

THE SHIPOWNERS' CLUB

# Half Year Report 2020



**SHIPOWNERS**

SECURITY FOR SMALL & SPECIALIST VESSELS





# Highlights

COMBINED RATIO

102.2%

↓ June 2019: 105.9%

CAPITAL & FREE RESERVES (US \$)

338.2m

↑ June 2019: 330.2m

STANDARD & POOR'S RATING

A (stable outlook)

– June 2019: A (stable)

TOTAL VESSELS

31,671

↓ June 2019: 32,630

TOTAL GROSS TONNAGE

26.8m

↑ June 2019: 25.6m

TOTAL MEMBERS

7,870

↑ June 2019: 7,802



FOR MORE INFORMATION  
About us, [Click here](#)

# Who we are

The Shipowners’ Club is a mutual provider of Protection and Indemnity marine insurance, owned by its Members and run for its Members. Our Members operate in a variety of specialist sectors across the globe providing a spread of risk and low exposure to individual catastrophe.



FOR MORE INFORMATION  
Watch our Member video  
[Click here](#)

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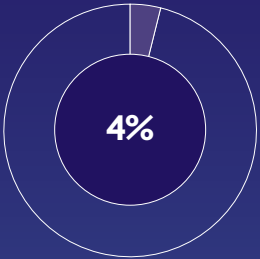


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## NORTH AMERICA

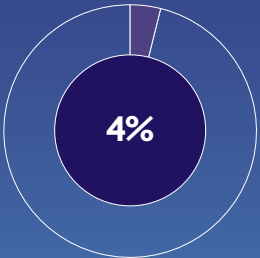
### MEMBERS

336



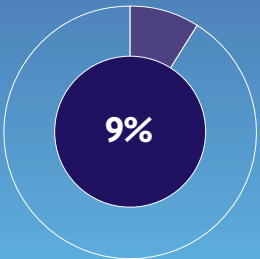
### TONNAGE

1,165,769



### VESSELS

2,741



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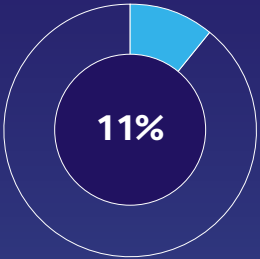


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## CENTRAL & SOUTH AMERICA

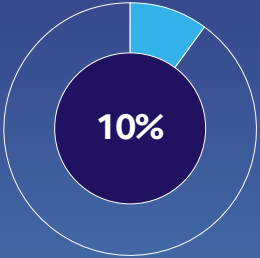
MEMBERS

896



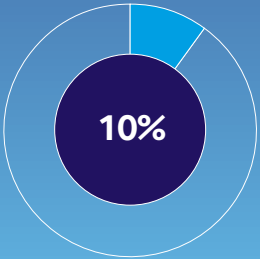
TONNAGE

2,592,134



VESSELS

3,219



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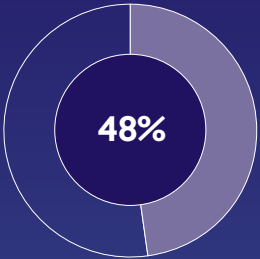


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## EUROPE

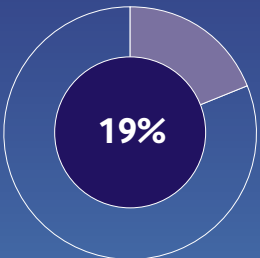
### MEMBERS

3,733



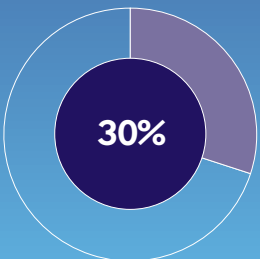
### TONNAGE

5,130,995



### VESSELS

9,354





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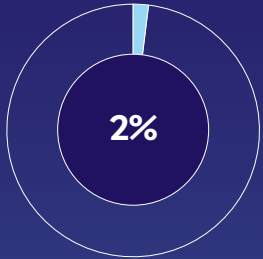


