



WILSON EUROPE
MASTERS OF P&I



The Wilson P&I Report

International Group Clubs

2015





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About Wilson

Wilson Europe is an independent insurance and re-insurance broker based in the City of London, specialising in the placing and servicing of P&I and other Marine Insurance risks. Wilson Re, our parent company, headquartered in Hong Kong along with offices in Korea, Taiwan and Tokyo, have a long standing and leading presence in the Asian market.

Wilson Europe has built a substantial global client base and today is responsible for placing some 75 million gross tons of P&I insurance. These covers are primarily placed in the International Group..... our portfolio is larger than some clubs.

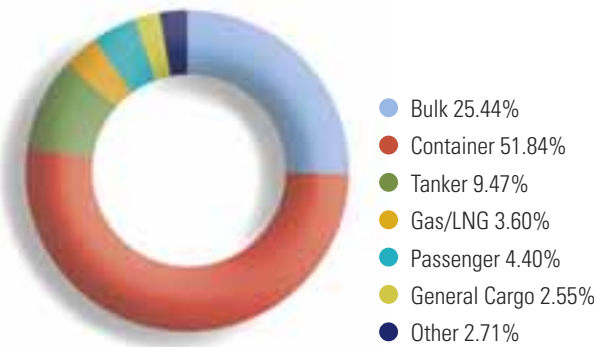
Our International portfolio demonstrates our industry capability, enabling our experienced highly skilled team of brokers in London to “tailor make” solutions for our clients’ needs. In addition to placing covers for shipping clients we also place re-insurance for two non IGA P&I Clubs. Our portfolio extends from single ships/small fleets to some of the world’s largest and best known operators, enabling us to place ships of all sizes, types and complexities. Our client base includes a significant number of current and past International Group Club Board Directors.

Wilson Europe has one of the largest and most experienced P&I teams of any London broker which enables us to provide highly effective and efficient service to our clients. We maintain a very strong service ethos and are committed to operating with transparency and integrity at all times.

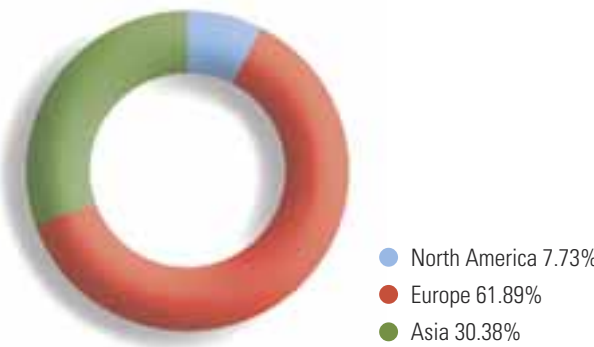
Reasons to use Wilson

- **Strength in depth - a Global client base.**
- **Unparalleled knowledge of P&I.**
- **Dedicated teams focused on innovative solutions and delivering first class service.**
- **Considerable experience in placing bespoke covers for all ship types.**
- **Integrity and transparency in all that we do.**

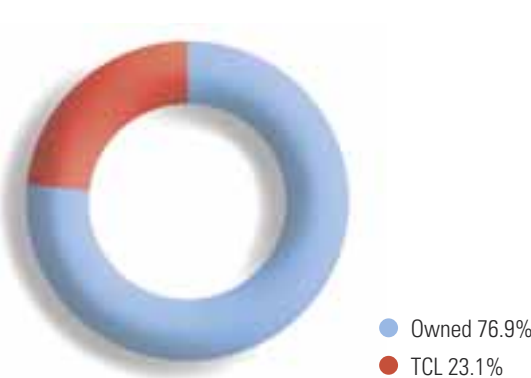
**Portfolio by Ship Type
(Owned and Chartered GT)**



**Portfolio by Continent
(Owned and Time Chartered)**



Portfolio by Owned and Time Chartered



Additional Covers

We can readily place the following:

Club/Market

- Freight, Demurrage & Defence
- Newbuilding Risks
- Charterer's Liability
- Slot Charter Insurance
- Charterer's Interest
- Charterer's All Inclusive Cover

Cargo/Property

- Hull and Machinery
- Piracy Loss of Hire
- Kidnap and Ransom
- Terminal Operator's Liabilities
- Through Transport Liabilities
- Bunker Insurance
- Shipowner's Liability (S.O.L.)
- Deviation Insurance
- Exxon GA Clause Insurance
- North America Clean-Up Cover
- Cash on Board
- Cargo on Deck
- Ad Valorem: Specie and Valuable Cargo
- Stores and Provisions
- Certificate of Financial Responsibility

People

- All Inclusive Crew Cover
- Crew Familiarisation Liability Cover
- Pre-Delivery Crew Cover
- Passenger Deviation
- Sea Going Wives and Family
- Passenger Liability Regime (PLR)
- Shore Excursions

Freight Protection

- Increased Value/Hull Interest
- Freight Interest
- Freight at Risk
- Loss of Hire
- General Average Insurance
- Innocent Owners Interest Insurance
- Purchaser's/Seller's Interest
- Loss of Anticipated Profits
- Mortgagee's Interest Insurance
- Mortgagee's Interest Additional Perils
- Quarantine - Loss of Hire (Shipseize) Insurance



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Chairman's Comment

In my report last year I commented and questioned the Clubs' need to apply general increases, particularly when they were holding onto historically high reserves whilst many Shipowners continue to face incredibly challenging trading conditions. We argued strongly that in most cases the Clubs did not need general increases. A number of Clubs subsequently elected not to charge a general increase whilst others, in most cases, kept them at modest levels.

In the current "low claims environment" we expect that the majority, if not all Clubs who charge a general increase at next renewal, will do so as a negotiating factor, seeking in reality to complete the renewal season by at least maintaining their expiring premium level or even achieving a modest uplift. Solvency II will likely come into force in 2016 and all Clubs will satisfy the reserving level requirements for these new regulations.

As Brokers we note with a degree of cynicism, that post 20th February each year, the Clubs actively engage with the broking fraternity to update us on their achievements and strong financial results, no doubt seeking to encourage support for new business and organic growth opportunities for the new Club year. By autumn, and with the renewal season approaching, the Clubs commence their negative propaganda, suggesting raised claims activity seeking perhaps to manage broker and owner renewal expectations.

Two Clubs have now entered the Lloyd's market by setting up and operating Underwriting Syndicates. These Syndicates (heavily capitalised by P&I Club Members' funds) are underwriting P&I, Liability, Hull and many other risks and do not impose general increases at renewal or indeed retain the ability to impose supplementary calls.

Most Clubs now have and underwrite fixed premium P&I facilities. As we alluded to in our last year's report, why should all Shipowners not enjoy the benefit and certainty of fixed premium? In our view, there is now little justification for the Clubs to levy unbudgeted Supplementary Calls. Britannia has not made an unbudgeted supplementary call in more than 40 years. Gard, North of England, Standard and Shipowners have not made unbudgeted calls for nearly 25 years.

The International Group of Clubs reserves are now collectively standing at an all-time high with many diverting significant amounts of their members' premiums on de-risking Club exposures through the purchase of reinsurance programmes, in arguably the most benign claims period for a long time. Surely therefore, the Clubs no longer need to retain ability to impose unbudgeted Supplementary Calls, given they are holding such high reserves. How much crystal ball gazing does it really take for Club Managers and their Underwriters, to consider the current and the short term future market activity to anticipate likely claims trends, rather than only ever reacting, usually too late, to what they see in "the rear view mirror". Past claims activity is unlikely to be automatically representative of the Clubs' future expenditure. Why are the Clubs unable to forecast the direction in which their attritional claims are likely to go instead of assessing previous year's activity as the guide for future financial needs?

The commercial markets are critical of the Clubs moving into their territory. The recent purchase of Amlin by Mitsui should remind the Clubs that they are not that significant in terms of the overall marine market. Should other sleeping giants awake and decide to seriously compete, they could ultimately bring about the demise of the Clubs. If the Mutual Club system is to survive, it needs to modernise and be more responsive to their Members' needs and adopt a policy that provides financial certainty for their entire Membership.



Dudley Taylor
Chairman
Wilson Europe Limited

Managing Director's Annual Review

Collectively the International Group of P&I Clubs has had another very successful year with an aggregate underwriting surplus, their first for four years, and an overall surplus of \$324m, adding a further 7% to their free reserves - a new record high of \$4.6bn.

The year has been marked by an improvement in their underwriting, delivering a 5.8% increase in net premium income. This compares to only a 2.8% increase in the entered gross tonnage and no increase in incurred claims. The Clubs have managed to increase their premium rates, however the current average rate of \$3.2 per gt is lower than the \$3.7 per gt charged in 2011. In the intervening period the entered gross tonnage of the Group grew twice as fast as the net premium income. The improved underwriting also emanated from recent benign claims years. This however was not reflected in a reduction in total incurred claims. The 2014 IG Pool policy year started well with only 15 reported claims at year end, which are estimated to cost \$180m - the lowest first year total since 2008. The Clubs generally reported a lower incidence of high value claims, which in the past has been identified as the principal cause of adverse fluctuations in underwriting performances.

This collective underwriting improvement is timely as investment managers thus far, have had a difficult task in generating any meaningful level of investment return. Interest rates have remained obstinately low and in a few isolated cases even been negative. The ECB (European Central Bank) embarked on a belated bout of quantitative easing, which drove rates and the value of the Euro even lower. In America and to a lesser extent in Britain, there continues to be much speculation as to when the authorities will start increasing interest rates again. Subsequent events seem to have 'scuppered' any immediate likelihood of increases. Meanwhile President Shinzo Abe - Prime Minister of Japan continued his economic experiment with another massive session of quantitative easing, which resulted in the Yen falling by almost 20% against the Dollar.

The net result is that investments held in non US Dollar currencies have fallen in value and government bonds have generally performed poorly. The only assets that have shown any real returns were Dollar corporate bonds and equities. Consequently, Clubs holding large corporate bonds and equities did considerably better than those holding government bonds and non-Dollar currencies. Ironically those Clubs holding fewer equities, perhaps to reduce perceived risk (and thus enhance their credit and regulatory ratings) will have come off worst. The same however may not be said for 2015 !

Aside from the main operational issues, discussions still rage over the potential benefits and pitfalls of diversification, with some Clubs 'rushing headlong' into new ventures in which they have little or no experience, while others remain unconvinced. A significant potential problem may arise if too many Clubs choose to set up Lloyd's facilities, as those clubs will very likely be in direct competition with the syndicates currently underwriting the IG reinsurance contract. This will undoubtedly result in disharmony!

We believe that the Clubs should stay true to their core values and not seek perceived 'greener pastures' in the commercial market, gambling in a game they don't really understand, with money that isn't theirs, in risks that are not compatible with P&I, and the members never really knowingly signing up to the (adverse) consequences of these new ventures. In reality it is not, in our view, for the greater good of the Club and its members, but to enhance the 'managers' reward.

The Clubs however do need to modernise and to build on the long established strengths of the mutual system and discard the elements which are no longer really relevant in today's world e.g. the ability to make supplementary calls and the automatic assumption that general increases are a renewal expectation. Dudley Taylor, our Chairman, sets out his vision and justification for modernising the mutual system, without losing or damaging its core strengths!

Turning to Solvency II, the Clubs will now have their internal models to calculate their 'Solvency Capital Requirements' or at least have formal approval to use the 'Standard Formula' approach. This will hopefully conclude an enormously long and expensive initiative taking over ten years to complete. It should now only leave 'Pillar III' - which focuses on solvency and transparency requirements, which should take considerably less time to complete.

Another potential 'blot on the landscape' is IFRS 4 - the new International Financial Reporting Standard on insurance contracts, a final draft of which was scheduled for this summer, but fortunately has been delayed.

Club Managers and their Boards will doubtless have on the top of their agendas at this time, their 2016 general increase requirements. Club Managers will no doubt seek to argue that; current premium rates are comparable to those of ten years ago, the cost of claims is rising, the size of ships are increasing and Shipowners liabilities have never been greater, with new conventions regularly coming into force. The Members' and their Brokers' retort must be that the Clubs are now over-capitalised, Solvency II requirements have been addressed, the cost of claims (per gt) has fallen and the members, in many cases, continue to face challenging financial times.

Looking forward, individual Club reinsurances will continue to play a key role in all Clubs ability to mitigate the impact of large value claims, which traditionally have an undue influence on the results of any one policy year. Investment Managers will also be playing an important role in achieving any level of investment income and crucially avoiding losses. At this stage in the cycle we suspect that Club Managers would be content to report a nil investment return!

With little or no investment income likely in 2015, it can be anticipated that this issue will be adopted as an argument by those Clubs seeking general increases. We anticipate that even modest general increases will be unwelcome by members and in fact unjustified ! We can also anticipate that some Clubs will reduce their 2014 estimated total cost by reducing or returning to their Members an element of the premium debited. This will further evidence those Clubs getting their budgeting wrong by unnecessarily imposing general increases at the commencement of the policy year, only to return some of it to the members at the end of the same policy year.

The reality is that The International Group of Protection and Indemnity Clubs have never been financially stronger and this has been achieved at a time when the same cannot be said for their Members who own and fund the mutuals. Club Managers must stop 'slavishly' following the 'road map' laid down by the rating agencies and return to the basic principles of serving their membership as P&I Clubs and not adopting the approach of commercial insurance companies.



Julian South
Managing Director
Wilson Europe Limited



Section One

Financial, Retention and Reinsurance

Solvency II... arriving with a whimper rather than a roar!

Solvency II is the new regulatory regime for insurers within the EU and Norway, which will come into force on 1st January, 2016. This will require insurers to identify risks and produce risk weighted capital requirements which should reduce the incidence of insolvency and avoid the kind of disorder that befell the banking sector in the financial crisis. The framework follows the Basel approach of a three pillar structure. The ratings agencies have been using a similar simplistic model for many years and these initiatives should result in insurers carrying more capital to deal with risks and regulatory requirements.

The Members of the International Group have collectively increased their capital from circa \$1.6bn to over \$4.6bn in the last ten years, which may be in recognition of the new regulations and may in part explain the Clubs' continuing demand for significant general increases.

Solvency II will establish new capital requirements, valuation techniques, governance and reporting standards. These will replace earlier regulations and harmonise the regulations within the EU. Insurers will be encouraged to develop their own internal risk models for setting Solvency Capital Requirements (SCR), while small companies may opt for a standard formula. Individual SCRs will need the approval of the regulators. Pillar I covers the quantitative requirements, to ensure the company has sufficient capital and a risk based capital model, based either on the standard model or one approved by the regulator.

Pillar II imposes higher standards of risk management and governance and companies need to undertake their Own Risk & Solvency Assessment (ORSA) which requires a forward looking self-assessment of risk.

