

THE SHIOWNERS' CLUB

2022 Half Year Report



Highlights

Combined Ratio

96.2%

↓ June 2021: 100.9%



Capital & Free Reserves

US\$ 335.5m

↓ Dec 2021: US\$ 396.4m



Standard & Poor's Rating

A stable

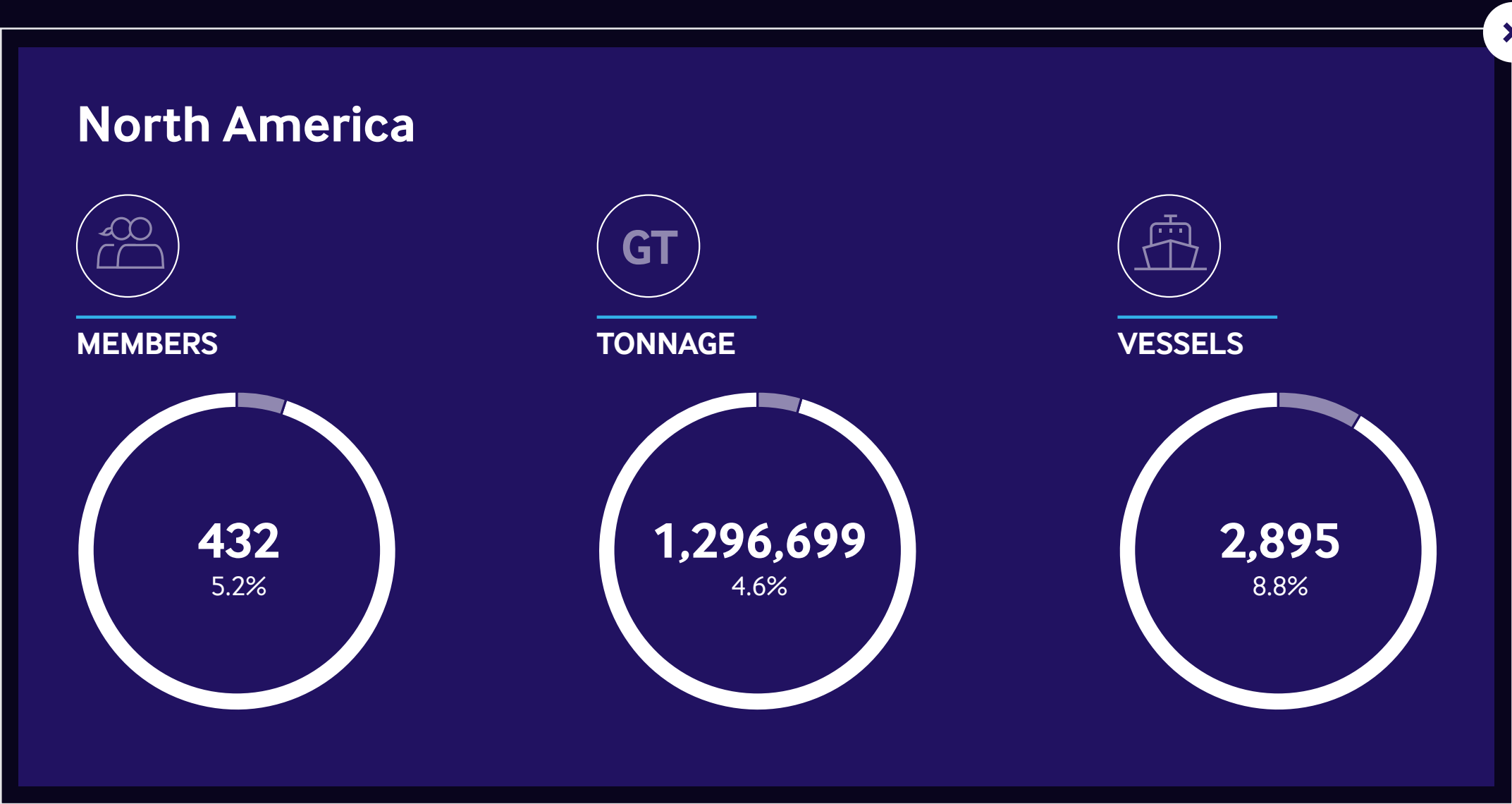
— Dec 2021: A stable



Who we are

Our Members operate in a variety of specialist sectors across the globe providing a spread of risk and low exposure to individual catastrophe.