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## AFRICA

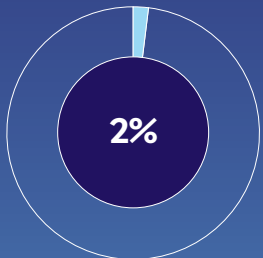
### MEMBERS

193



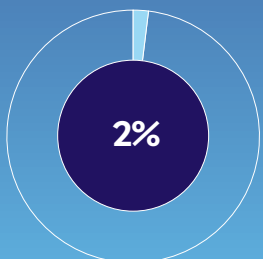
### TONNAGE

431,350



### VESSELS

713





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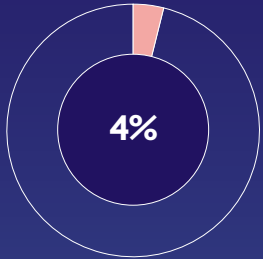


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## MIDDLE EAST & INDIA

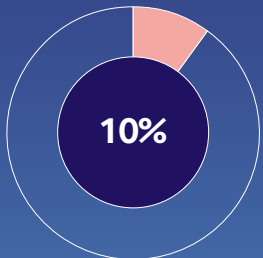
### MEMBERS

296



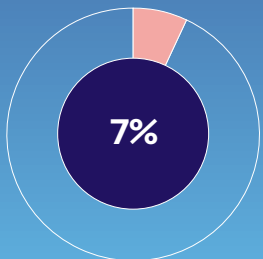
### TONNAGE

2,803,471



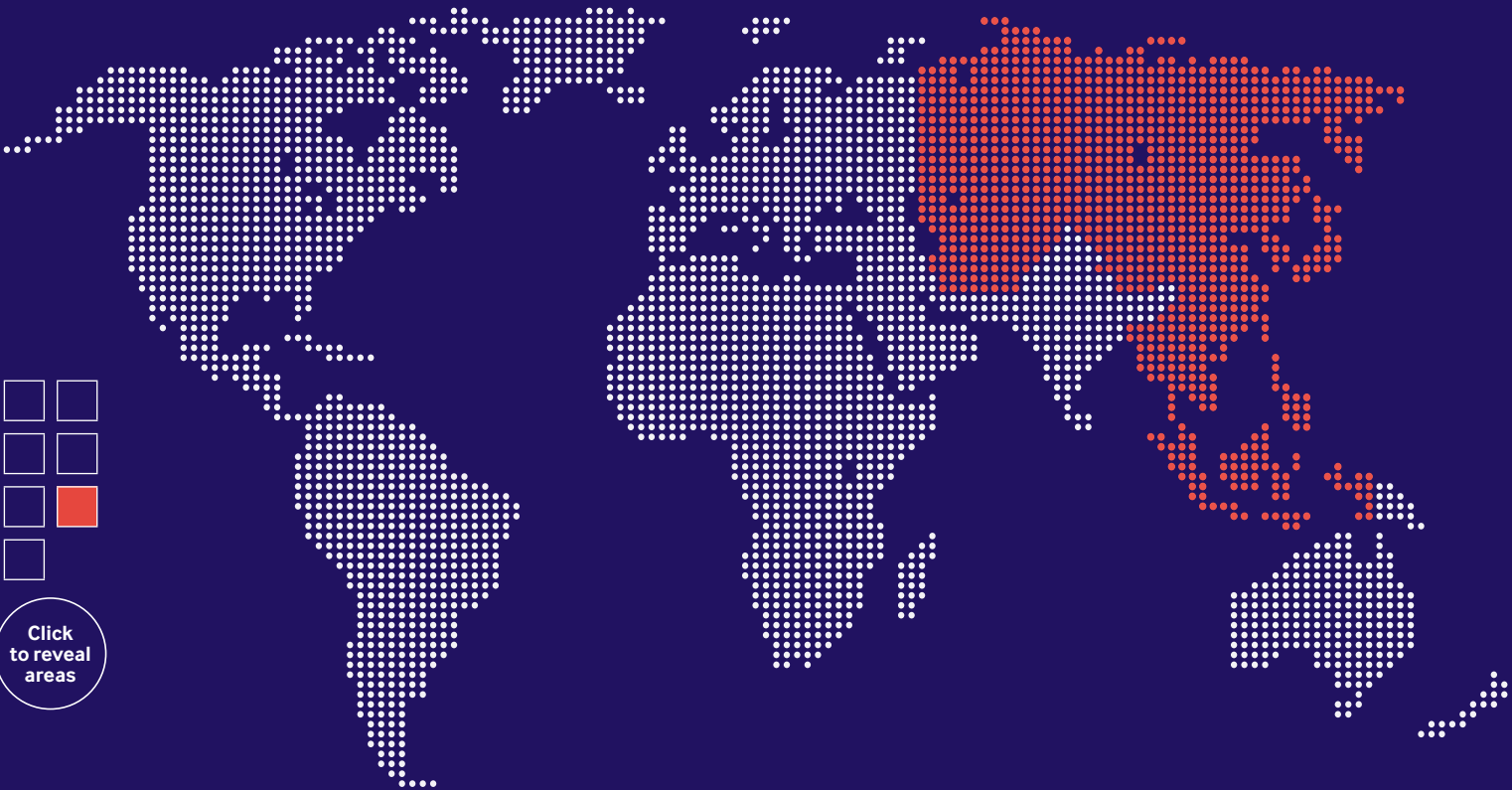
### VESSELS

2,343



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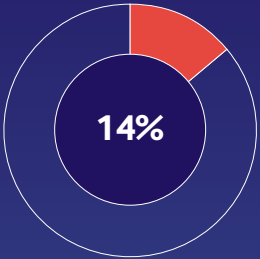