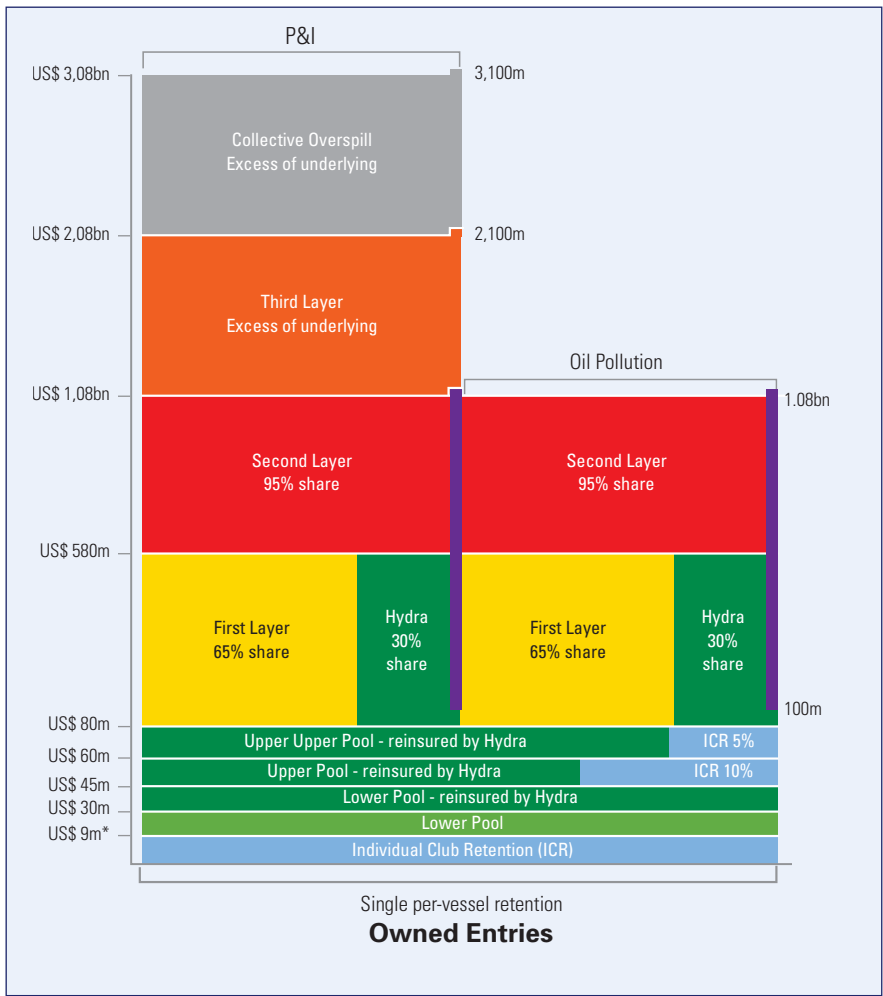
Pillar III aims for a greater level of transparency for supervisors and the public. Companies will publish a private annual report for the supervisor and a public solvency and condition report.

Assets and liabilities are valued using fair value - recommended under International Financial Reporting Standards - IFRS as far as possible. Technical provisions (outstanding claims) will be based on the discounted best estimate of future cash flows, plus a risk factor.

Wilson's comments

- Clubs will likely be less inclined to underwrite members with poor records.
- Clubs have reduced their equity holdings in order to cut their capital requirements and improve solvency cover.
- Clubs have purchased reinsurance to cover the fluctuations in IG pool costs.
- Clubs will be less inclined to overestimate outstanding claims reserves (IBNRs), due to the 'risk factor'. The more unscrupulous may be tempted to be less than conservative when setting their outstanding claims reserves.
- Clubs concerned have devoted much time, effort and expense in preparing for Solvency II and we do not foresee any issues in Solvency II's impending implementation.

International Group Reinsurance Structure 2015



Notional overall limit \$7billion.

Individual Club retention to increase to US\$ 10m with effect from 20/02/2016.

GXL RI Rates 2015

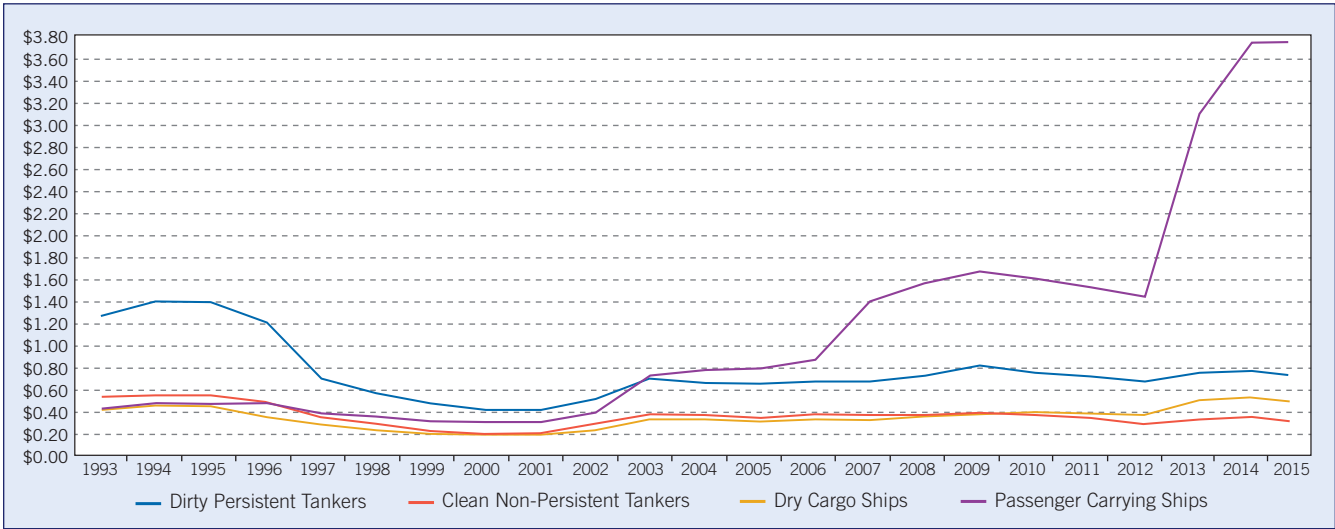
Ship Category	Rate per GT 2015	\$ Increase per GT	% Increase 2015	Rate per GT 2014
Dry Cargo Ships	0.4888	-0.0315	-6.05%	0.5203
Dirty Persistent Tankers	0.7317	-0.0646	-8.11%	0.7963
Clean Non-Persistent Tankers	0.3138	-0.0277	-8.11%	0.3415
Passenger Carrying Ships	3.7791	0.0000	0.00%	3.7791

The International Group RI rates (per GT) include Hydra premium, Collective Overspill Cover and excess war risk P&I.

GXL RI Rates 1993-2015

Policy Year	Dry Cargo Ships (\$)	Dirty Persistent Tankers (\$)	Clean Non-Persistent Tankers (\$)	Passenger Carrying Ships (\$)
1993	0.3980	1.3873	0.5304	0.3980
1994	0.4214	1.4367	0.5598	0.4214
1995	0.4132	1.4282	0.5513	0.4132
1996	0.3061	1.2346	0.4321	0.4136
1997	0.2357	0.6786	0.3031	0.3274
1998	0.1957	0.5479	0.2493	0.3049
1999	0.1538	0.4373	0.1970	0.2762
2000	0.1453	0.3953	0.1773	0.2762
2001	0.1453	0.3593	0.1773	0.2762
2002	0.1984	0.4859	0.2364	0.3782
2003	0.2858	0.6724	0.3268	0.6841
2004	0.2752	0.6399	0.3128	0.7328
2005	0.2677	0.6385	0.3041	0.7476
2006	0.2851	0.6799	0.3201	0.8006
2007	0.2837	0.6797	0.3187	1.3714
2008	0.3196	0.7300	0.3498	1.4985
2009	0.3695	0.8079	0.3667	1.6026
2010	0.3867	0.7554	0.3335	1.5654
2011	0.3709	0.7038	0.3055	1.4780
2012	0.3561	0.6515	0.2798	1.3992
2013	0.4942	0.7565	0.3245	3.1493
2014	0.5203	0.7963	0.3415	3.7791
2015	0.4888	0.7317	0.3138	3.7791

GXL RI (fluctuations graph) 1993-2015



2015 General Increase Summary

Club	P&I	Remarks	FDD	Remarks
American	4.5%	<ul style="list-style-type: none"> Adjustments in the Club's R/I costs (including but not limited to GXL) to be reflected in the member's premiums. Claims arising under provisions of Class 1, Rules 2, section 14.4 (liability to pay special compensation to a salvor) will be subject to a minimum deductible of \$50,000 any one incident. For vessels over 15 years of age, claims arising under the provisions of Class 1, rule 2, section 13 (unrecoverable G.A contributions) will be subject to a minimum deductible of \$50,000 any one incident. Expiring deductibles between \$10,000 and \$25,000 to be increased by 10%. Expiring deductibles below \$10,000 will be increased by \$1,000. However a minimum deductible of \$7,500 for all crew claims will be applied. 	4.5%	<ul style="list-style-type: none"> Adjustments in the Club's R/I costs to be reflected in the member's premiums.
Britannia	2.5%	<ul style="list-style-type: none"> G.I. applied to the Advance Call. 2015 Deferred Call budgeted at 45%. 2014 Deferred Call reduced to 40%. 	0%	<ul style="list-style-type: none"> 2015 Deferred Call reduced from 50% to 30%. 2014 Deferred Call reduced from 50% to 30%. 2013 Deferred Call reduced from 50% to 25%.
Gard	2.5%	<ul style="list-style-type: none"> G.I. applied to the Advance Call (mutual members only). 2015 Deferred Call budgeted at 25%. 2014 Deferred Call budgeted at 25%. 2013 Deferred Call budgeted at 15%. 2012 Deferred Call budgeted at 15%. Deductibles currently below Club rules to be increased by \$1,000 or to Club rules deductibles, (whichever is the lower). 	10%	<ul style="list-style-type: none"> 10% G.I. applied to the Advance Call.
Japan	3%	<ul style="list-style-type: none"> 5% G.I. applied to Chartered entries. 	0%	<ul style="list-style-type: none"> Nil G.I.
London	6%	<ul style="list-style-type: none"> Deductibles below \$15,000 to be increased to \$2,000. Deductibles to be applied to costs, fees & expenses. 	6%	
North	4.75%	<ul style="list-style-type: none"> 4.75% G.I. of which 2.5% will be a mandatory pool surcharge. Deductibles below \$25,000 for all crew and cargo claims will be increased by \$2,000. 5% G.I. applied to Fixed Premium Market 	2.5%	
SOP	0%	<ul style="list-style-type: none"> Nil G.I. Club will absorb any increase in GXL costs. 	0%	<ul style="list-style-type: none"> Nil G.I.
Skuld	Selective	<ul style="list-style-type: none"> Individual adjustments to Ship types according to Club's perception of risk exposure. Deductibles will be increased by US\$ 2,500. 	Selective	<ul style="list-style-type: none"> Deductibles will be increased by US\$ 2,500.

N.B. General Excess of Loss (GXL) market reinsurance requirements will also be applied to all individual member's premiums after adjustment for loss record performance, unless otherwise stated.

Club	P&I	Remarks	FDD	Remarks
Standard (Europe)	5%	<ul style="list-style-type: none"> Deductibles to be increased by 10% for all members. However a mandatory increase of \$1,000 to be applied to deductibles below \$10,000. Deductibles to be applied to correspondents', survey and legal fees. Steel pre-loading surveys only paid by the Club if agreed in advance with the managers. 	5%	
Standard (London)	0%	<ul style="list-style-type: none"> Nil G.I. Nil Release Call 	5%	
Steamship	0%	<ul style="list-style-type: none"> Nil G.I. 	0%	<ul style="list-style-type: none"> Nil G.I.
Swedish	2.5%	<ul style="list-style-type: none"> Crew deductibles increased by \$1,000. 	5%	
UK	6.5%	<ul style="list-style-type: none"> The standard deductible increased from \$8,500 to \$10,000. 	0%	<ul style="list-style-type: none"> Nil G.I. Club has introduced for 2015 a continuity credit system. 2.5% discount for 1 full policy year entry. 5% discount for 3 full policy years entry. 7.5% discount for 5 full policy years entry. 1.5% additional credit will apply if member's entire fleet is entered in the Club.
West	2.5%	<ul style="list-style-type: none"> G.I. will be applied on the net advance call i.e. excluding GXL costs. 2015 Additional Call budgeted at 35%. 2014 Additional Call budgeted at 35%. Deductibles increased by 10% or \$1,000 whichever is higher but capped at maximum increase of \$2,000. The Rules deductible increased from \$8,000 to \$10,000. 	0%	<ul style="list-style-type: none"> Nil G.I. 2015 Additional Call budgeted at 35%.

N.B. General Excess of Loss (GXL) market reinsurance requirements will also be applied to all individual member's premiums after adjustment for loss record performance, unless otherwise stated.

Abatement Layers - 2015 Policy Year

Member's claims will become eligible for abatement upon any claim exceeding the stated amounts below:

Club	Abatement Layer	
American	\$4.5m	
Britannia	N/A	
Gard	\$3m	
Japan	\$5m	
London	\$2m	
North*	\$2m	* 10% will be allocated back to the record of the claiming Member whilst the remaining 90% will be allocated across the whole Membership
Shipowners	N/A	
Skuld	N/A	
Standard**	\$2m	** Standard only allows one abated claim to be accepted for the life of the loss record
Steamship***	\$1.8m	
Swedish	\$3m	
UK	\$2.5m	*** 80% of the claim arising in the first layer (from US\$1.8m to US\$5m), will be borne by the membership as a whole. The remaining 20% will form part of the Member's individual loss record.
West	\$2m	

FD&D - Club Comparison Table - 2015 Policy Year

Club	Standard Limit	Standard Deductible
American	\$2m	\$5k, then 25% member contribution max \$50k
Britannia	\$10m (\$2m newbuilding/conversion disputes)	1/3 of all costs excess of \$5k
Gard	\$10m (\$2m newbuilding/conversion disputes)	25% member contribution , min \$5k
Japan	Yen 1.5bn (approx. \$12m)	1/3 of all costs excess of \$1k
London	\$7.5m	25% member contribution
North	Nil (except \$250k newbuilding / purchase / sale disputes)	25% member contribution, min \$10k max \$150k
Shipowners	\$5m	First \$750 up to \$3k, then 25% max \$30k
Skuld	\$5m (\$300k newbuilding / purchase / sale disputes)	25% member contribution , min \$10k
Standard	\$5m	25% member contribution , min \$10k
Steamship	\$10m	\$5k, then 1/3 all costs subject overall max \$30k
Swedish	\$5m	\$12k, plus 25% member contribution for costs in excess of \$250k
UK	\$15m	Nil, but no cover for disputes less than \$10k
West	\$10m	\$5k, then 25% member contribution max \$50k (\$100k for newbuilding disputes).

