,797	221,849	227,614
Reinsurance Cost	39,908	38,646	37,496	40,172	43,927
Net Claims (incurred)	156,726	169,668	169,143	123,772	118,072
Operating Expenses	38,182	37,438	35,392	34,688	35,466
Net Underwriting Result	(-13,153)	(26,026)	(28,234)	23,217	30,149
Gross Outstanding Claims	548,719	567,069	577,660	602,525	601,699
Total Assets	927,072	912,460	918,531	938,575	914,348
Average Expense Ratio	14.60%	14.68	14.75%	15.15%	15.50%
Solvency Margin	1.69	1.61	1.59	1.56	1.52
Reserves/GT Ratio	\$3.33	\$3.30	\$3.41	\$3.72	\$3.84

All figures \$'000

TYSERS, STANDING FIRM IN TURBULENT TIMES





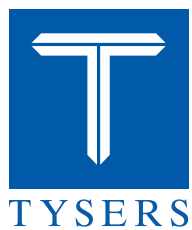
EST. 1820

200
YEARS
OF INSURANCE



DON'T TAKE THE RISK OF GETTING CAUGHT OUT CALL OUR P&I TEAM TODAY

Call +44 (0)20 3037 8000 or visit our website to learn
more about what we can offer, www.tysers.com



EST. 1820

200
YEARS
OF INSURANCE

71 Fenchurch Street
London
EC3M 4BS
T: +44 (0)20 3037 8000
tysers.com

Broker at **LLOYD'S**

Tysers Insurance Brokers Limited is authorised and regulated by the Financial Conduct Authority.
Registered Office: 71 Fenchurch Street, London, EC3M 4BS. Registered Company No. 2957627 England