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## SOUTH EAST ASIA & THE FAR EAST

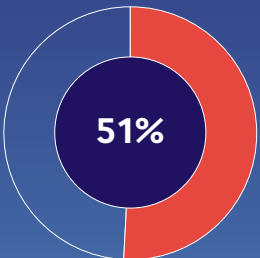
MEMBERS

1,097



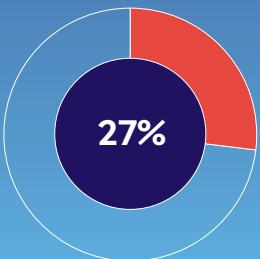
TONNAGE

13,681,967



VESSELS

8,662



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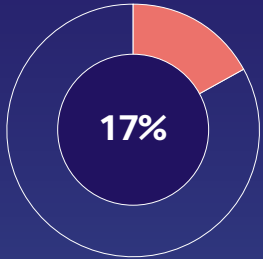


FOR MORE INFORMATION  
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## AUSTRALIA, NEW ZEALAND & THE SOUTH PACIFIC

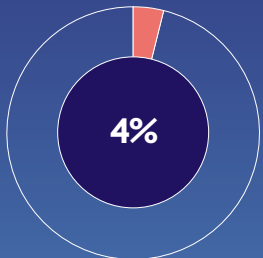
MEMBERS

1,319



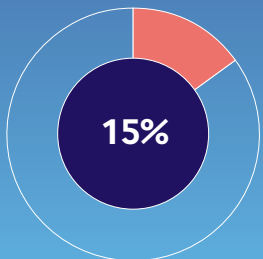
TONNAGE

996,747



VESSELS

4,639





# Introduction

Never before has it been more important to pledge to our Members and their supporting brokers, that in all that we do, we strive to ensure peace of mind.