Pool Record and Development

Individual Profit / Loss Record

Club	Net position (US\$ m)	Loss ratio
UK	120.1	76.6%
Skuld	46.6	75.5%
Britannia	35.0	89.8%
West	18.3	94.4%
Gard	10.4	97.7%
London	2.3	98.7%
Steamship	0.1	100.0%
North	-6.0	102.6%
Standard	-25.6	110.0%
Japan	-28.6	112.1%
American	-15.4	114.4%
Swedish	-79.9	155.2%
Shipowners	-51.4	157.8%

Good - balanced results with bounds of acceptability
Satisfactory - just outside Deficit/Surplus margins of acceptability
Too divergent from break even - suggesting a need for a rating correction

Three Year Development Record

Club	2015	2014	2013
UK	76.6%	79.1%	71.0%
Skuld	75.5%	74.6%	77.9%
Britannia	89.8%	87.7%	97.1%
West	94.4%	93.8%	98.9%
Gard	97.7%	105.1%	114.1%
London	98.7%	92.4%	101.0%
Steamship	100.0%	103.5%	106.2%
North	102.6%	115.3%	84.9%
Standard	110.0%	99.4%	97.6%
Japan	112.1%	114.9%	105.9%
American	114.4%	118.8%	116.3%
Swedish	155.2%	165.9%	171.9%
Shipowners	157.8%	101.2%	134.6%

Owned Entered GT by Club by Policy Year (mil) – 2005-2015

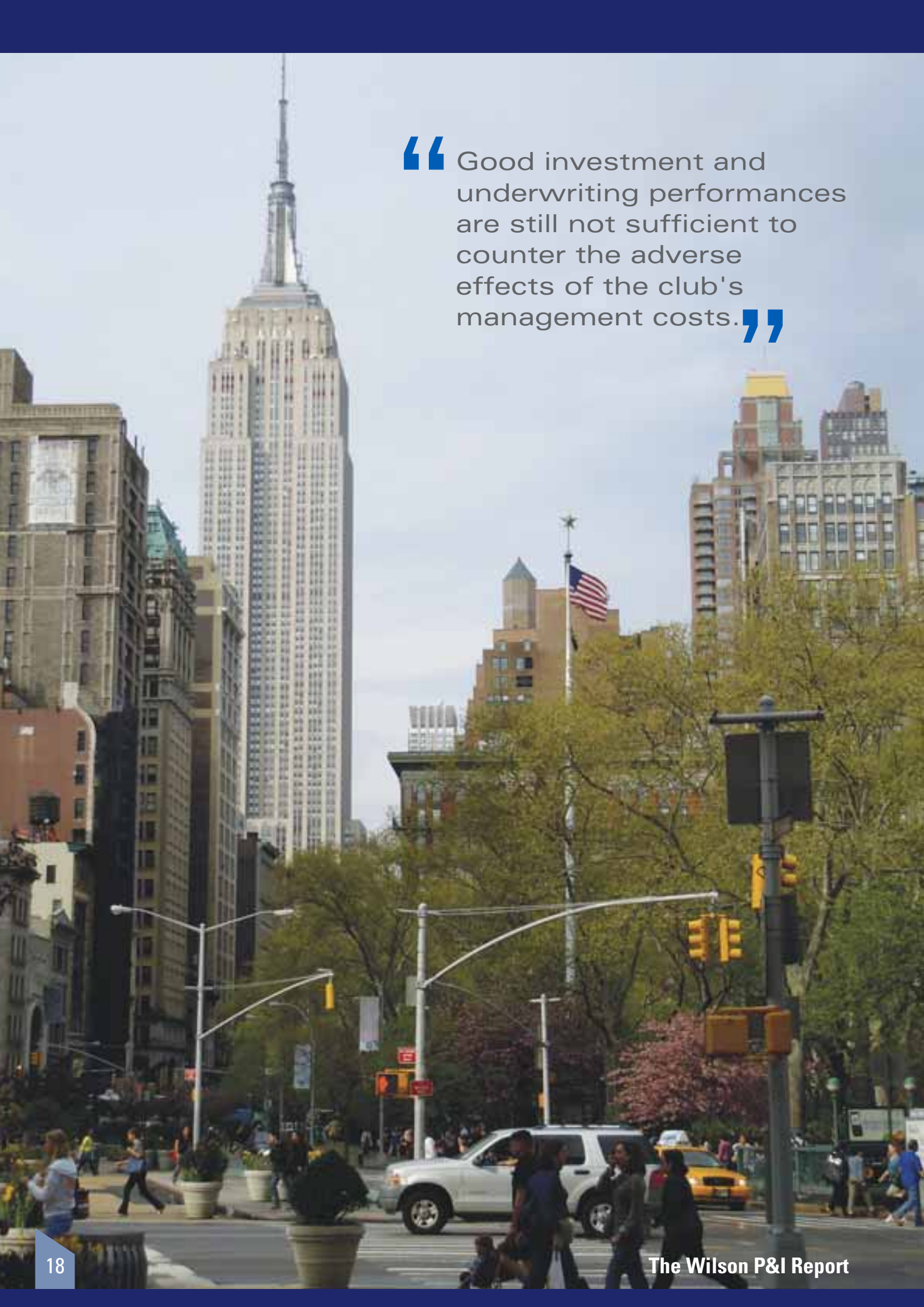
Club	2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015											Period % Change	
												2005-2015	2010-2015
American	19	15	14	13	13	15	15	16	16	16	17	-11%	13%
Britannia	76	82	82	88	93	98	103	111	113	108	108	42%	10%
Gard	81	90	90	127	133	136	145	163	175	187	189	133%	39%
Japan	66	70	70	84	90	92	92	90	92	93	93	41%	1%
London	33	34	34	39	39	37	40	44	45	43	44	33%	19%
North of England	44	48	48	65	75	86	105	125	127	128	127	189%	48%
Shipowners Mutual	10	12	12	15	16	17	18	20	22	24	24	140%	41%
Skuld	26	32	32	41	45	55	58	70	72	75	74	185%	35%
Standard	49	47	47	50	65	80	85	94	97	97	101	106%	26%
Steamship Mutual	38	42	42	47	50	53	58	63	63	69	74	95%	40%
Swedish	17	20	20	25	25	26	31	34	35	37	42	147%	62%
UK	103	100	100	112	110	105	105	112	120	124	127	23%	21%
West of England	57	60	60	54	51	52	49	51	53	57	67	18%	29%
IG Total	619	652	651	760	805	852	904	993	1030	1058	1087	88%	30%

Outperformed industry growth average
In the ball park
Underperformed industry growth average



Section Two

Individual Club Analysis, 2015



“ Good investment and underwriting performances are still not sufficient to counter the adverse effects of the club's management costs.”



AMERICAN CLUB

The American Steamship Owners Mutual Protection and Indemnity Association Inc.

Basis of accounting: Principles generally accepted in the United States of America.

2015 Results

In spite of a difficult year the American Club has reported a small surplus of \$1m and an increase in its free reserves to \$59m. There was an improvement in their combined ratio and the underwriting deficit was again covered by a good result from the investment managers.

Key Performance Indicators

		2015	2014	2013
S&P Rating		BBB-	BBB-	BBB-
Combined Ratio	%	107	112	123
Investment Return	%	4.0	6.7	7.6
General Increase at Renewal	%	10	10	10
Solvency	%	132	131	125
Net Premiums Adjustments	%	5.4	-4.5	-2.2
Free Reserves Adjustments	%	2.2	5.7	-9.9
Incurred Claims	%	1.4	-21.9	14.1
AER (Average Expense Ratio)	%	21.6	19.3	19.3
Increase in GT	%	6.3	0.0	0.0
Average net PR per GT	\$	5.54	5.59	5.85
Free reserves per GT	\$	3.45	3.58	3.39
Surplus / (Deficit) (mil)	\$	1.26	3.12	-5.99
Gross Tonnage (owned)	mil	17	16	16

Underwriting

The dry bulk sector, which was the largest component of the entered tonnage, continued to experience difficulties. Notwithstanding this, at the 2014 renewal there was an overall increase in tonnage of over 1m gross tons, which helped increase the net premium income for the year by over 5%.

The Club continued with its 20% quota share reinsurance arrangement with the Eagle Ocean Marine facility - a fixed premium provider for P&I and Defence cover for small vessels operated outside America. The facility has a maximum limit of \$500m and has remained in surplus, thus contributing to the overall results of the Club.

The cost of claims this year was comparable to those of last year and a marked improvement on earlier years. There were only 7 claims in excess of \$1m, which unfortunately accounted for 40% of the total losses for the year. However 98% of the claims were less than \$250K, with the number of cargo claims being the lowest for 6 years. The average cost of personal injury claims fell from \$25K to \$19K.

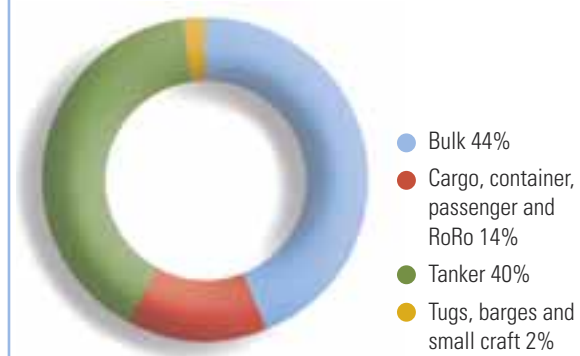
The Club purchases retention and lower IG Pool reinsurance cover with Hannover Re.

The underwriting continued to be hampered by the size of the Club overheads, which consume over 35% of the net premium income. These costs were predominantly management, acquisition costs and other expenses, which may well include accommodation costs also. The Club clearly needs to expand its membership and income in order to cover its costs and bring its underwriting into surplus.

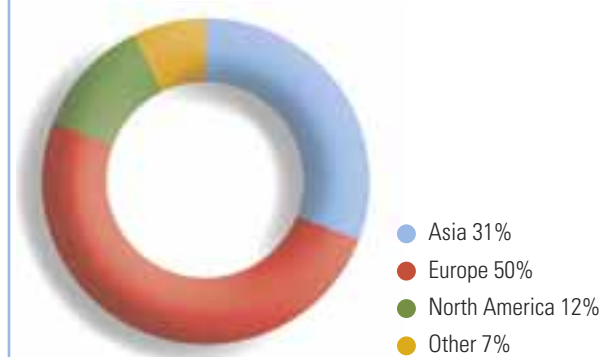
Investments

The investment managers "saved the day" for the 2nd year running with an investment return of just under 4%, which yielded nearly \$8m - sufficient to cover the underwriting deficit. The performance was once again achieved by a 40% equity allocation, which easily outperformed all the other classes with a return of 6.25%. This compared with a 3.25% return on the fixed income portfolio. It was the Club's intention, over time, to reduce the reliance on the equity portfolio to 30% of the total invested funds, which would help to reduce the regulators perceived risk and help the Club to meet the forthcoming Enterprise Risk Management (ERM) proposals. .

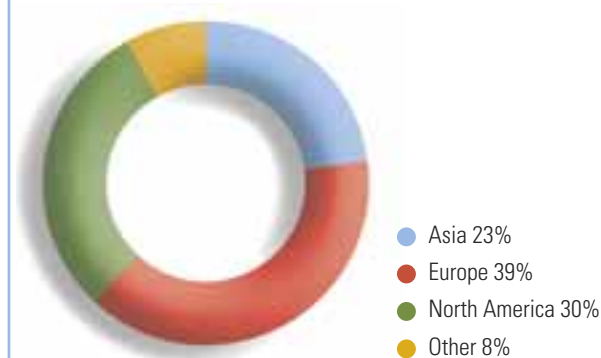
Tonnage by vessel type



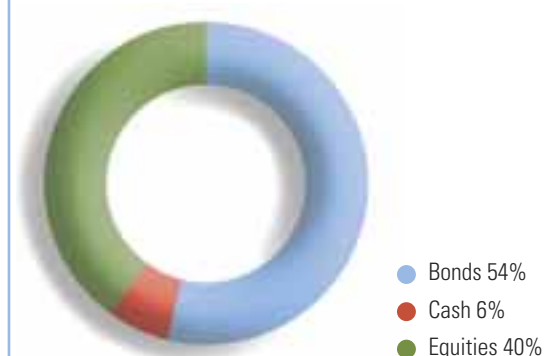
Tonnage by geographic region



Premium by geographic region



Asset allocation



Outlook

The Club has weathered another year without any serious mishaps and an increase in the net premium income of 5% has assisted in bringing the combined ratio down to what is now a more sustainable level of 107%. For the future the Club needs to focus on achieving "balanced underwriting", by increasing the premium income to cover the high management costs and expenses. The underwriting results were excellent, before the management costs were taken into account, but their inability to generate an underwriting surplus, in such benign claims conditions raises concerns for the future, when the cost of claims will likely rise.

The reliance on investment income needs to be tempered, as the introduction of a risk based regulatory culture will almost certainly impose restrictions on the investment in equities, to reduce volatility of investment income.

The Club has made significant strides from the days of the annual unbudgeted supplementary calls. The underwriting results have improved dramatically, but there is still some work to be done to position the underwriting so that it is able to withstand any large increase in claims trends.

The Club still has the lowest free reserves and solvency ratio of the IG, but at least it has managed to achieve an investment grade S&P credit rating of BBB-.

Revenue Statement

US\$000's	2015	2014	2013
Net premiums	94,245	89,378	93,541
Net claims incurred	65,962	65,064	83,265
Management costs	34,795	35,250	31,995
	100,757	100,314	115,260
Underwriting surplus/(deficit)	(6,512)	(10,936)	(21,719)
Investment income less tax	7,768	14,051	15,729
Surplus/Deficit	1,256	3,115	(5,990)

Balance Sheet

Investments	239,547	238,825	233,406
Cash	14,983	19,805	22,098
Debtors	28,572	27,870	53,972
Other assets	194	258	276
Total Assets	283,296	286,758	309,752
Outstanding Claims	184,856	183,591	214,205
Creditors	39,840	45,823	41,318
Total liabilities	224,696	229,414	255,523
Free Reserves	58,600	57,344	54,229



“ A low claims environment 'covers for' a very poor investment performance, delivering for the Britannia an impressive 2015 surplus and an S&P Interactive 'A' Rating. ”



BRITANNIA

The Britannia Steam Ship Insurance Association Limited incorporating the “surplus investment assets” of Boudicca Insurance Company Limited a Bermuda based trust for the sole benefit of the association.



Basis of Accounting: In compliance with part 3 of the Large and Medium Sized Companies and Groups (Accounting and Reports) Regulations 2008 (S1 2008/410) under the Companies Act 2006 and in accordance with applicable accounting standards in the UK.

2015 Results

Following a number of difficult underwriting years the Club has now reported an \$18m surplus. As a result of a benign 2014 policy year and some improvements in earlier years, their reinsurance trust Boudicca has improved the surplus investment assets by \$55m. The investment performance was disappointing, but their first interactive rating from S&P was successful in achieving an A rating.

