

The Shipowners' Club report a steady year

19 April 2018 - Shipowners' Club, the leading mutual P&I insurer in the smaller and specialist vessel sector, has reported positive results for the year ending 31 December 2017, despite the challenging market conditions to both the insurance and shipping sectors.

The Club has reported a combined ratio of 99.1%, stability in Member and vessel numbers, a small uplift in gross tonnage to 25.48m and an overall surplus of US\$ 47.7m, including a return on the investment portfolio of US\$ 47.5m.

In announcing the results, Chairman Philip Orme highlighted that *"the Club continues to experience a steady period as shipping seeks to recover from a depressed market, affecting many of our operating sectors, and whilst the marine insurance industry has come under increased pressure from soft market conditions. Despite these challenges we are proud to have achieved a positive underwriting result, in pursuit of providing insurance 'at cost' on behalf of our membership. This reflects the true purpose, value and strength of the mutual system. Members continue to lay vessels up, especially in the offshore sector and, whilst organic growth has slowed, we have still seen consistent growth in certain sectors coupled with stability through our strong retention statistics. Furthermore, Members have also returned to us having previously left to try alternative markets. This is always encouraging and we are proud to welcome these returning Members. Similarly to last year, we have also seen the average size of entered vessels increase as older tonnage is replaced by larger units.*

"In line with our budget we returned a small surplus on the technical account. Our investments performed very well and the Club now holds capital of more than US\$ 340m. We have no doubt that the volatility in the market will continue for a while, so much so that we must anticipate that securing a sub 100% combined ratio could well come under pressure in the near future. The Club, through its proactive board, remains determined not to apply unwelcome additional calls and our policy of nil release calls remains. Stability of premium is important and this is where the free reserves will be utilised as necessary. It is this consistent approach to mutuality and stability of call, coupled with our competitive position and financial strength, that contributes to our rating by Standard and Poor's of A stable."

Simon Swallow, Chief Executive, commented *"we are delighted by our statistics at year end which reflect the loyalty of both our membership and the many brokers who place their business, and therefore their trust, in the Club. Choice is evident for all to see and we know that we must earn the trust of our Members and their brokers through the service we provide. Whilst claims settlements and a supportive and sympathetic approach to claims remain fundamentally important, we also recognise that speed and efficiency are essential. We still have an opportunity to improve on this, and by investing in our IT infrastructure we aim to make the*

service we provide even better.

“An additional strength is that brought to our membership by being part of the 13 Clubs that make up the International Group of P&I Clubs. It is the mutual structure, through the sharing and understanding of risks and the worldwide recognition by port authorities and third parties of the strength of the IG in responding to claims, that supports the Club’s retention figures at the renewal and during the course of the year and for which we are extremely proud.

“We know that many of our Members continue to face challenging operating conditions and we will endeavour to listen and support our Members and their brokers as much as we are able to, whilst sticking to appropriate pricing within our niche as the specialist insurer of third party liabilities to owners, charterers and operators of smaller and more specialised vessels.”

Financial summary:

- Combined ratio 99.1% (2016: 98.6%)
- Capital and free reserves US\$ 341.7m (2016: US\$ 294.0m)
- Earned premiums US\$ 186.6m
- Incurred claims US\$ 136.1m
- Underwriting result US\$ 1.8m
- Investment portfolio returned US\$ 45.9m (net of tax)
- Entered vessels 32,932 (2016: 32,749)
- Gross tonnage 25.49m (2016: 25.44m)

Ends

Notes for editors

The Shipowners’ Club is a mutual marine liability insurer, which has been providing Protection and Indemnity, including Legal Cost insurance, for small and specialist vessels since 1855. The Club is a member of the International Group of P&I clubs and works with more than 600 brokers globally to insure close to 33,000 vessels across a range of operating sectors and geographical areas.

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