**Simon Swallow**  
Chief Executive



# Introduction

Despite the challenges and hardship experienced as a result of the COVID-19 crisis, the Club has seen encouraging signs of organic growth in certain vessel sectors. Whilst growth in our Membership is important, so too is the stability of our existing Membership. Their decision to place business with us, year after year, signifies the strength of the Club, despite significant competition.

We are forever grateful for their loyalty, which in turn makes us even more determined to offer the highest levels of support and service.

## TOTAL MEMBERS



7,870

↑ 2019: 7,802

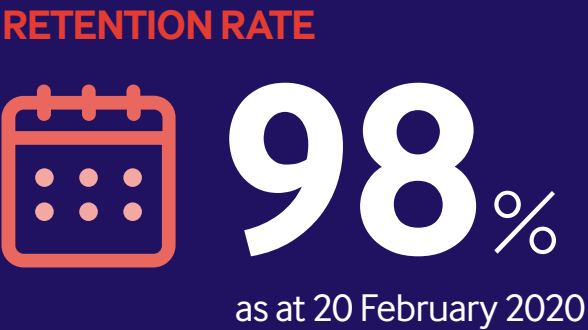


FOR MORE INFORMATION  
About us, [Click here](#)

# Introduction

**In the 2019 Annual Report, the Club’s Chairman stated that during these unprecedented times our single and absolute priority would be to promptly settle and pay claims and to ensure that our Members cash flow is supported. We have endeavoured to do just that, and our claims payments have remained a fundamental part of our Member service.**

At the 2020 half year point, never before has it been more important to pledge to our Members and their supporting brokers, that in all that we do, we strive to ensure peace of mind through our dedication to provide the highest levels of service and stability of premiums.



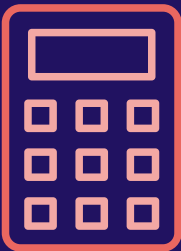
**FOR MORE INFORMATION**  
Read our 2019 Annual Report  
[Click here](#)



# Underwriting

At 20 February 2020, we requested the first General Increase in premium for five years having anticipated that the 2019 financial year would again produce an underwriting deficit. Whilst such an increase is never welcome, we were delighted to achieve a 98% Member retention rate, and the increase in premium achieved has resulted in earned premium at 30 June 2020 being some US\$ 4.8m up on 2019.

COMBINED RATIO (%)



102.2%

↓ 2019: 105.9%

GROSS EARNED PREMIUM (US\$)



113m

↑ 2019: 108m



FOR MORE INFORMATION  
Read our Renewal 2020/21 Statement  
[Click here](#)

# Underwriting

Whilst this is positive news, the Club’s attention has since turned to the difficulties experienced by many of our Members as a result of COVID-19.