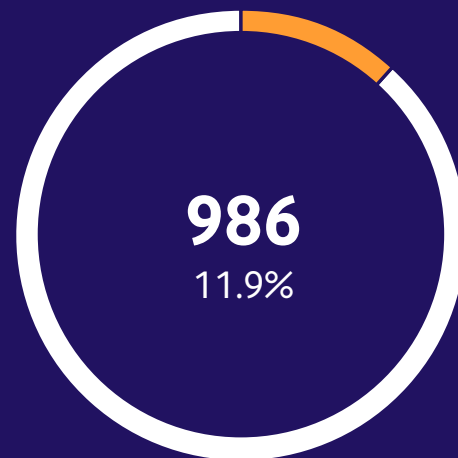




South America



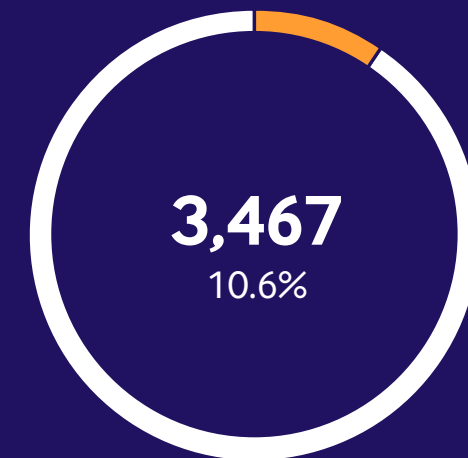
MEMBERS



TONNAGE



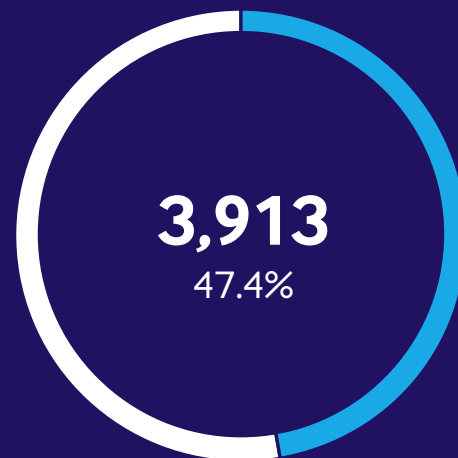
VESSELS



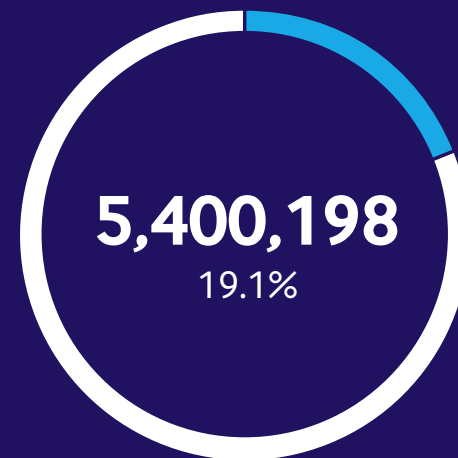
Europe



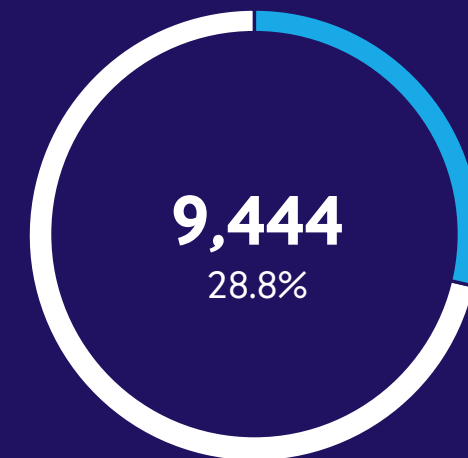
MEMBERS



TONNAGE



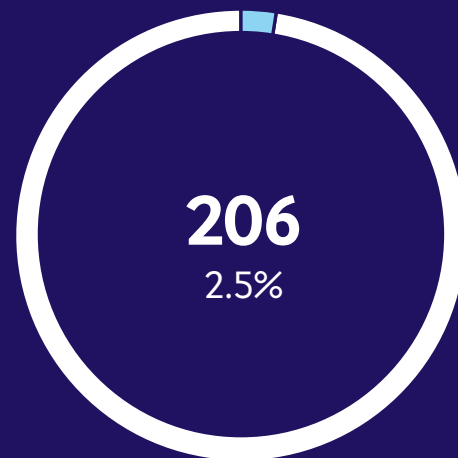
VESSELS