Key Performance Indicators		2015	2014	2013
S&P Rating		A	A	A
Combined Ratio	%	93	111	102
Investment Return	%	0.4	4.8	4.1
General Increase at Renewal	%	2.5	2.5	16.5
Solvency	%	168	158	154
Net Premiums Adjustments	%	-6.1	-7.9	+4.2
Free Reserves Adjustments	%	+15.6	+7.7	-5.0
Incurred Claims	%	-23.2	+1.5	-4.3
AER (Average Expense Ratio)	%	8.4	8	8.5
Increase in GT	%	0.0	-4.4	+1.8
Average net PR per GT	\$	1.82	1.94	2.01
Free reserves per GT	\$	5.05	4.37	3.88
Surplus / (Deficit) (mil)	\$	18.3	26.2	36.1
Gross Tonnage (owned)	mil	108	108	113

Underwriting

After a number of years of rising claims, this financial year has seen a significant improvement in their underwriting fortunes. These improvements have been on all fronts, with a lower incidence of large claims, a reduced number of attritional claims and a significant reduction in the expected cost of earlier years. This has led to lower claims on Boudicca and a recovery in their available assets. The number of attritional claims below \$1m fell from 5,788 in 2014 to 4,766 at 20th February 2015. The number of larger claims (in excess of \$1m), fell to only 15 and costing \$59m, compared to 33 claims costing \$107m a year earlier.

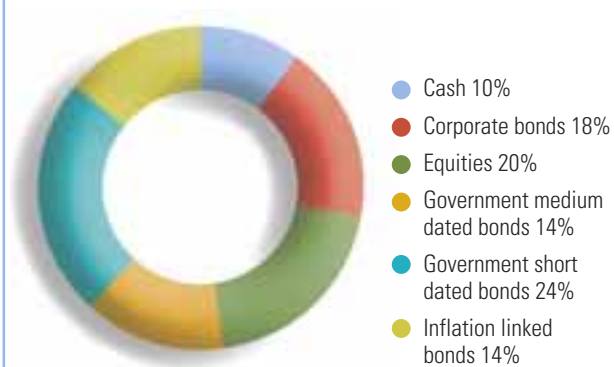
The cost of the International Group Pool has also fallen to a six year low, with only 15 claims, costing an estimated \$180m after twelve months, compared to 15 claims costing \$292m last year. The previous two years have been characterised by high value cargo claims, but last year the high value claims were pollution and spillage.

There has been improvements in the expected cost of claims on the open policy years and there was a surplus of over \$40m on the closed years. This, therefore successful year has been rounded off by a reduction in the deferred call for the 2014 policy year – from 45% to 40%.

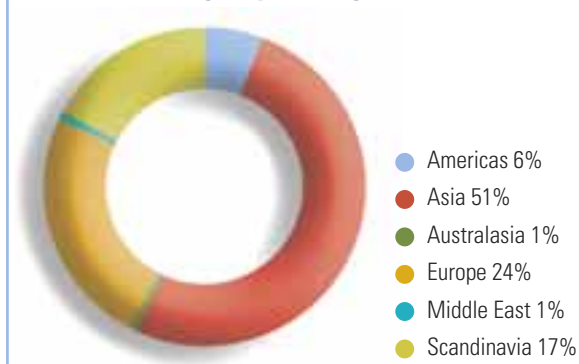
Investments

The investment result was poor with only \$4m of income from a portfolio of over \$1bn. The performance was hindered by a strong US dollar and weak interest rates, which has affected all Clubs. The equities were the only 'bright spot' delivering a return of 7.7% for the year. The corporate bonds lost 3.4% and the government bonds lost 0.9%.

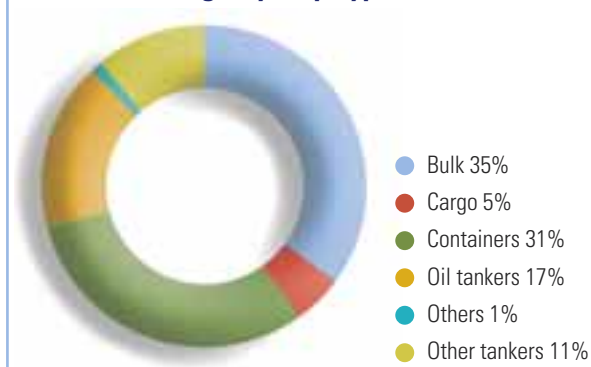
Asset allocation



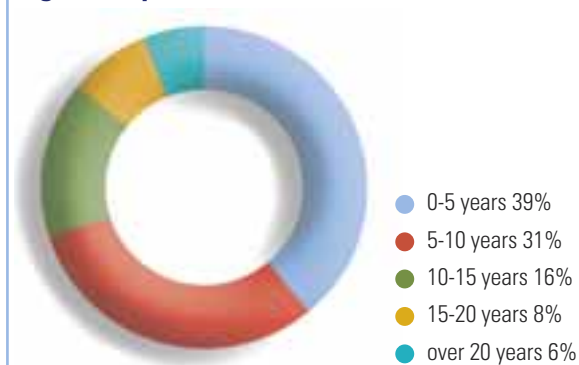
Entered tonnage by management area



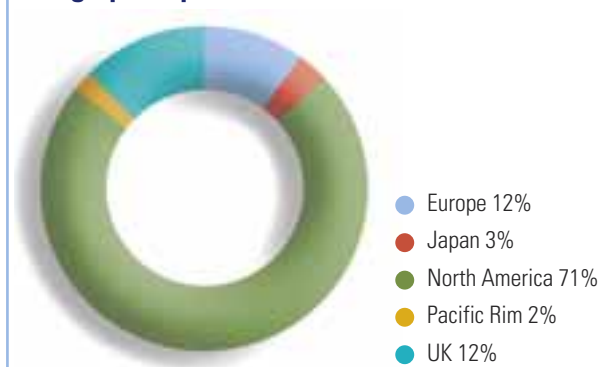
Entered tonnage by ship type



Age of ships



Geographic split



Outlook

The modest overall surplus of \$18m, belies the true performance of the Club (including Boudicca – their affiliated reinsurer), which has reflected in a rise of free reserves of \$74m. Most of the increase accrued to Boudicca as a result of the reduction in the expected claims for the earlier years. The lower incidence of both larger and attritional claims for the 2014 policy year was reflected in the Club's revenue statement and bodes well for the future, following three years of rising claims and a long run of underwriting deficits. The P&I mutual owned ship entry remained unchanged, but the Club did attract an additional 4m gross tons to its growing charterers liabilities portfolio.

The diminutive defence class also enjoyed a successful year with a surplus of \$4m, which boosted the free reserves by over 60% to \$13m.

Britannia subjected itself to an S&P 'Interactive' credit rating for the first time and as a result of their strong solvency and risk based capital ratios and was awarded an A rating with a stable outlook. The Club, including Boudicca, also became only the third member of the International Group to surpass \$500m of free reserves, putting it in the highest sector for financial strength and security.

Revenue Statement

US\$000's	2015	2014	2013
Net premiums	196,535	209,301	227,237
Net claims incurred	156,241	203,516	200,594
Management costs	26,767	28,583	30,388
	183,008	232,099	230,982
Underwriting surplus/(deficit)	13,527	(22,798)	(3,745)
Investment income less tax	4,742	48,979	39,885
Surplus/Deficit	18,269	26,181	36,140

Balance Sheet

Investments	1,093,406	1,042,379	969,981
Cash	159,921	149,070	172,660
Debtors	113,552	117,760	127,835
Other assets			
Total Assets	1,366,879	1,309,209	1,270,476
Outstanding Claims	796,938	813,307	807,426
Creditors	24,374	24,004	25,033
Total liabilities	821,312	837,311	832,459
Free Reserves	545,567	471,898	438,017



“Gard field another set of impressive results and yet again establishing themselves as the strongest Club in the International Group. This continued success however has not come without its challenges, following a relatively disappointing investment return and ‘enforced charges’ on their final salary pension scheme.”

GARD

Gard P&I (Bermuda) Limited and its subsidiaries.

Basis of Accounting: In accordance with, allowing for a few exceptions, the “regulations for annual accounts for insurance companies” approved by the Norwegian Ministry of Finance which requires limited use of certain IFRS ...in accordance with Norwegian generally accepted accounting principles.

2015 Results

Gard has ‘kicked off’ the reporting season with a surplus of \$80m, before other charges and an increase in their free reserves of \$25m, notwithstanding reducing their deferred call on the 2014 policy year by 10% and still retaining their S&P A+ rating. The Club shrugged off the cost of a number of high profile claims in the second half of the year to post their best underwriting performance since 2009. The Club has “complied” with the new accounting standards for pensions and recognised the underlying deficit on the final salary pension scheme. This resulted in a \$26m charge for the year and \$25m for prior years. Their final salary scheme has been closed to new entrants but there will be future gains and losses on the legacy fund.

Key Performance Indicators

		2015	2014	2013
S&P Rating		A+	A+	A+
Combined Ratio	%	97	104	107
Investment Return	%	1.8	4.3	6.1
General Increase	%	2.5	5	5
Solvency	%	177	178	180
Net Premiums Adjustments	%	10.6	7.0	-0.6
Free Reserves Adjustments	%	2.6	5.5	8.4
Incurred Claims	%	-1.9	7.1	0.9
AER (Average Expense Ratio)	%	11.4	11.3	14.1
Increase in GT	%	1.1	6.9	7.4
Average net PR per GT	\$	4.27	3.90	3.89
Free reserves per GT	\$	5.13	5.05	5.12
Surplus /(Deficit) (mil)	\$	49.5	49.3	69.2
Gross Owned Tonnage	mil	189	187	175



Underwriting

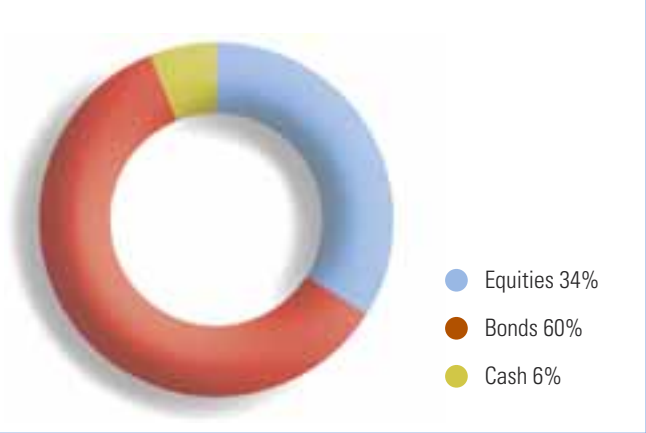
Gard has continued its expansion strategy, attracting a further 19m of additional gross tons for the P&I class and increasing the number of ships covered by the marine department by 3% - 8,983 ships. The overall growth in net premium income was 10.6%, raising the total to \$807m. The underwriting has been assisted by a relatively benign claims year for both their Marine and Energy classes. Despite a number of large claims on the 2014 P&I policy year and a deficit of \$44m, there was a \$42m reduction in expected claims costs for the 2013 policy year, which resulted in a significant overall improvement on the P&I class.

The Marine and the Energy sectors both experienced over-capacity within their markets and weaker premium rates which fortunately coincided with a lower level of claims. The Energy sector suffered a reduction in activities as exploration operations were restricted due to the weaker oil price. The P&I business remained the key sector, contributing 60% of the overall net premium income to the Club, thus providing crossover business in some cases for other marine activities. However Marine and Energy still appears to be the most profitable class.

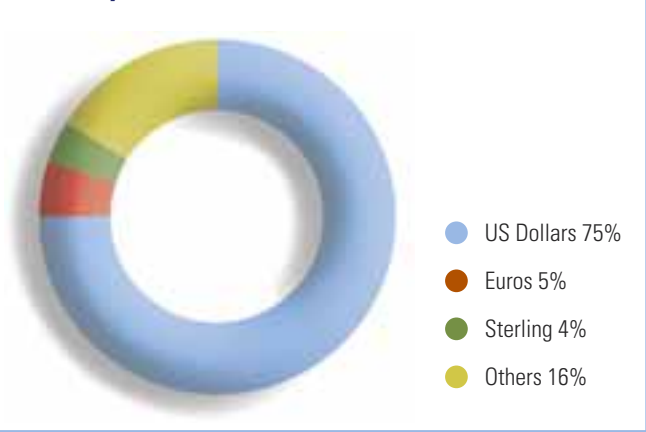
Investments

In contrast to the good underwriting results, investments have been a little 'lacklustre' with a return of 1.8% (\$22m). This was in spite of a generally good year for equity investors and the Club's relatively high exposure to equities of more than 30%. Interest rates remained historically low during the year, (even negative in a few exceptional cases), and a strong dollar led to foreign currency losses when converting non-dollar assets.

Asset allocation



Currency allocation



Outlook

Gard has continued to expand with double digit growth in net premium income and had its first underwriting surplus since 2011, notwithstanding reducing their deferred call on the 2014 policy year from 25% to 15%. The lower growth in Marine and Energy (gross) premiums has been enhanced by an increase in Club retention and less reliance on reinsurance. The investment return was disappointing given their large equity exposure, but overall this does not seem to have had a negative impact on the Club or its S&P credit rating. Gard currently leads the International Group by being the only A+ rated Club, primarily due to its multi-line insurance portfolio which is currently favoured by the rating agencies.

The forthcoming Solvency II regulations should be of little concern to Gard, although there have been reports that the Norwegian authorities may seek to take advantage of these new regulations by trying to increase tax charges, which are currently rather inconsequential for Gard.

With free reserves approaching \$1bn, circa 18% in gt of a rather crowded P&I market, and a well-established Marine and Energy business the Club comfortably has the capacity to embark on adventures into new markets.

Gard remains the pre-eminent performer in the Group with the largest free reserves, the best credit rating, the largest market share and consequently it is probably the Club most likely to succeed in the future.

Revenue Statement			
US\$000's	2015	2014	2013
Net premiums	806,598	729,268	681,532
Net claims incurred	630,893	643,003	600,381
Management costs	147,774	111,899	132,124
	778,667	754,902	732,505
Underwriting surplus/(deficit)	27,931	(25,634)	(50,973)
Investment income less tax	21,550	74,966	120,150
Surplus/Deficit	49,481	49,332	69,177

Balance Sheet			
Investments	2,048,903	1,911,415	1,864,607
Cash	137,367	207,281	143,882
Debtors	338,477	289,716	222,029
Other assets	39,003	46,951	64,026
Total Assets	2,563,750	2,455,363	2,294,544
Outstanding Claims	1,250,883	1,215,860	1,113,169
Creditors	343,814	294,917	286,120
Total liabilities	1,594,697	1,510,777	1,399,289
Free Reserves	969,053	944,586	895,255

Management costs include a "remeasurement charge" of \$26m for the pension fund. There were prior year charges of \$25m for pension costs (not included above).



“ A rollercoaster of national financial issues has helped the Japan Club to weather another challenging year. ”

JAPAN CLUB

Japan Ship Owners' Mutual Protection and Indemnity Association.

Basis of accounting: In accordance with the provisions of Japanese Companies Act, The Ship Owners' Mutual Insurance Association Law of Japan and related regulations.

2015 Results

After yet another year of President Abe's economic experiment with substantial 'quantitative easing' from the Bank of Japan, which has helped the Yen to fall by almost 20% against the US Dollar. However the Japan Club has managed to weather the storm and increase its free reserves in dollar terms, for the first time in three years.

The Club saw premiums and claims fall (in Dollar terms), but an underwriting surplus and large currency translation gains returned an overall surplus of \$37m, lifting the free reserves by 10% to a new record high of \$172m.