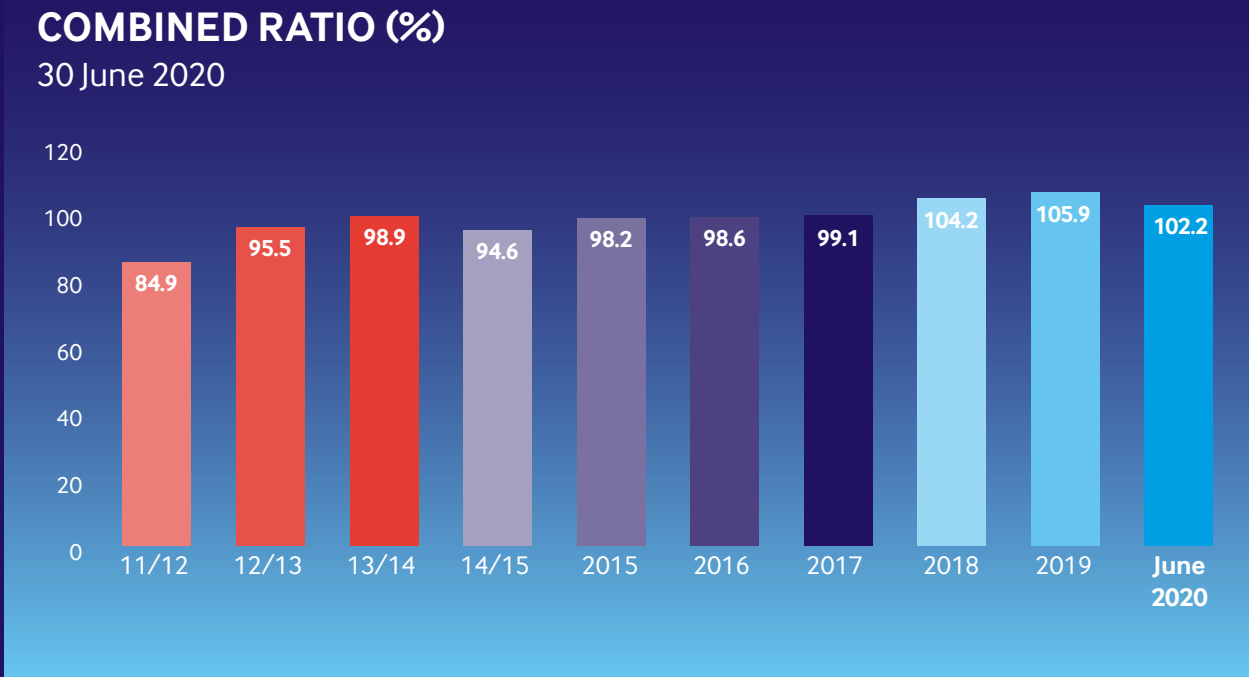
Ian Edwards  
Underwriting Director



# Underwriting

Many Members, particularly in the passenger vessel sector, have not been able to operate for several months and some vessels remain laid up. In such circumstances, we have offered laid up returns.

This will of course have a financial impact, the extent of which will not be known until much later in the year. However, notwithstanding a number of claims relating to COVID-19, the Club anticipates an overall reduction in the level of claims as a consequence of a lower level of vessel activity. The combined ratio at the half year point is broadly in line with budget and we aim for it to remain so for the full year.



**FOR MORE INFORMATION**  
On safe operation during COVID-19  
[Click here](#)



# Claims

Claims frequency across all offices remains consistent year on year, with 2020 showing no significant divergence at the half year position. By contrast, the incurred value of claims reported in the first half of 2020 is 7% lower than reported at the same position last year. This reduction is accounted for by the absence of claims reported with an incurred value over US\$ 7m.