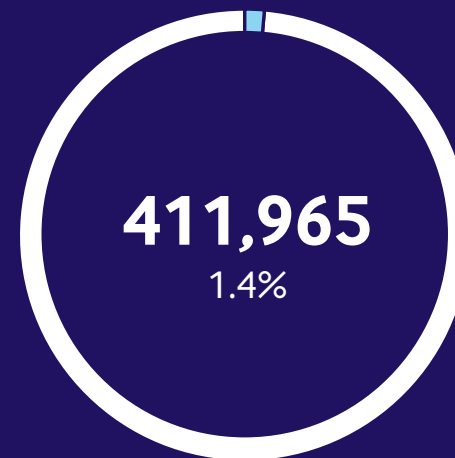
Africa



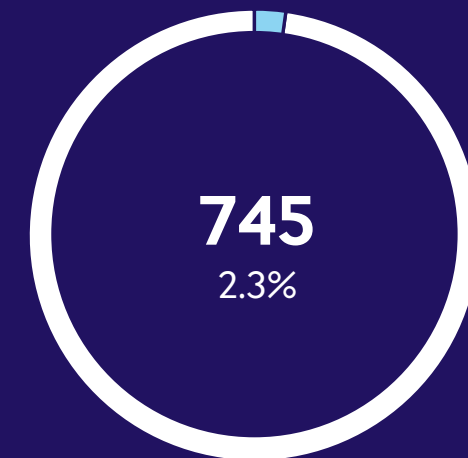
MEMBERS



TONNAGE



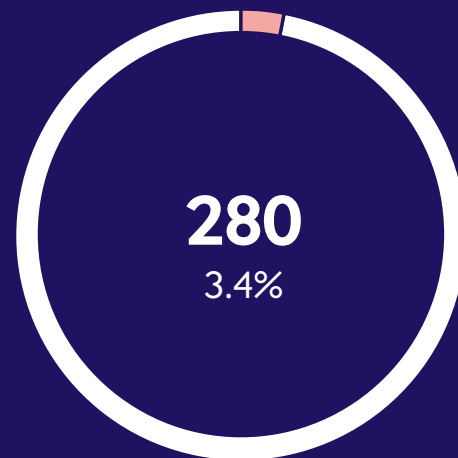
VESSELS



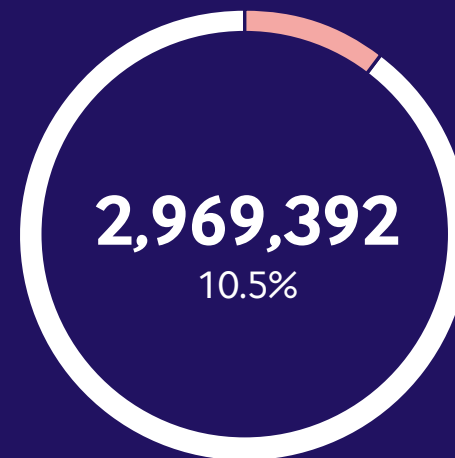
Middle East & India



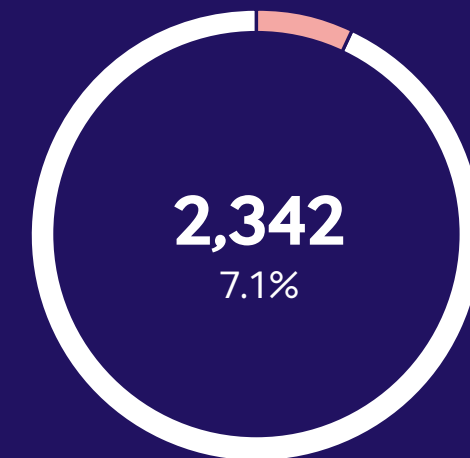
MEMBERS



TONNAGE



VESSELS



South East Asia & the Far East



MEMBERS



TONNAGE



VESSELS