Key Performance Indicators		2015	2014	2013
S&P Rating		BBB+	BBB+	BBB+
Combined Ratio	%	100	106	115
Investment Return	%	2.7	2.6	2.5
General Increase at Renewal	%	3.0	7.5	5.0
Solvency	%	167	157	155
Net Premiums Adjustments	%	-2.3	1.4	-16.2
Free Reserves Adjustments	%	10.5	-1.0	-5.6
Incurred Claims	%	-7.7	-4.2	-2.5
AER (Average Expense Ratio)	%	5.3	5.7	5.7
Increase in GT	%	0.0	1.1	2.2
Average net PR per GT	\$	1.91	1.95	1.95
Free reserves per GT	\$	1.85	1.68	1.71
Surplus / (Deficit) (mil)	\$	36.9	14.9	8.2
Gross Tonnage (owned)	mil	93	93	92



Underwriting

The entered tonnage has remained relatively static over the last six years and last year the income fell in Dollar terms, although the value in Yen rose. The underwriting has experienced a good year with the number of claims falling for the fifth successive year and also a significant reduction in the value of claims. The major improvement has been in the number of incidents costing more than \$500,000, which together with the lower cost of IG Pool claims for the 2014 policy year, has led to a fall in the aggregate cost of claims.

The number of claims reduced by 12% and their estimated cost by 42% when compared to the previous policy year. When these large claims results are compared to the 2010 policy year, the number and cost has fallen by 24% and 57% respectively. There has been no claims in excess of \$4m.

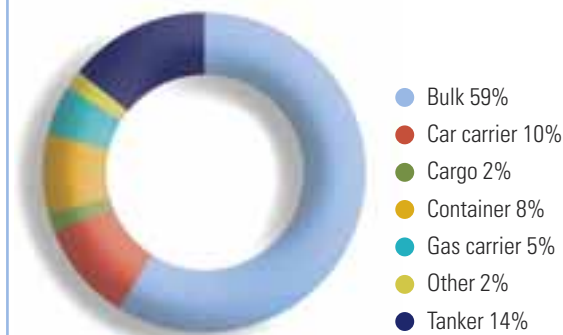
A study of claims over the last seven years identified that the 10% of claims costing more than \$100,000, accounted for more than 80% of the total expenditure.

The Club has arranged reinsurance for its Coastal portfolio, Charterers, FDD and for claims within their retention.

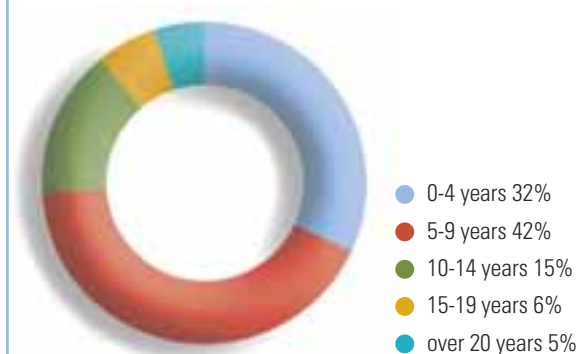
Investments

The Japan Club has always faced a considerable challenge to improve the investment return in a country where the long term interest rates on government bonds are only 0.3% and the local regulators enforce strict 'low risk' guidelines. As a consequence most of the investments are held in cash deposits and bonds. The investment return was 2.65%, largely due to the appreciation in the value of the Dollar cash and bonds.

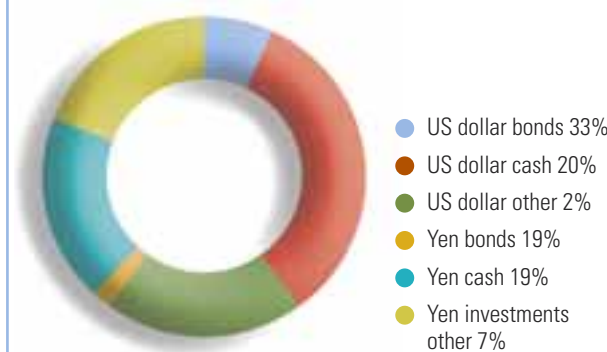
Entered tonnage by ship type



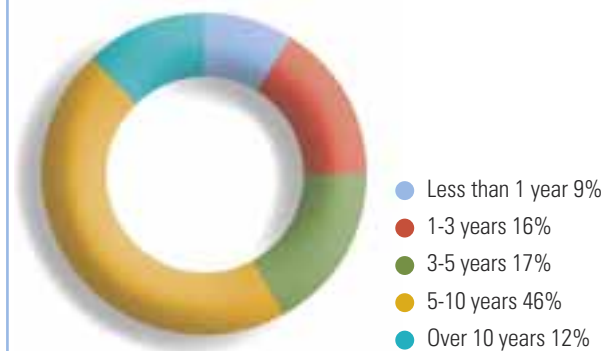
Entered tonnage by age



Asset allocation



Maturity of securities



Outlook

The Club has posted its first underwriting surplus, and the first increase in free reserves in US Dollar terms in three years - finally finding a way to come to terms with their particularly difficult financial climate. The Club has embarked on a new three year medium term 'Operating Plan', which aims to increase their tonnage, strengthen their domestic business foundation and expand their overseas membership through their new Singapore branch office.

However, in what is a growing maritime region, the Club has been unable to increase its entered tonnage over the last five years - despite opening an office in Singapore. This may in part emanate from the lack of diversity on the Club Board of Directors, which appears to be made up exclusively of local ship owners.

Restricted improvement in the Club's financial standing will likely continue as a result of government economic policy, which is undermining the value of the Yen. The country's strict regulatory regime is also limiting investment opportunities.

The Club has good solvency and risk based capital ratios and has an S&P BBB+ rating. A concern is the low level of claims reserves when compared to clubs of a similar size and entered tonnage. This concern has not been 'allayed' by an apparent error in the published policy year analysis.

The financial statements do not include the outstanding 2014 Supplementary Call of \$61m, which when charged, will boost the free reserves by 35% and thus enhance their financial position.

Revenue Statement

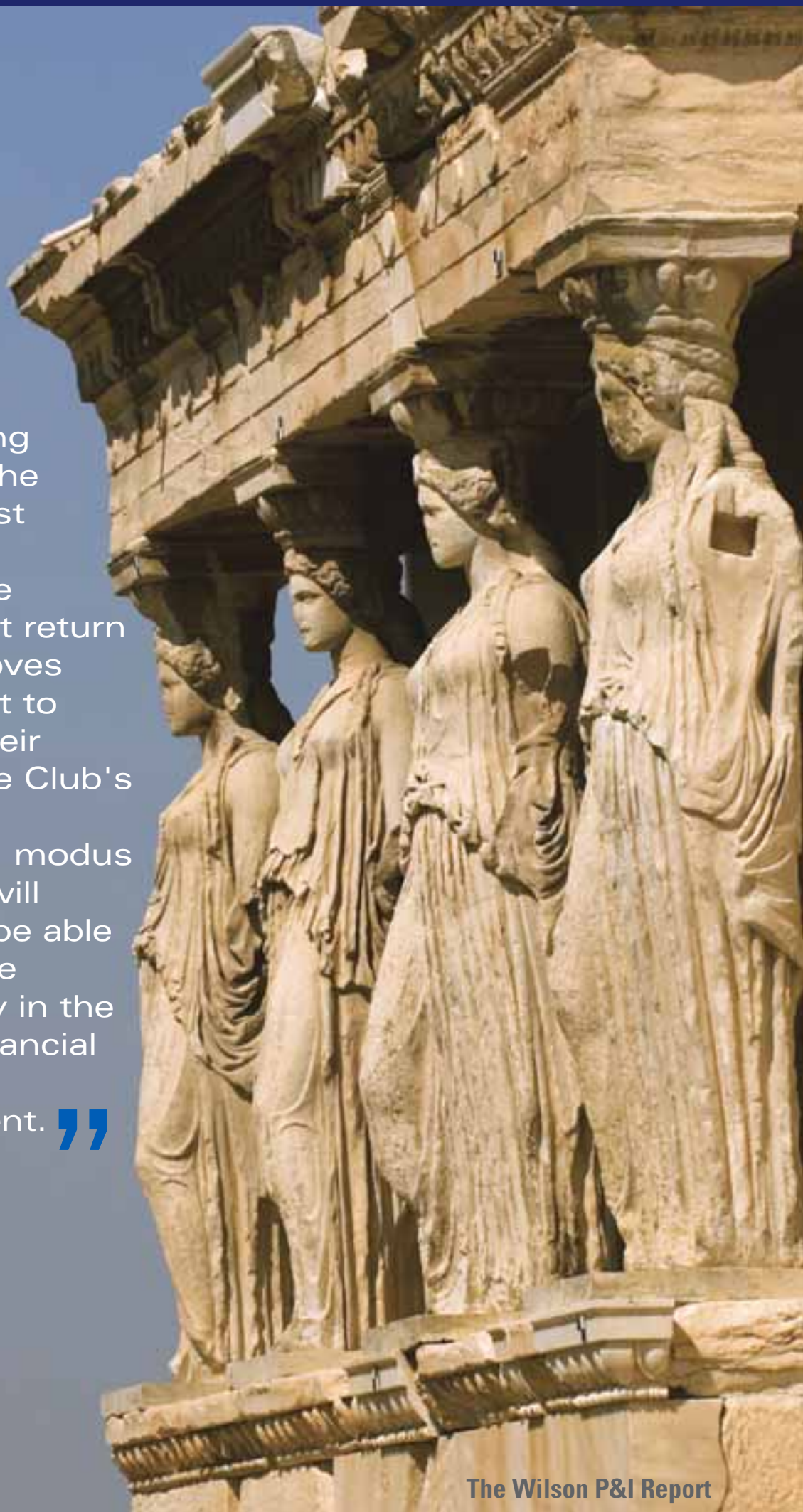
US\$000's	2015	2014	2013
Net premiums	177,337	181,474	179,010
Net claims incurred	155,635	168,548	175,893
Management costs	21,488	24,125	29,945
	177,123	192,673	205,838
Underwriting surplus/(deficit)	214	(11,199)	(26,828)
Investment income less tax	36,664	26,143	35,026
Surplus/Deficit	36,878	14,944	8,198

Balance Sheet

Investments	327,154	337,205	357,452
Cash	172,107	168,777	139,596
Debtors	23,556	15,169	19,381
Other assets	34,529	40,496	43,931
Total Assets	557,346	561,647	560,360
Outstanding Claims	255,933	273,267	284,320
Creditors	129,043	132,368	118,494
Total liabilities	384,976	405,635	402,814
Free Reserves	172,370	156,012	157,546



“ Even having achieved the IG’s highest reported percentage investment return - it still proves insufficient to balance their books. The Club's traditional 'mutuality' modus operandi will sadly not be able to continue indefinitely in the current financial regulatory environment. ”



LONDON CLUB

The London Steam-Ship Owners' Mutual Insurance Association Limited (LSSO) and the London Steam-Ship Owners' Mutual Insurance Association (Bermuda) Limited (LSSB).



Basis of accounting: Non statutory combined financial statements of LSSO and LSSB compiled from the statutory accounts in accordance with UK GAAP. Audit report, but limited accounting policy notes.

2015 Results

The London Club has become the first of the year to post an annual deficit on the revenue statement. The Club posted a small deficit of \$3m, after a reversal of underwriting fortunes and an increase in their combined ratio to 137%, largely offset by an impressive investment return of 5.5%.

Key Performance Indicators		2015	2014	2013
S&P Rating		BBB	BBB	BBB
Combined Ratio	%	137	124	121
Investment Return	%	5.5	7.0	6.9
General Increase at Renewal	%	6.0	10.0	12.5
Solvency	%	165	170	165
Net Premiums Adjustments	%	0.8	8.0	-9.3
Free Reserves Adjustments	%	-2.0	4.3	6.5
Incurred Claims	%	12.2	12.4	-11.4
AER (Average Expense Ratio)	%	8.80	8.36	9.63
Increase in GT	%	2.3	-4.4	2.3
Average net PR per GT	\$	1.97	2.00	1.77
Free reserves per GT	\$	3.58	3.74	3.42
Surplus / (Deficit) (mil)	\$	-3.2	6.6	9.4
Gross Tonnage (owned)	mil	44	43	45

Underwriting

As other Clubs have made considerable progress in getting their underwriting into balance or at least manageable deficits, the London has struggled and recently been relying on a string of very good investment performances to overcome short comings. Unfortunately as investment yields have declined, this has become progressively more unsustainable and after a particularly poor underwriting year, the deficit exceeded the investment income.

The increase in premium income unfortunately was absorbed by higher reinsurance costs, notwithstanding a 10% general increase at the 2014 renewal. Reference was made to the negative consequences of the “churn” effect, resulting in historically low rates for owned entries however, the Club did comment on a healthy fixed premium book.

Their most significant issue is a 12% increase in incurred claims resulting from an unexpected increase in the frequency and severity of claims in excess of \$1m. There were 14 claims in excess of \$1m, including 2 IG Pool claims, which was a considerably higher in number than any year in the past decade. The most expensive category of claims were FFO, which included IG Pool claims. The other major category was collision and in particular ships entered for 4/4th RDC, where the number jumped from one large claim last year, to 4 in the 2014 policy year.

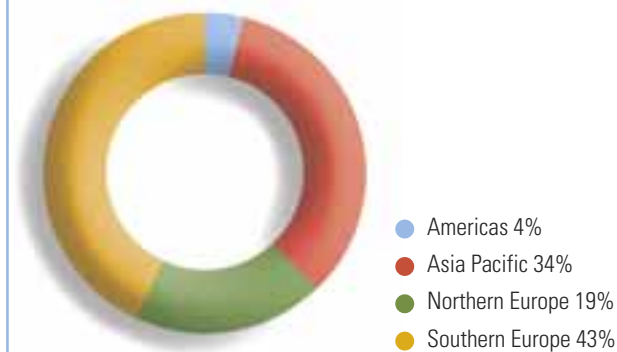
In the 2013 policy year there were only six claims in excess of \$1m. It was also noted that the aggregate incurred cost of attritional claims increased in the 2014 policy year, bringing to an end the consistent downward trend reported over a number of recent years.

The Club purchased some retention reinsurance to protect against the impact of an increase in the frequency of medium and high severity claims. There is also cover in place of \$500m for chartering members.

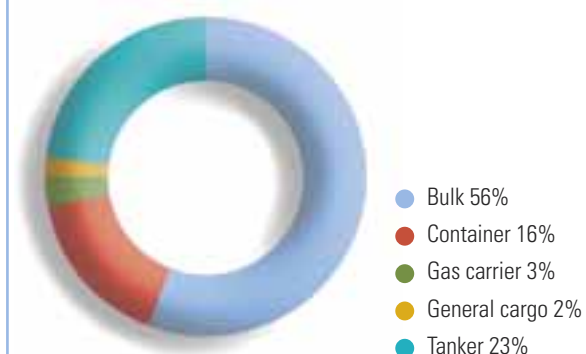
Investments

The investment managers have returned the best performance of the year thus far with a return of 5.5%, to which is added an additional unrealised gain of \$8.5m on the revaluation of the Club's London office property. The managers have consistently produced good results over the last few years, with a reported philosophy that a well diversified portfolio, containing some risk exposure, will generate superior returns to that of a portfolio of low risk fixed income assets, except in extreme circumstances.