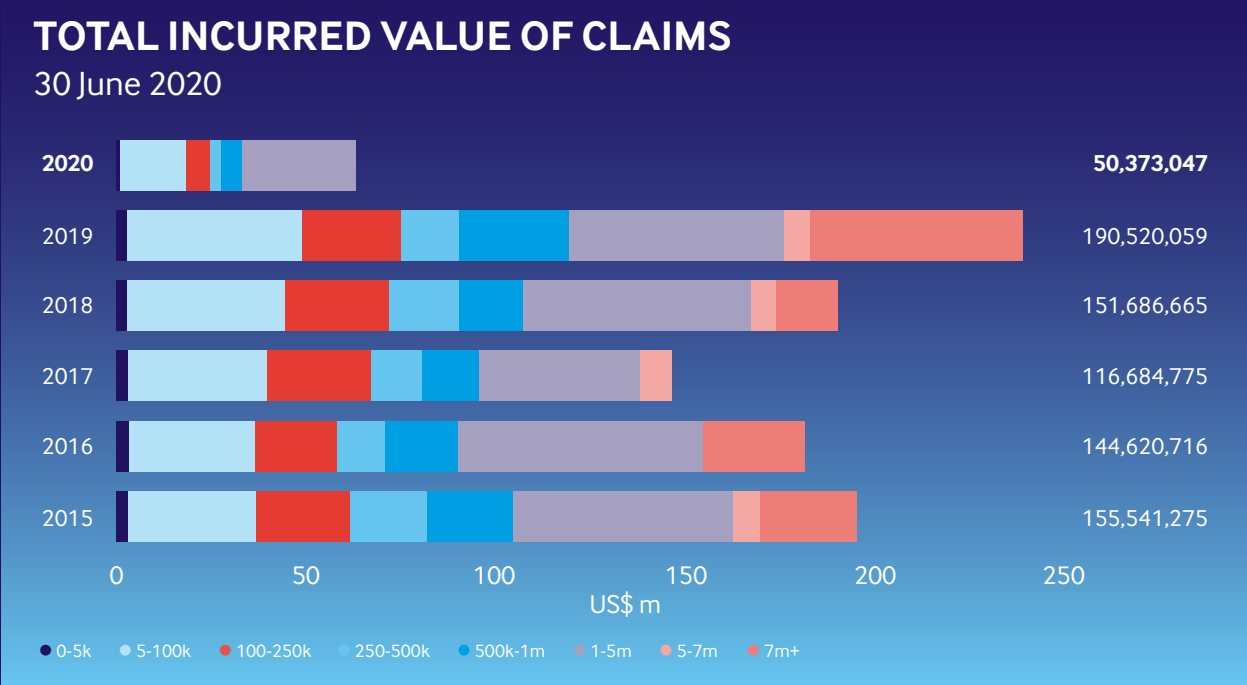
That said, there has been an increase in the incidence of claims reported within the US\$ 1-5m band.

**Britt Pickering**  
Claims & Legal Director



# Claims

Within this band there are eight claims (including our contribution to one pool claim) in comparison with five in 2019 (including our contribution to three pool claims). Claims within these higher bands, although low in frequency have a disproportionate effect on quantum.