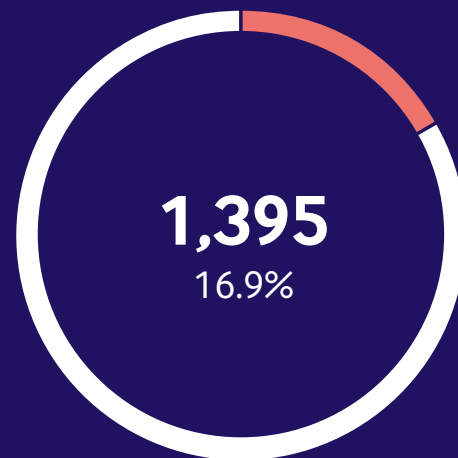




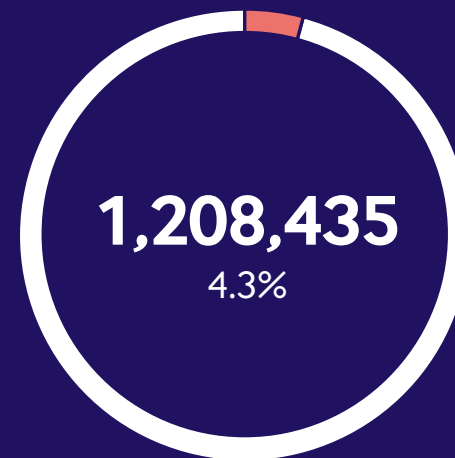
Australia, New Zealand & the South Pacific



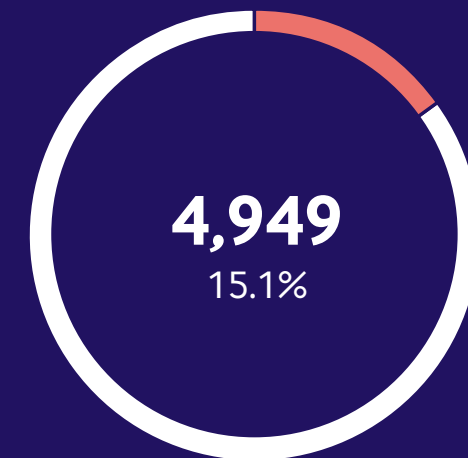
MEMBERS



TONNAGE



VESSELS



Introduction



The Shipowners' Club's insurance product aims to ensure peace of mind... That is the role that the Club has been performing for over 165 years."