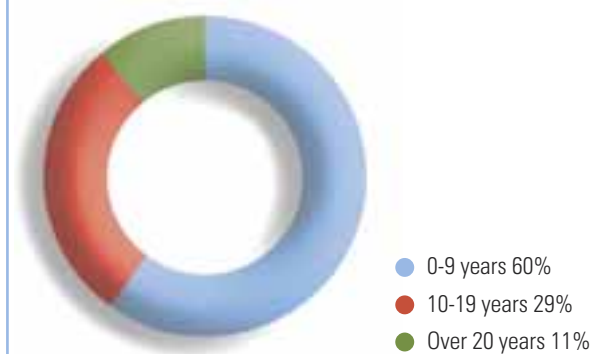
Regional spread of members



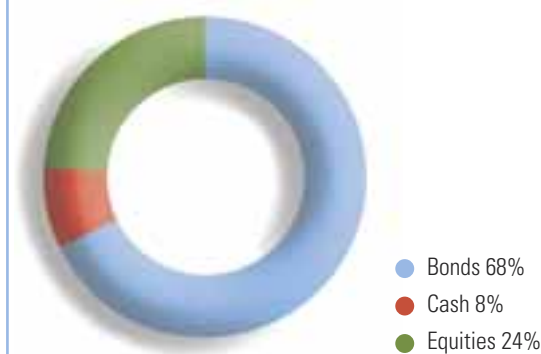
Entry by ship type



Entry by vessel age



Asset allocation



Outlook

London has the lowest net premium in our survey and some of the lowest premium rates per gross ton, which represents exceptional "value for money" for their members. Unfortunately this has left the Club with a serious problem as it was unable to cover its underwriting deficit with income from its investments. The resulting deficit is minor, but the underlying problem is that the Club has been unable to control the level of its underwriting deficits. Last year the average combined ratio of the Clubs in our survey was 104%, which meant that even with a meagre investment income, the underwriting deficits could be expected to be less than the investment income. This year the Club's combined ratio rose to an unsustainable 137%.

The Club has historically run underwriting deficits, but usually delivered sufficient investment income to maintain an element of growth. Unfortunately as investment yields have fallen, this policy has become unviable and in recent years underwriting deficits have deteriorated.

London must prioritise the correction of the underwriting imbalance by increasing premiums and reviewing its underwriting policy. The Club has adequate free reserves and an S&P “BBB” rating, but the adverse combined ratio situation needs to be reversed to avoid the risk of any future losses or rating agency revisions.

Revenue Statement

US\$000's	2015	2014	2013
Net premiums	86,845	86,141	79,776
Net claims incurred	104,277	92,956	82,691
Management costs	14,919	14,020	13,521
	119,196	106,976	96,212
Underwriting surplus/(deficit)	(32,351)	(20,835)	(16,436)
Investment income less tax	29,121	27,450	25,796
Surplus/Deficit	(3,230)	6,615	9,360

Balance Sheet

Investments	338,279	330,325	311,601
Cash	42,745	46,511	64,712
Debtors	11,189	13,257	15,170
Other assets	18,872	10,420	9,655
Total Assets	411,085	400,513	401,138
Outstanding Claims	240,704	230,851	236,787
Creditors	12,967	9,018	10,322
Total liabilities	253,671	239,869	247,109
Free Reserves	157,414	160,644	154,029



“ Multi-faceted issues have slowed the pace of expansion for this Club... a period of consolidation in this still soft insurance environment should enable the North to once again get traction. ”

NORTH OF ENGLAND

North of England P&I Association Limited and North of England Mutual Insurance Association (Bermuda) Limited combined financial statements.

Basis of accounting: On IFRS principals but the combined financial statements do not comply with IFRS or UK company law. There was no cash flow statement or list of directors.

2015 Results

The North of England has had another year of mixed fortunes with the acquisition of Sunderland Marine Insurance Company (SMI), which led to a gain on acquisition of \$48m and a good investment return of 4.3%, offset by further pension fund deficits and unexpected increases in the cost of claims.

There was a \$34m deficit on the P&I underwriting but a \$28m charge for the pension funds, offset by the gain on the acquisition of SMI of \$48m and investment income of \$40m. The overall surplus was \$26m, raising the free reserves by 8% to \$338m.

Key Performance Indicators

		2015	2014	2013
S&P Rating		A	A	A
Combined Ratio	%	110	93	104
Investment Return	%	4.3	1.9	1.6
General Increase at Renewal	%	4.75	7.5	15.0
Solvency	%	148	150	152
Net Premiums Adjustments	%	13.2	3.8	1.3
Free Reserves Adjustments	%	8.3	0.0	-0.6
Incurred Claims	%	32.0	-8.6	3.0
AER (Average Expense Ratio)	%	12.4	12.5	13.1
Increase in GT	%	-0.8	0.8	1.6
Average net PR per GT	\$	2.72	2.39	2.32
Free reserves per GT	\$	2.66	2.44	2.46
Surplus / (Deficit) (mil)	\$	53.6	33.5	-1.8
Gross Tonnage (owned)	mil	127	128	127

Underwriting

The results for 2015 were not directly comparable to the previous year(s) due to the inclusion of SMI. There was a marked increase in the cost of claims, principally arising from a higher number of large claims in the 2014 policy year and a deterioration in the anticipated cost of claims on older policy years. There were more than 50 claims in excess of \$1m on the 2014 policy year, which accounted for 50% of retained claims by value. This compared with some 30 claims in excess of \$1m, representing 40% of retained claims a year earlier. This pushed the cost of large claims up from \$85m to \$140m. Collision, FFO and Cargo claims formed the greatest portion of the large claims and there was a preponderance of claims involving container ships, but fortunately the attritional claims below \$1m remained relatively stable.

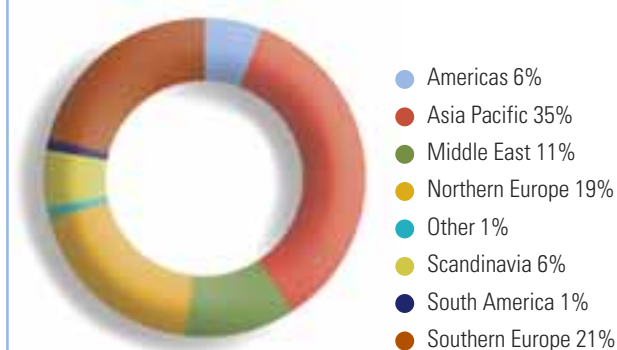
SMI covers a range of marine risks for small vessels, including Hull and P&I. The year was dominated by Hull claims in South Africa, Canada and Holland, but conditions had been favourable in the UK and Australia. The cost of total loss claims reported was significantly lower than previously, but the cost of partial loss claims was significantly higher - due to a large claim in Holland. The aquaculture business endured a run of high value claims, predominantly from poor water quality, disease and cold weather conditions.

Investments

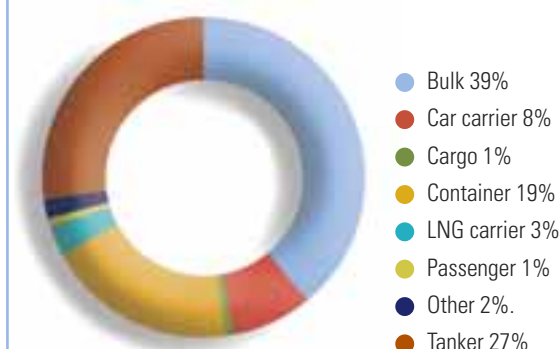
The investment income of \$88m, included the \$48m gain on the acquisition of SMI. The gain arose as the net assets of SMI acquired were greater than the cost, which is assumed to be nil. In such cases the financial reporting standards state the difference is a profit. In the reverse situation the difference is capitalised as goodwill.

The majority of the other income emanated from a \$16m gain on the bonds and a \$10m gain on the equities, with an additional windfall of \$7m on the revaluation of the offices. The Club had a very conservative asset allocation with only 10% of its fund in equities and the remainder in bonds and cash.

GT by geographic area



GT by ship type



Asset allocation



Outlook

The Club has negotiated a difficult year with the acquisition of SMI, the deteriorating underwriting conditions and further pension fund contributions, but has still managed to increase the free reserves by \$26m. SMI will give an entry into the small vessels and hull market and enable the Club to use its resources to expand the business and use the company as a platform to move into new areas.

The immediate issue is the strong underlying adverse trend of high value claims which has continued to beset the Club and lead to growing underwriting losses. This hopefully has been rectified at the last renewal with a much needed general increase and the rejection of some members with poor claims records. The first few months of the new year has given rise to some optimism, as there has been considerably fewer larger and attritional claims.

After a period of rapid expansion the Club has been consolidating and seeking to rectify some of the issues arising within the underwriting. SMI should provide new opportunities and hopefully, following the recent renewal, will have addressed the underwriting issues. Future anticipatable interest rate rises should assist in reversing the pension fund deficits.

The Club has an S&P "A" rating, but needs to improve its comparatively low solvency ratio.

Revenue Statement

US\$000's	2015	2014	2013
Net premiums	345,910	305,649	294,559
Net claims incurred	305,808	231,627	253,512
Management costs	74,497	53,175	51,921
	380,305	284,802	305,433
Underwriting surplus/(deficit)	(34,395)	20,847	(10,874)
Investment income less tax	87,965	12,642	9,097
Surplus/Deficit	53,570	33,489	(1,777)
Pension gain/(loss)	(27,735)	6,238	

Balance Sheet

Investments	737,837	778,625	796,656
Cash	269,343	119,283	118,230
Debtors	171,323	98,731	27,712
Other assets	49,287	22,697	30,446
Total Assets	1,227,790	1,019,336	973,044
Outstanding Claims	703,265	623,477	605,487
Creditors	186,416	83,585	55,321
Total liabilities	889,681	707,062	660,808
Free Reserves	338,109	312,274	312,236



“ With free reserves doubling, excellent underwriting results and falling claims costs, this Club has not felt the need to seek “greener pastures” by pursuing other income streams. ”

SHIOWNERS'

Shipowners' Mutual Protection and Indemnity Association (Luxembourg)

Basis of Accounting: Prepared in accordance with Luxembourg Insurance Accounts Law 1994 and with generally accepted accounting policies in the Grand Duchy of Luxembourg, apart from the valuation of other financial investments.

2015 Results

Shipowners' has celebrated its 160th anniversary by reporting its sixth consecutive surplus, taking the free reserves to over \$300m - a rise of over 200% in the last six years. This financial year has not been an unreserved success however, as the strong underwriting performance has been marred by investment losses, which reduced the overall surplus to just \$1m.

Key Performance Indicators

		2015	2014	2013
S&P Rating		A-	A-	A-
Combined Ratio	%	96	100	97
Investment Return	%	-0.9	4.4	7.8
General Increase	%	0	5	3
Solvency	%	197	193	195
Net Premiums Adjustments	%	-0.9	6.5	5.5
Free Reserves Adjustments	%	0.5	8.4	17.4
Incurred Claims	%	-8.2	7.9	24.3
AER (Average Expense Ratio)	%	20.0	18.0	20.0
Increase in GT	%	0.0	9.1	10.0
Average net PR per GT	\$	8.80	8.88	9.10
Free reserves per GT	\$	12.51	12.45	12.53
Surplus / (Deficit) (mil)	\$	1.42	23.22	40.87
Gross Tonnage (owned)	mil	24	24	22

Underwriting

The underwriting returned a fifth consecutive positive result, despite small reductions in the number of entered vessels and the net premium income. This loss of income was more than offset by an 8% fall in the incurred claims (following an improvement in the 2013 policy year) and a small reduction in the number of reported claims. The reduction in premium income emanated from the Club's withdrawal from the US fisheries market, (comprising of 800 vessels) which recently suffered heavy losses and weak premiums. There were also losses in the inland craft entry after a book of business in Holland moved to another insurer. There was growth in all other areas, with offshore remaining very strong despite an industry reduction in exploration activities. Barge and harbour craft are also performing well, with modest upturns in dry cargo and tanker sectors.

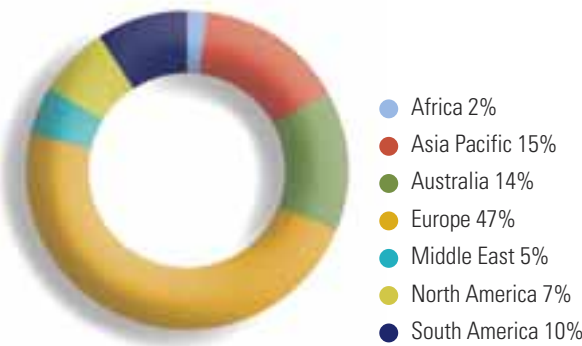
The frequency of claims has diminished, however an increase in the cost of large claims continued to have an adverse impact. There were 2 claims in excess of \$7m and 6 in excess of \$1m, but with the exception of environmental and navigation claims all other categories saw a reduction in the cost per ton. For the second year running there were reductions in crew, passenger and cargo claims.

SOP has signed a long term contract with Swiss Re for stop loss cover for all claims below \$1.5m and has annual contracts with Lloyd's and Munich Re for 'excess of loss' cover for claims within the Club's retention.

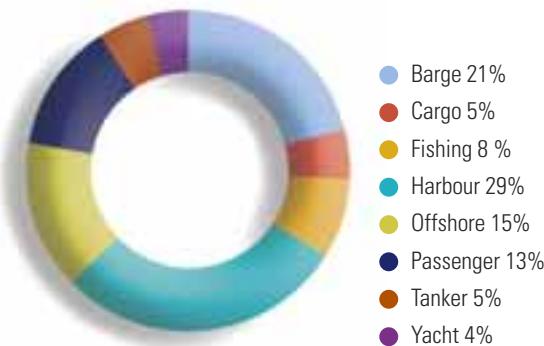
Investments

The investment managers reported a loss of \$7m, before investment management costs - a return of minus 0.9%. This follows five years of positive returns which had made a major contribution to the growth of the free reserves. The positive returns for the year came from the absolute equity return funds and the fixed income segment, which outperformed their benchmark. The losses arose from their emerging market equities and foreign currency bonds which were both adversely impacted on by the strong US dollar. The Club's investment policy will need to be reviewed!

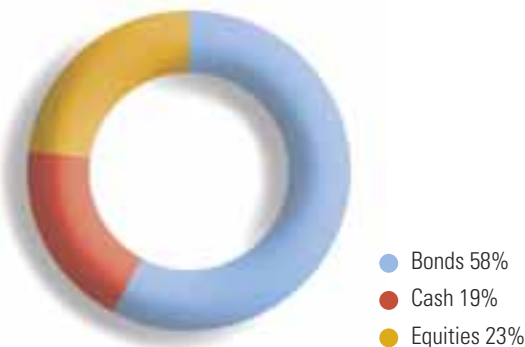
Geographic area of members, by numbers



Number of vessels by ship type



Asset allocation at the year-end



Outlook

SOP reported its best underwriting results for three years and the fifth consecutive underwriting surplus. The Club has wisely terminated its involvement in its under-performing US fishing vessels portfolio and continued to concentrate on its more successful classes of offshore, harbour, dry cargo and tankers. Over the years growth in tonnage has been steady, reflecting a selective underwriting policy, which has been rewarded by a constant stream of positive underwriting results. The Club has continued to concentrate on the 'now' very competitive small vessels market and has not been tempted to venture into new markets, although the Club now has the authority to underwrite ships up to 20,000 gt.