50,373,047

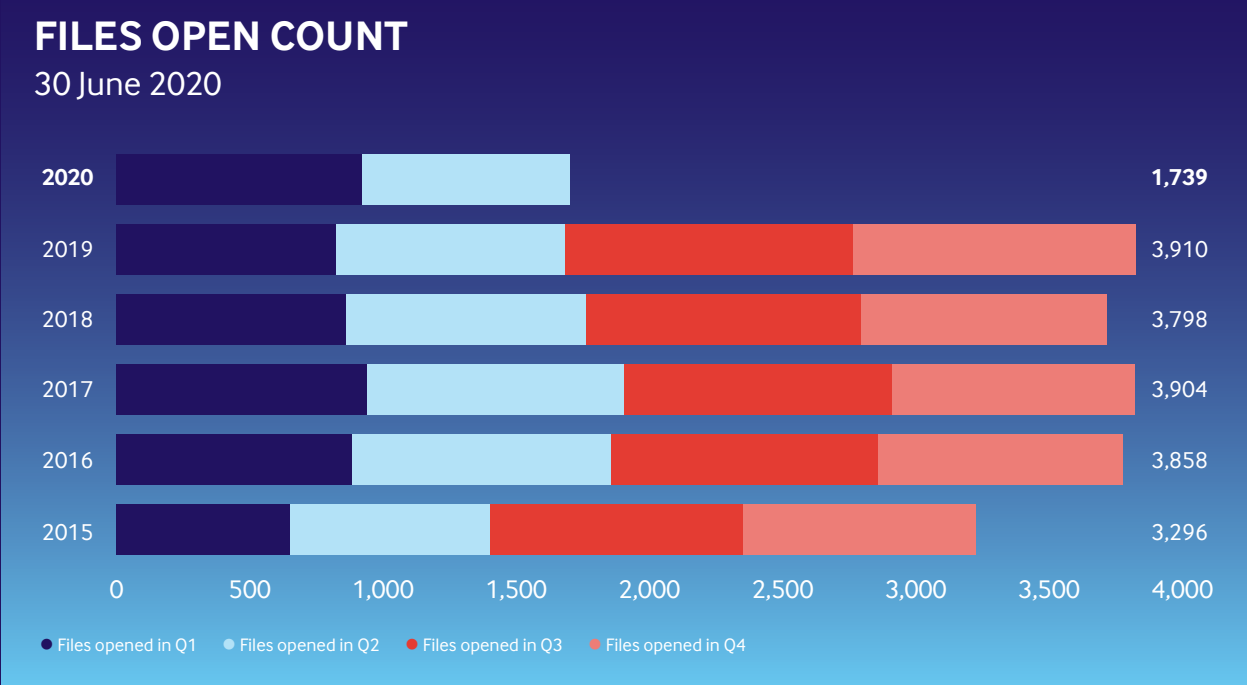
↑ 2019: 47,060,307



FOR MORE INFORMATION  
Claims data has always been king  
[Click here](#)

# Claims

These claims are, by virtue of their number, difficult to analyse for trends. However, it is worth noting that of these eight claims, three relate to groundings that are causally linked to Tropical Cyclone Damien that passed through Dampier (W Australia) in February 2020.



1,739

↑ 2019: 1,284



**FOR MORE INFORMATION**  
Jurisdiction speciality  
[Click here](#)



# Financial results

The Club’s underwriting result was in line with budget and, despite some very volatile investment markets due to COVID-19, it was pleasing to have a positive contribution from the Club’s investment portfolio.