Simon Swallow
Chief Executive



Introduction

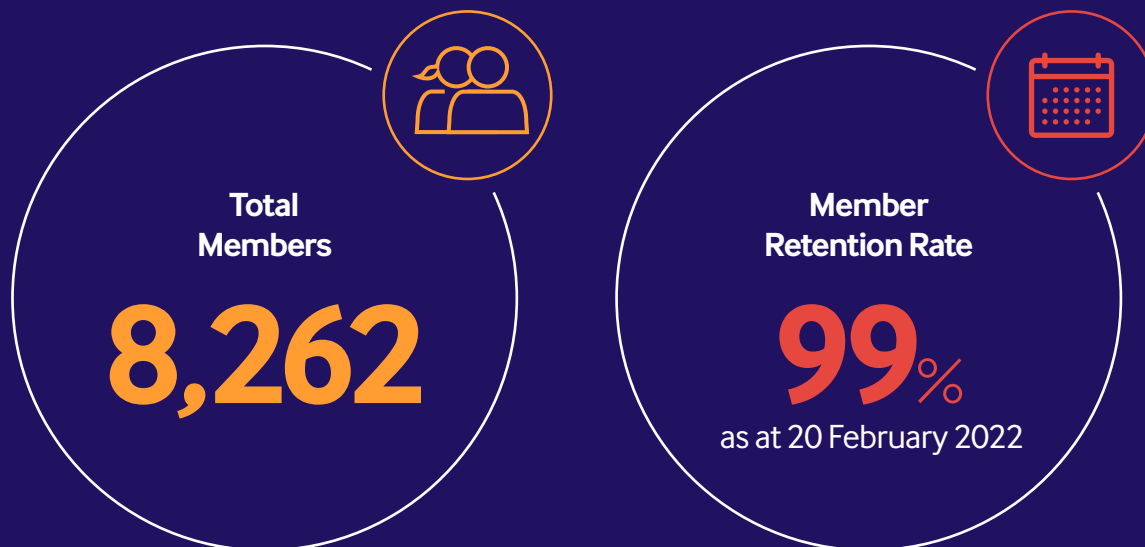
The importance of having a comprehensive Protection and Indemnity (P&I) insurance solution has become increasingly apparent following some high-profile maritime casualties, and this especially highlights the role that the International Group plays in worldwide maritime protection.



Such incidents have impacted on the buying habits of ship owners and their brokers worldwide. Purchasing a quality indemnity insurance to respond against the risk of loss caused by a fortuity – that chance occurrence – remains essential to any operation.

The Shipowners' Club's insurance product aims to ensure peace of mind. A ship owning Member of the Club pays premiums, comforted that their mutual Club, supported by its dedicated Board of Directors and its no surprise culture, will respond promptly and sympathetically to their claims. That is the role that the Shipowners' Club has been performing for over 165 years.

That confidence in the Club and our product offering, recognising the specialism in our small and specialist sector, has seen the first half of the financial year returning strong Member retention, steady growth aligned to our risk appetite and an encouraging technical result.



Introduction

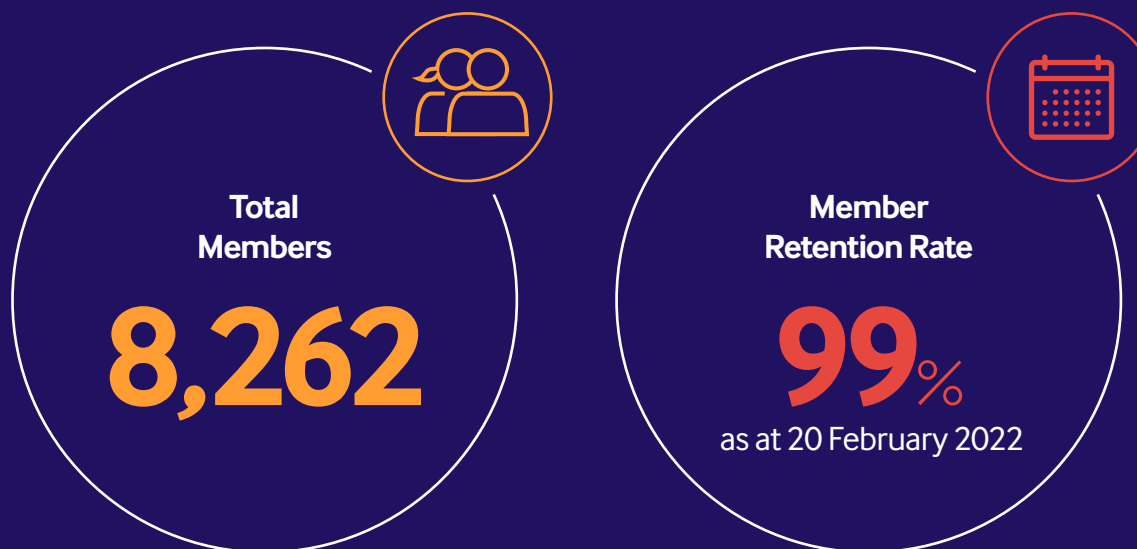
The importance of having a comprehensive Protection and Indemnity (P&I) insurance solution has become increasingly apparent following some high-profile maritime casualties, and this especially highlights the role that the International Group plays in worldwide maritime protection.