The investment performance was clearly disappointing and the investment managers will need to "raise their game". The Club remains financially strong with free reserves in excess of \$300m - a considerable achievement for a Club of only 24m gross tons! The Club has approximately double the free reserves per ton of any other Club and an S&P A- rating.

SOP has been conservatively managed over the years and has continued to prosper within the small vessel market. The growth in tonnage has been modest and the Club has refrained from aggressive expansion and/or involvement in new classes of business.

This policy has proved very successful with excellent growth in free reserves and Wilson Europe believe the Club will continue to prosper within its chosen market.

Revenue Statement

US\$000's	2015	2014	2013
Net premiums	211,099	213,051	200,130
Net claims incurred	145,493	158,462	146,871
Management costs	56,606	54,470	46,388
	202,099	212,932	193,259
Underwriting surplus/(deficit)	9,000	119	6,871
Investment income less tax	(7,582)	23,103	34,002
Surplus/Deficit	1,418	23,222	40,873

Balance Sheet

Investments	506,894	553,566	533,930
Cash	121,633	86,820	51,264
Debtors	48,895	39,112	37,367
Other assets	6,510	5,456	2,406
Total Assets	683,932	684,954	624,967
Outstanding Claims	309,856	319,929	289,937
Creditors	73,803	66,170	59,397
Total liabilities	383,659	386,099	349,334
Free Reserves	300,273	298,855	275,633





“It appears that the very soft commercial market is having an adverse effect on this club's mutual members' funds.”

SKULD

Skuld Mutual Protection & Indemnity Association
(Bermuda) Ltd and subsidiaries.

Basis of Accounting: Prepared according to regulations for Norwegian Insurance Companies.

No future claims handling costs and “changes to the value of the Association’s hedge portfolio are accompanied by a corresponding revaluation of the claims liabilities present value”. No audit report.

2015 Results

Skuld has had a mediocre year with a small underwriting deficit after investment expenses, but an investment return of 1.9% resulted in a surplus of \$13.5m, raising the free reserves by 3.9% to \$347m.

Key Performance Indicators		2015	2014	2013
S&P Rating		A	A	A
Combined Ratio	%	100	99	100
Investment Return	%	1.9	5.4	3.0
General Increase	%	*N/A	*N/A	*N/A
Solvency	%	170	171	175
Net Premiums Adjustments	%	7.7	16.3	6.2
Free Reserves Adjustments	%	3.9	8.5	5.8
Incurred Claims	%	5.5	15.7	9.5
AER (Average Expense Ratio)	%	12.9	12.3	12.3
Increase in GT	%	-1.3	4.2	2.9
Average net PR per GT	\$	4.63	4.30	3.86
Free reserves per GT	\$	4.70	4.46	4.28
Surplus / (Deficit) (mil)	\$	13.5	29.1	17.5
Gross Tonnage (owned)	mil	74	75	72

* G.I. Not Publicised – Adjustments made depending on member’s individual trade type / risk exposure.

Underwriting

Following the Club's diversification programme the net income rose by 7.7%, although there has been no overall improvement in the underwriting results. This is due to an increase in the cost of claims and management expenses. The Club boasts a wide range of underwriting products, including P&I, Charterers' Cover, Offshore Risks, Yachts, Ports and Terminals, Cargo, FD&D, H&M, War Risks, Loss of Hire and Trade Disruption Insurance - mostly underwritten through their Lloyd's syndicate. Unfortunately, after more than four years of operation, the Lloyd's syndicate has still not yet broken even (a point worthy of note for those other IGA clubs seeking new commercial income streams !). This may possibly be as a result of insufficient income to cover the heavy operating costs.

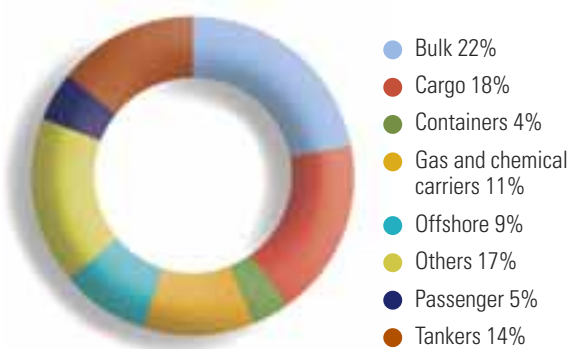
The 2014 policy year for the syndicate reports a 50% increase in the net premium income, which is a positive factor, but with over 30% of the income being consumed by operating costs and with no meaningful investment income , a surplus still proved elusive.

The backbone of the operations continues to be the mutual P&I class, which still provides over 70% of the income. Judging from the analysis of their businesses in their policy year reports, all the profits and finance emanate from the Club. Last year the fixed premium business showed a surplus of \$17m, which has turned into a \$9m deficit for the current year. This is as a result of lower premiums, higher claims and no investment income. The mutual class by contrast was the only sector in surplus, sustaining the other operations and funding the new ventures.

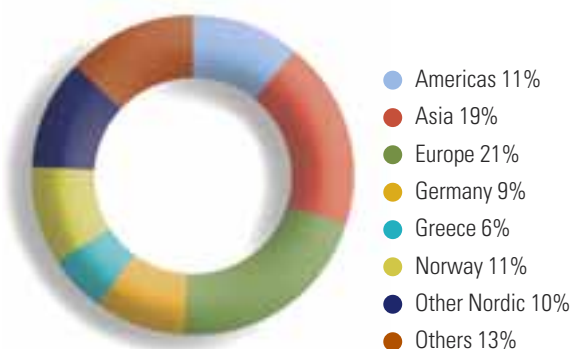
Investments

The investments have suffered the fate of others in the industry - a strong dollar and historically low yields have restricted returns. The investment income was \$14m or a yield of 1.9%, which was mostly from higher asset prices on the equities and the bonds.

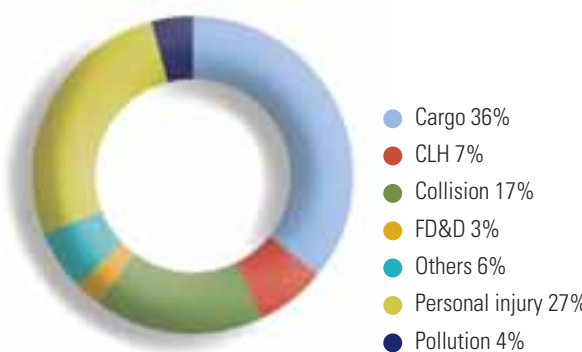
Premiums by vessel type



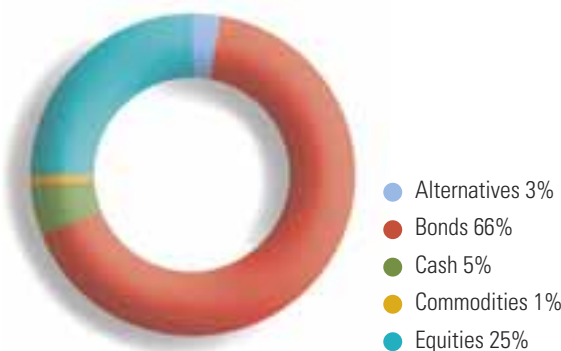
Premium by region



Claims by rule



Asset allocation



Outlook

The Club has reported an unprecedented run of success, with eleven surpluses in twelve years. There has also been considerable emphasis placed on the diversification programme with their Lloyd's syndicate now underwriting a wide range of marine products. All the profits and finance emanated from the mutual P&I sector, which has been the driving force behind their growth. The challenge for the future will be to get the new classes of business underwritten, to be of a sufficient size to enable them to produce profits and contribute positively to the overall performance of the group, rather than being a burden. The Lloyd's syndicate has grown rapidly, but is proving very expensive to administer, which is hampering their annual results.

The fixed premium business, which until recently has been very lucrative, has gone into reverse and needs prompt rectification, before these peripheral activities jeopardize the remainder of the group.

The Club is currently successful, with a strong solvency ratio and an S&P A rating, reflecting the strong performance of the core business over the last decade. The P&I business remains strong and provided the financial results of the Lloyds syndicate 1897 can be successfully addressed, the group should be able to continue its expansion programme. In the meantime the new business classes need to perform better or be disposed of!

Revenue Statement

US\$000's	2015	2014	2013
Net premiums	347,624	322,833	277,692
Net claims incurred	259,057	245,554	212,167
Management costs	89,435	75,148	66,169
	348,492	320,702	278,336
Underwriting surplus/(deficit)	(868)	2,131	(644)
Investment income less tax	14,372	26,925	18,163
Surplus/Deficit	13,504	29,056	17,519

Balance Sheet

Investments	682,830	717,462	641,845
Cash	160,299	95,569	80,669
Debtors	46,984	29,921	23,304
Other assets	13,590	13,032	12,121
Total Assets	903,703	855,984	757,939
Outstanding Claims	497,578	470,159	412,123
Creditors	58,441	51,278	37,390
Total liabilities	556,019	521,437	449,513
Free Reserves	347,684	334,547	308,426





“ Will the Standard Club’s strong finances and management be rewarded by their ambitious diversification strategy? ”



STANDARD

The Standard Steamship Owners’ Protection & Indemnity Association (Bermuda) Limited
Managers:- Charles Taylor & Co (Bermuda)

Basis of accounting: Bermuda Companies Act 1981 and UK accounting standards.

2015 Results

Standard Club has reported another year of steady growth, delivering a surplus of \$12m and an increase in the free reserves to \$380m. The underwriting saw an improvement and the investment income return was 1.8%.

Key Performance Indicators		2015	2014	2013
S&P Rating		A	A	A
Combined Ratio	%	102	103	118
Investment Return	%	1.8	0.6	6.6
General Increase at Renewal	%	5.0	12.5	7.5
Solvency	%	166	163	166
Net Premiums Adjustments	%	3.5	9.5	4.8
Free Reserves Adjustments	%	3.2	1.6	2.8
Incurred Claims	%	1.3	-5.6	1.6
AER (Average Expense Ratio)	%	11.4	10.9	13.2
Increase in GT	%	4.1	0.0	3.2
Average net PR per GT	\$	2.59	2.61	2.38
Free reserves per GT	\$	3.77	3.80	3.74
Surplus / (Deficit) (mil)	\$	11.8	5.9	10.0
Gross Tonnage (owned)	mil	101	97	97

Underwriting

The Club and its managers have had a busy year setting up new businesses and developing new products. The diversification programme continued apace, with the formation of their Lloyd's syndicate (No. 1884) and a Managing Agency. The Club has provided 40% of the initial share capital of the syndicate, with the remainder being subscribed by industry investors and Lloyd's names. The Club has provided 49.9% of the initial share capital of the managing agency – a total outlay of \$1.1m, plus their share of the initial start-up costs of \$2.4m. Syndicate 1884 will concentrate on marine risks and in particular Hull & Machinery, Marine and Energy, Physical Damage, D&O, E&O and energy related property and cargo. In addition the Singapore War Risks Mutual was also launched as a class of Standard Asia – underwriting risks for the regional members. The Club also continued to expand its offshore business and the London class which specialises in European coastal and inland trading craft.

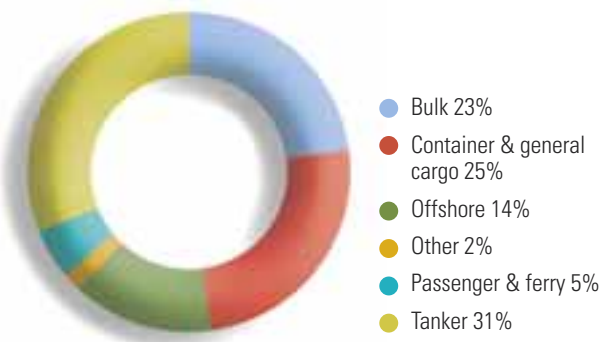
The P&I class continued to be beset by a significant number of large claims, including 3 Pool claims. Collision incidents continued to increase and in particular the number of cases involving fishing boats, which frequently involved loss of life. The total expected outgoings for the 2014 policy year were however substantially lower than for the previous year. There was also an improvement in costs on the closed years of around \$10m.

The Club has purchased excess of loss reinsurance to cover claims within their retention, with the intention to reduce the impact of large claims on their overall results.

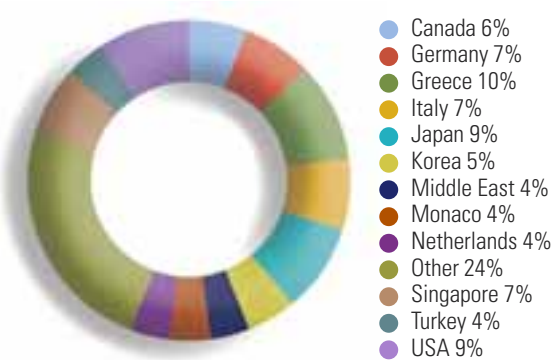
Investments

The Club has maintained a very conservative asset allocation, reducing their equity and bond holdings during the year and increasing cash and alternative holdings. This seems to have had a positive result compared to last year. The return on investments rose to 1.8% / \$16m, which easily covered the small underwriting deficit and increased the free reserves.

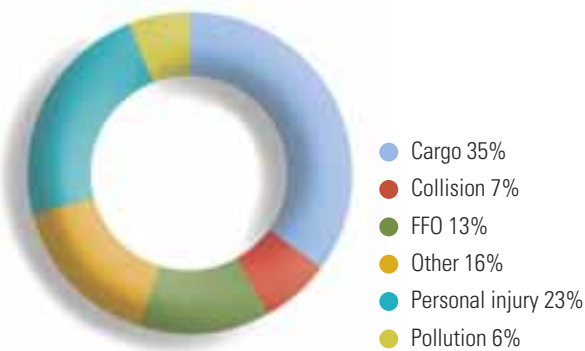
Owned tonnage by ship type



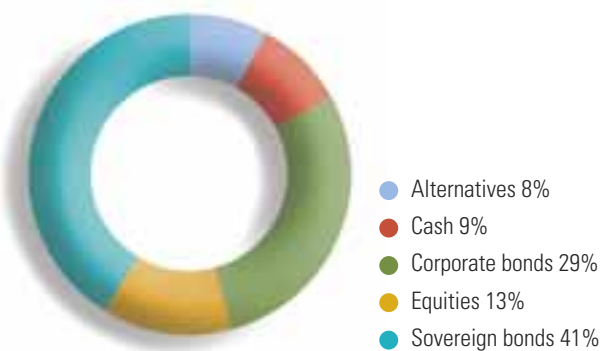
Owned tonnage by country of management



P&I claims by type (2010-2015 capped at \$9m)



Asset allocation



Outlook

The Club will likely have a busy year monitoring its new ventures - the most important of which being the Lloyd's syndicate, which commenced underwriting on 1st April 2015. Additionally there is their new Singapore War Risk Mutual and their continuing expansion of the small vessels class.