**Simon Peacock**  
Chief Financial Officer

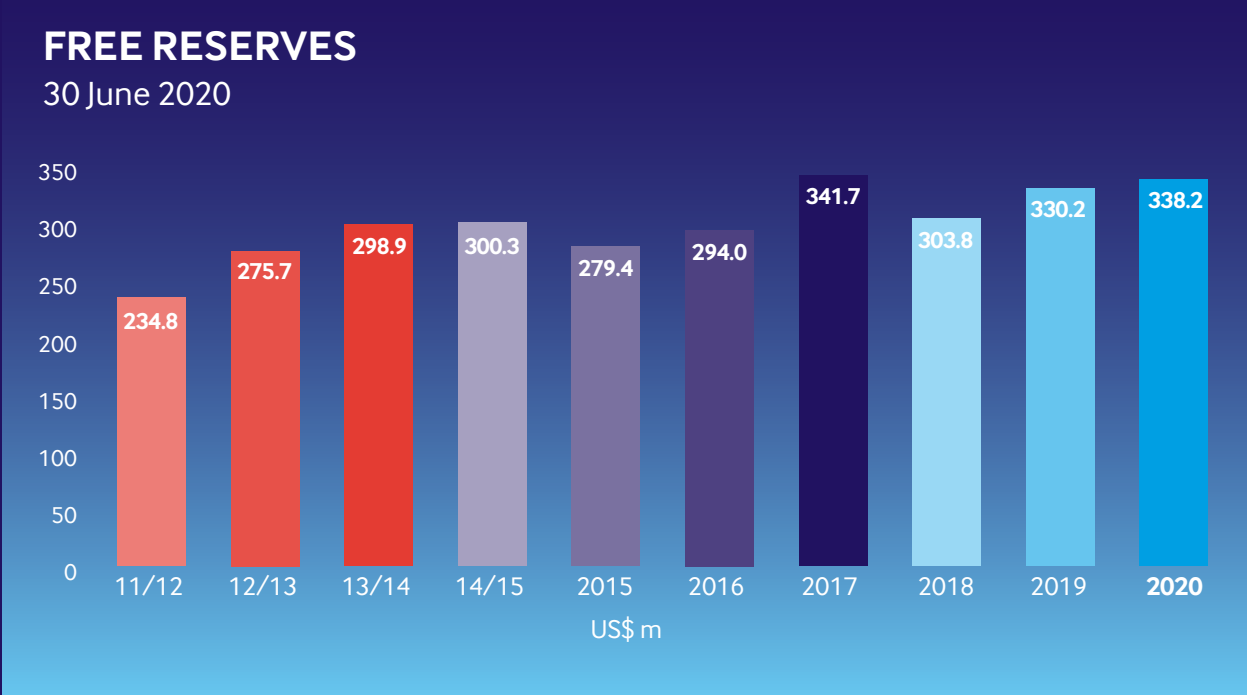


# Financial results

The COVID-19 situation prompted a significant drop in equity values between the end of February and the end of March 2020. The Club monitored the situation closely and chose to hold its position, which resulted in a very strong equity performance in the period from the end of March through to the end of June 2020.

Whilst not all equity market falls were recovered by the half year point, the situation has improved markedly, partly driven by the decisive and far reaching fiscal response seen from the key central banks.

The fixed income portfolio, which forms the significant majority of the Club’s portfolio, has been a source of some strength during this period of considerable uncertainty, with a return of 2.7% in the first half.



**FOR MORE INFORMATION**  
Read our SFCR Report  
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# Financial results

## INTERIM CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

	Six months to 30 June 2020 (unaudited) US \$'000	Six months to 30 June 2019 (unaudited) US \$'000	Year to 31 December 2019 (audited) US \$'000
Gross premium earned	112,978	108,176	224,903
Outward reinsurance premiums	(13,165)	(12,214)	(24,943)
	99,813	95,962	199,960
Ultimate claims net of reinsurance	(75,131)	(76,360)	(156,492)
Net operating expenses			
Acquisition costs	(15,384)	(14,516)	(30,247)
Administration expenses	(11,448)	(10,754)	(23,476)
	(26,832)	(25,270)	(53,723)
Underwriting account balance	(2,150)	(5,668)	(10,255)
Investment return*	752	32,764	49,402
Taxation	(136)	(195)	(1,861)
Other income/(expenses)	(274)	(490)	(1,137)
Result for the period	(1,808)	26,411	36,149
Combined Ratio	102.2%	105.9%	105.1%
Capital and free reserves	338,166	330,236	339,974

\* Net of charges



# Financial results

## INTERIM CONSOLIDATED BALANCE SHEET

	30 June 2020 (unaudited) US \$'000	30 June 2019 (unaudited) US \$'000	31 December 2019 (audited) US \$'000
Investments	556,043	543,960	562,739
Reinsurers' share of technical provisions	115,538	82,837	97,314
Debtors	99,140	87,879	59,951
Other assets (including cash)	191,141	186,885	167,075
Prepayments and accrued income	42,883	37,447	18,708
Total assets	1,004,745	939,008	905,787
Capital and reserves	338,166	330,236	339,974
Gross technical provision	495,438	451,041	464,441
Provision for unearned premium	144,258	133,014	69,027
Creditors and other liabilities	21,372	23,013	26,960
Accruals and deferred income	5,511	1,704	5,385
Total Liabilities	1,004,745	939,008	905,787



## Half Year Report 2020 Contents

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**Contact us**

## Contact us

### REGISTERED OFFICE

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and Indemnity Association (Luxembourg)  
16, Rue Notre-Dame  
L-2240 Luxembourg

Tel: +352 229 7101  
E-mail: [info@shipowners.lu](mailto:info@shipowners.lu)

### MANAGERS

The Shipowners' Protection Limited  
White Chapel Building  
2nd Floor, 10 Whitechapel High Street  
London E1 8QS

Tel: +44 (0)20 7488 0911  
E-mail: [info@shipownersclub.com](mailto:info@shipownersclub.com)



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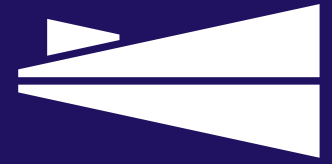
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SECURITY FOR SMALL & SPECIALIST VESSELS