Diversification through our wide spread of vessel types and trading regions continues as we stick to what we have always done. We strive to energetically work with our Membership, in partnership with the producing brokers, to understanding their operations, always supported by the role played by our global correspondents.

The Club sits in a healthy position at the half year stage. Whilst investment returns have been impacted by ongoing global uncertainty, the underwriting result remains cautiously encouraging, notwithstanding the impact of inflation which we monitor closely. Whilst the frequency of COVID-19 claims may have abated, we are starting to see an increased frequency in other claims, testimony to the fact that, encouragingly, Members' operations are starting to pick up post-pandemic.

We thank our Members and their brokers for the continued trust they show in the Club.



Underwriting



Good risk selection and a relatively quiet period of claims to the Club and the International Group Pool during the first six months of the financial year have contributed to a favourable combined ratio of 96.2%.”

Ian Edwards

Underwriting Director



Underwriting

For the 20 February 2022 policy year renewal, the Club requested a 5% General Increase in premium to address increased reinsurance costs and the anticipated impact that inflation will inevitably have on our claims costs going forward.

We continue to attract new Members to the Club, all tailored to our risk appetite, although this has, to a small extent, been offset by the loss of some business due to the imposition of sanctions as well as us choosing to exit some small fishing vessel business. Overall, this has resulted in gross earned premium at 30 June 2022 being some US\$ 9.8m up on the same stage in 2021.

Good risk selection and a relatively quiet period of claims to the Club and the International Group Pool during the first six months of the financial year have contributed to a favourable combined ratio of 96.2%. Whilst a benign period of claims is encouraging, the Club is yet to see the impact of inflation on the cost of claims. However, the Club will need to remain cognisant of expected increases and carefully monitor inflation rates as we approach the end of the financial year.



Combined Ratio Chart
30 June 2022

Combined Ratio (%)



Claims



“

In contrast to 2021, the Club has received no notifications of claims above US\$ 5m. Accordingly, gross Club claims for the calendar year (at the half year stage) compare very favourably for 2022.”

Britt Pickering

Claims & Legal Director

Claims

The Club is pleased to report that since the start of 2022 the frequency of COVID-19 claims reported to the Club has reduced significantly. Notwithstanding this, we once again report stability in claims frequency, with the number of claims reported during the first half of 2022 consistent with 2021 and within the historic range of frequency.



The Club has seen a considerable decrease in the frequency of claims incurred above US\$ 1m with four claims notified including our contribution to two Pool claims. In contrast to 2021, the Club has received no notifications of claims above US\$ 5m. Accordingly, gross Club claims for the calendar year (at the half year stage) compare very favourably for 2022.

In the last two Half Year Reports, the Club reported high value claims generated by extreme weather fronts. Similarly, 2022 has generated further claims caused by extreme weather. Fortunately, these claims have been significantly lower in value and have not individually exceeded US \$1m.

US\$ **25,482,347**



Total Incurred Value of Claims

30 June 2022

1,505



Files Opened Count

30 June 2022



Claims

The Club is pleased to report that since the start of 2022 the frequency of COVID-19 claims reported to the Club has reduced significantly. Notwithstanding this, we once again report stability in claims frequency, with the number of claims reported during the first half of 2022 consistent with 2021 and within the historic range of frequency.



Whilst the fall in COVID-19 claims is certainly welcome, the Club is acutely aware that the aftermath of COVID-19 combined with the ongoing Russian/Ukraine conflict continues to drive global inflation. With commodities and energy prices hitting record highs the Club expects to see an effect on the cost of claims going forward.

US\$ **25,482,347**



Total Incurred Value of Claims
30 June 2022

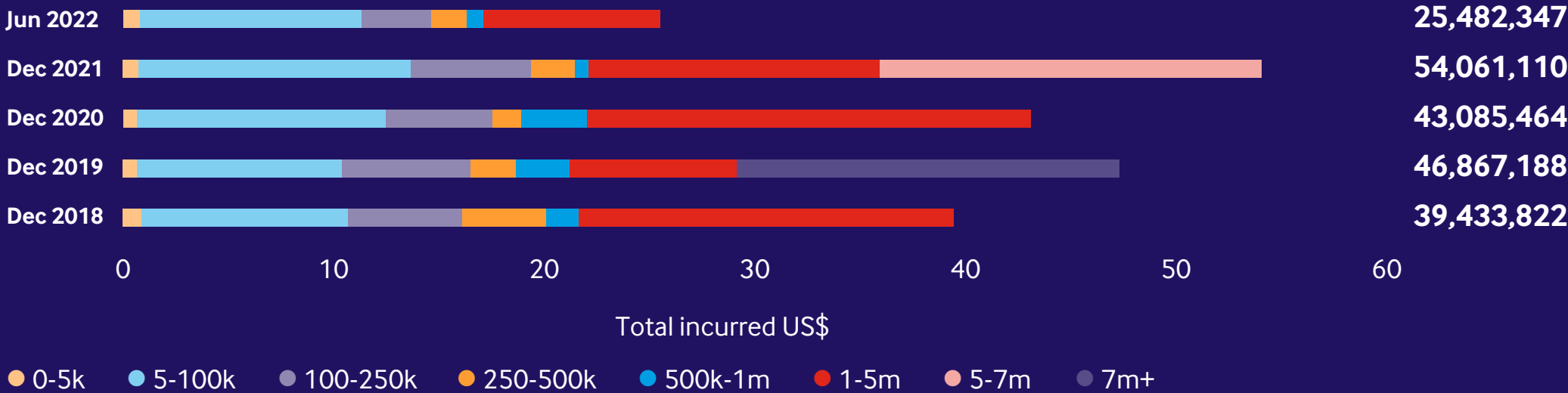
1,505



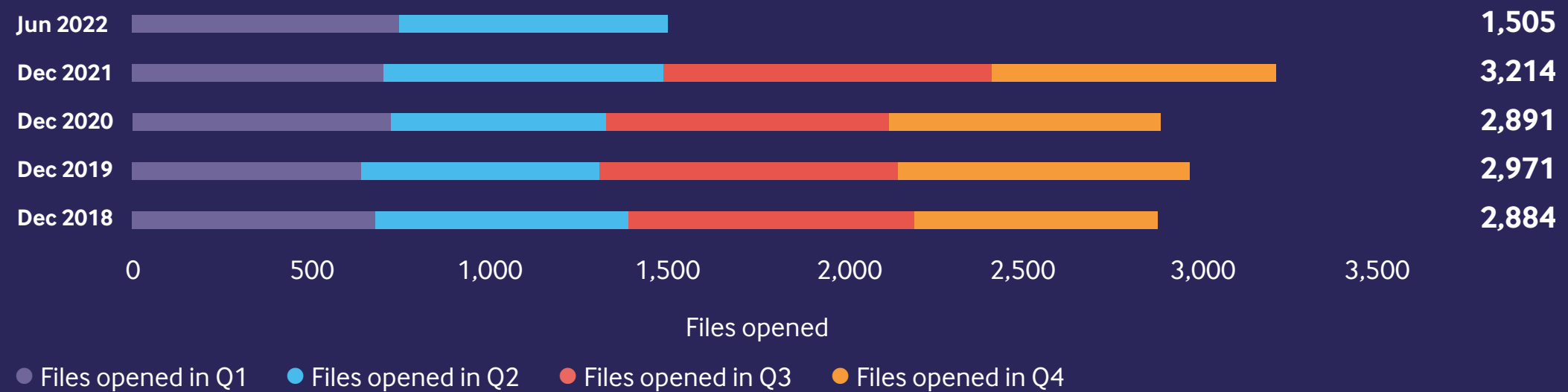
Files Opened Count
30 June 2022



Total Incurred Value of Claims (US\$)



Files Opened Count



Financial results



It is very pleasing to report that, as was the case last year, this underwriting result achieves the Club's goal of delivering P&I insurance 'at cost' to Members."

Simon Peacock
Chief Financial Officer



Financial results

The Club's financial result can be considered in two key parts, underwriting and investment.



Underwriting

The underwriting result of a US\$ 4.3m surplus (96.2% combined ratio) has been driven by 8% growth in earned income compared to the first half of 2021 and a 2% reduction in overall claims costs. These positive variances have been sufficient to more than absorb higher expected costs in the areas of reinsurance (due to a hardening market) and operating expenses (as we emerged from COVID-19 lockdowns).

It is very pleasing to report that, as was the case last year, this underwriting result achieves the Club's goal of delivering P&I insurance 'at cost' to Members.



Capital & Free Reserves

30 June 2022



Investment

For the other half of the income statement, the Club, along with so many other investors, has seen sizeable falls in the value of its investment portfolio in the first half of the year.

For many years the Club has pursued a long-term investment strategy which has served Members well in delivering improved capital strength. For the six months ended 30 June 2022 the Club saw some of these gains reversed, with a loss on the portfolio of 9.3%. The portfolio is invested in long positions across fixed income and equities, and across all major sectors and geographies. The first half of 2022 has seen considerable global political and economic uncertainty and volatility and has therefore seen losses on all major equity markets and in all major fixed income markets. Whilst there was no place to hide during this period, the portfolio strategy remains sound and we are well placed to benefit once stability returns to the markets.

Capital & Free Reserves (US\$ m)



Financial results

Interim Consolidated Income and Expenditure Account

	Six months to 30 June 2022 (unaudited) US \$'000	Six months to 30 June 2021 (unaudited) US \$'000	Year to 31 December 2021 (audited) US \$'000
Gross premium earned	129,450	119,659	249,006
Outward reinsurance premiums	(14,420)	(12,136)	(25,836)
	115,030	107,523	223,170
Ultimate claims net of reinsurance	(78,850)	(80,072)	(161,161)
Net operating expenses			
Acquisition costs	(17,869)	(16,377)	(34,305)
Administration expenses	(13,980)	(12,015)	(24,791)
	(31,849)	(28,392)	(59,096)
Underwriting account balance	4,331	(941)	2,913
Investment return*	(65,207)	16,688	15,618
Taxation	(77)	(542)	(327)
Other income/(expenses)	0	(204)	(833)
Result for the period	(60,953)	15,001	17,371
Combined Ratio	96.2%	100.9%	98.7%

* Net of charges



Financial results

Interim Consolidated Balance Sheet

	30 June 2022 (unaudited) US \$'000	30 June 2021 (unaudited) US \$'000	31 December 2021 (audited) US \$'000
Investments	553,561	617,605	610,641
Reinsurers' share of technical provisions	94,966	115,744	114,833
Debtors	119,585	103,815	55,760
Other assets (including cash)	213,996	212,456	215,059
Prepayments and accrued income	46,100	43,121	20,830
Total assets	1,028,208	1,092,741	1,017,123
Capital and reserves	335,483	394,065	396,436
Gross technical provision	493,694	519,481	506,926
Provision for unearned premium	162,116	152,395	79,505
Creditors and other liabilities	25,938	22,362	28,092
Accruals and deferred income	10,977	4,438	6,164
Total liabilities	1,028,208	1,092,741	1,017,123



Contact us

Board of Directors

D. A. MacLeod (Chairman), Canada

P.D. Orme, UAE

A. Gürün, Turkey

Dr D.C.S. Ho, Hong Kong

A.R.H. Knight, United Kingdom

K. Meads, New Zealand

Rev. Canon S. Miller, Hong Kong

P. Sydenham, United Kingdom

J. Vermeij, Chile

Dr Y. Wagner, Luxembourg

J.M. Whitaker, United Kingdom

Registered Office

The Shipowners' Mutual Protection and
Indemnity Association (Luxembourg)

16, Rue Notre-Dame

L-2240 Luxembourg

Tel: +352 229 7101

E-mail: 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



Sign up to our newsletter

www.shipownersclub.com



Follow us on Twitter

@ShipownersClub



Connect with us on LinkedIn:

The Shipowners' Club



Image Credits

Underwriting intro – Member SMS Towage vessels Englishman and Pullman