The P&I class continued to suffer from the high cost of large claims. However, members with adverse loss records were said to have had applied to their premiums penalty rises at the last renewal. These rises along with the Club's General Increase should assist the P&I Club to arrive at an underwriting break even in the current year. It is also interesting to note that there has been a sizeable reduction in the Club's Cruise and Ferry portfolio.

The Board of Directors of the Club have reviewed the free reserves held and concluded that the current level is within their "target strategic range" - with regard to the level of business risk, the requirement to avoid unplanned supplementary calls, the need to be seen as a top Club financially and the need to maintain an S&P "A" rating.

Standard Club is financially strong and is conservatively managed, maintaining a steady rate of growth in tonnage and free reserves and despite having a number of difficult years, the underwriting has now improved.

The Club and its management will now look to the Lloyd's syndicate and their other new ventures to generate new income streams. It remains to be seen whether the Lloyds Syndicate will deliver positive results for the Club and its Membership.

Revenue Statement

US\$000's	2015	2014	2013
Net premiums	262,000	253,200	231,200
Net claims incurred	233,800	230,900	244,700
Management costs	32,600	29,500	28,900
	266,400	260,400	273,600
Underwriting surplus/(deficit)	(4,400)	(7,200)	(42,400)
Investment income less tax	16,200	13,100	52,400
Surplus/Deficit	11,800	5,900	10,000

Balance Sheet

Investments	773,000	735,700	741,500
Cash	84,600	119,900	83,900
Debtors	130,200	96,100	118,400
Other assets	35,700	38,000	34,100
Total Assets	1,023,500	989,700	977,900
Outstanding Claims	576,200	580,800	553,400
Creditors	67,000	40,400	61,900
Total liabilities	643,200	621,200	615,300
Free Reserves	380,300	368,500	362,600





“ Annus Mirabilis’.....
Steamship have had a
wonderful year. ”

STEAMSHIP MUTUAL

The Steamship Mutual Underwriting Association Limited, The Steamship Mutual Underwriting Association (Bermuda) Limited and its subsidiary undertakings and The Steamship Mutual Trust.



Basis of accounting: “combined financial statements” unaudited. Audit report agrees the combination of the individual audited accounts. UK accounting standards.

2015 Results

Steamship has had an “Annus Mirabilis”..... a wonderful year - with a record surplus of \$75m. This has added 25% to the free reserves, which rose to \$376m - propelling the Club further up the International Group “league table”.

Key Performance Indicators		2015	2014	2013
S&P Rating		A-	A-	A-
Combined Ratio	%	79	98	114
Investment Return	%	1.3	0.9	3.0
General Increase at Renewal	%	0.0	10.0	7.5
Solvency	%	158	144	144
Net Premiums Adjustments	%	4.1	5.0	-2.6
Free Reserves Adjustments	%	24.9	5.2	-3.3
Incurred Claims	%	-19.3	-12.7	-2.9
AER (Average Expense Ratio)	%	11.8	11.3	12.4
Increase in GT	%	7.2	9.5	0.0
Average net PR per GT	\$	4.00	4.12	4.30
Free reserves per GT	\$	5.08	4.37	4.54
Surplus / (Deficit) (mil)	\$	74.9	14.9	(9.6)
Gross Tonnage (owned)	mil	74	69	63

Underwriting

The Steamship Mutual results perhaps vindicate the policy of sticking to core business, rather than diversifying into new areas and markets without the necessary knowledge and expertise. Steamship have weathered a number of difficult years in the past, but as a result of their conservative management and confidence in their core business, this approach has finally paid off.

The Club achieved an increase of 5m mutual owned gross tons during the 2014/15 year, which pushed the net premium income up by 4% - but the big improvement came from the reduction in claims. As a result of a number of high claims years, the Club adopted a relatively conservative claims estimating policy, which has now proved invaluable and despite successive annual deficits, the Club has been able to reduce some of these provisions, as the policy years mature more favourably. This improvement has led to a surplus on earlier years of around \$30m.

There have also been major improvements in the 2014 policy year:

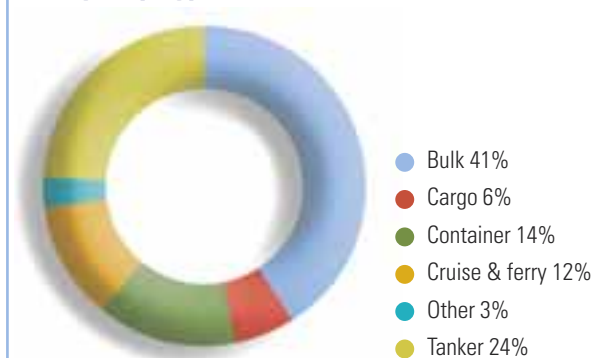
- Claims were 13% lower than the 2013 policy year.
- Claims below \$9m were 18% lower.
- Attritional claims below \$250K were 15% lower – the lowest for 6 years.
- There were 63 claims greater than \$250K - costing an estimated \$79m in the 2014 policy year, compared to 62 claims costing \$88m a year earlier.

Large Cargo and FFO claims both increased in frequency and severity, whilst all the other categories of large claims improved:

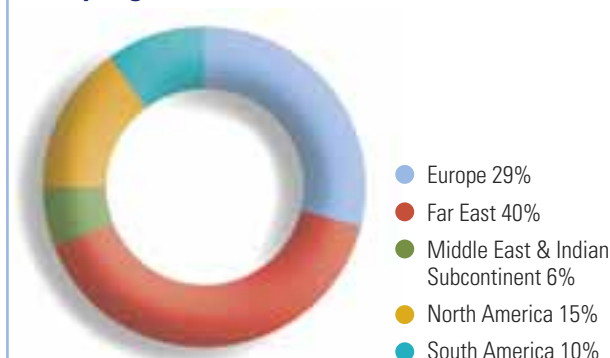
- There were 14 large FFO claims costing \$44m, compared to 7 claims costing just \$7m a year earlier.
- There were 12 large cargo claims in 2014 - costing \$12m, which was up from 7 claims costing \$4m a year earlier.

The Club now purchases sub Pool (within its retention) reinsurance for large claims and cover for IG Pool exposure.

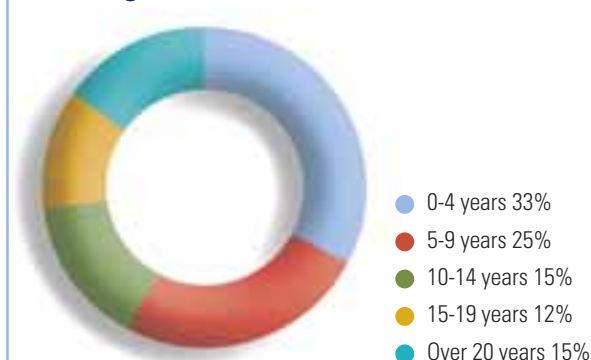
GT by ship type



GT by region



Vessel age



Investments

The overall investment performance was a rather modest 1.3%. The Club in recent times has taken a very conservative view of the portfolio selection, doubtless with a view to keeping the equity exposure low to improve their risk based capital ratios, for the benefit of the regulators and the credit rating agencies. This to some extent has handicapped their investment results, but following the recent positive results the portfolio has been restructured to more closely match claims exposure which will hopefully increase returns.

Outlook

The Club has been able to take advantage of its financial success, demonstrated by setting a nil general increase for the 2015 renewal and reducing its release call requirements. These decisions attributed to an increase of 5m gt.

The Club also now offers its membership cover for hull war risks and kidnap and ransom insurance protection.

The underwriting performance has been unprecedented - with a surplus of \$61m and a combined ratio of 79%. This all emanates from an improvement in claims on earlier years and a lower incidence of claims on the 2014 policy year. To avoid any future impact of large claims the Club has purchased the various reinsurance protections mentioned above. This should assist in reducing volatility - which has been experienced by the Pool in the recent past when a small number of very expensive claims had a significant impact on the IG Pool Members.

The Club is now in a position to take advantage of its success with a slightly more adventurous investment policy by taking on a little more risk to further improve its performance.

The Club has had a truly excellent year and will likely continue to capitalise on its success with an increasing membership, whilst still maintaining careful control of its risk exposures.

Revenue Statement

US\$000's	2015	2014	2013
Net premiums	296,339	284,562	270,942
Net claims incurred	187,614	232,450	266,261
Management costs	47,499	45,554	41,374
	235,113	278,004	307,635
Underwriting surplus/(deficit)	61,226	6,558	(36,693)
Investment income less tax	13,762	8,434	27,062
Surplus/Deficit	74,988	14,992	(9,631)

Balance Sheet

Investments	768,499	374,897	801,695
Cash	257,625	587,947	131,999
Debtors	30,509	38,536	62,780
Other assets	15,741	10,997	10,997
Total Assets	1,072,374	1,012,377	1,007,471
Outstanding Claims	651,173	684,502	655,211
Creditors	45,014	26,676	66,053
Total liabilities	696,187	711,178	721,264
Free Reserves	376,187	301,199	286,207



“ A 24% swing in the Club's combined ratio in the last 2 years is indicative that this Mutual is currently reaping the rewards of an expanding membership - however can these apparent impressive results be sustained? ”

SWEDISH CLUB

Sveriges Angfartygs Assurans Forening (Swedish Club)

Basis of Accounting: Prepared in accordance with the Law of Annual Reports in Insurance Companies (ARFL) and the Swedish Financial Supervisory Authority rules and regulations regarding annual reports for insurance companies and the Swedish Financial Reporting Board's recommendations and RFR 2.(IFRS)

The Club underwrites P&I, Hull and Machinery and Energy classes and has a 31st December year end.

2015 Results

The Swedish Club has achieved a significant improvement in the underwriting results for year ending 31st December, 2014. The underwriting surplus has risen from \$5m last year to \$17m this year, thanks to a favourable reversal of fortunes in the P&I class, which achieved a healthy growth in membership without a comparable increase in claims. The Hull and Machinery class also experienced beneficial conditions and repeated last year's performance, which led to a rise in the annual surplus to \$19m in spite of a poor investment return. The free reserves rose by nearly 12% to \$184m, giving the Club an excellent solvency margin and an S&P credit rating of BBB+.

Key Performance Indicators		2015	2014	2013
S&P Rating		BBB+	BBB+	BBB+
Combined Ratio	%	87	96	111
Investment Return	%	1.6	3.6	8
General Increase	%	2.5	7.5	7.5
Solvency	%	202	220	181
Net Premiums Adjustments	%	10.9	-3.0	-2.9
Free Reserves Adjustments	%	11.8	11.0	4.5
Incurred Claims	%	3	-22.6	-3.8
AER (Average Expense Ratio)	%	13.0	12.1	13.3
Increase in GT	%	13.5	5.7	2.9
Average net PR per GT	\$	3.32	3.40	3.71
Free reserves per GT	\$	4.38	4.45	4.24
Surplus / (Deficit) (mil)	\$	19.3	16.4	6.4
Gross Owned Tonnage	mil	42	37	35

Underwriting

The highlight of the year was the improvement in the P&I class which underwrote an additional 5m owned gross tons, raising the net premium income by \$12m. Thus far there has been no comparable increase in the incurred claims - overturning the \$9m deficit incurred last year, producing a surplus of \$4m. The improvement was achieved by a reduction in large claims, although the frequency of claims rose due to crew claims.

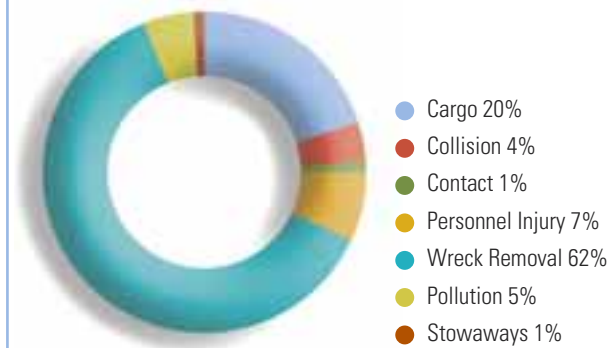
The Marine portfolio continued its success with an impressive increase of 20m gross tons, but having little impact on the income due to the soft underwriting climate. The cost of the claims fell largely due to the lower repair costs brought about by the cheaper steel prices and a surplus capacity within the ship yards, leading to cheaper repair costs.

The overall underwriting conditions have been encouraging with a reduction in large claims across both classes. There were only 16 claims greater than \$500k compared to 20 the previous year. There was only one claim over \$2m, compared to three last year, with no IG pool claims in either year. The Club has also started to underwrite building risks, kidnap and ransom, extended charterers' cover and offshore supply vessels.

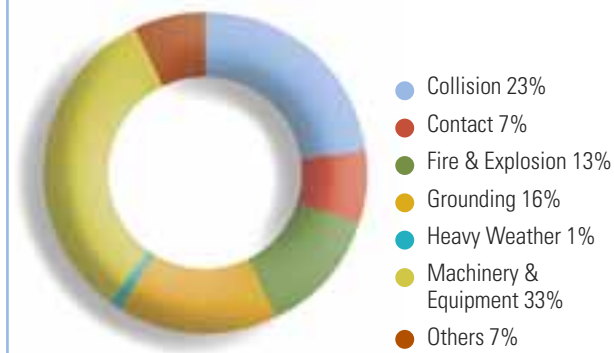
Investments

In contrast to the improvement in the underwriting results, the investment managers had rather a pedestrian year reporting an investment return of only 1.6% - resulting from a strong dollar and low interest rates. Almost 70% of the bonds held were denominated in dollars, while the EU and emerging market bonds fell in value when converted into dollar values. The equities experienced a mixed year with the dollar funds registering positive outcomes and the remainder posting losses.

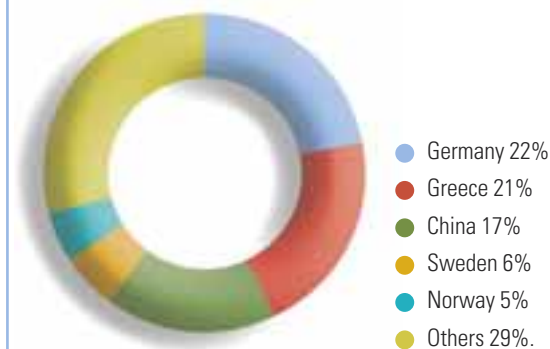
P&I Claims by Rule



H&M Claims by Rule



Premium by Country



Asset Allocation



Outlook

The Club has turned a \$15m underwriting deficit in 2013 into an \$18m surplus this year. This is the result of an expansion in the membership and a significant improvement in the cost of claims. The combined ratio has fallen from 111% to a very credible 87%. However, the frequency of P&I claims continued to rise, but the severity of claims across both classes has diminished. The Club has retention reinsurance, covering claims of \$8m in excess of \$2m, which will reduce the impact of costly claims. The Club has a relatively small P&I exposure with only 42m gt of owned vessels, but has a long established Hull and Machinery class which is relatively small and successful. The Club's product range has recently expanded, but the Club has refrained from the currently fashionable diversification trail favoured by some and stuck to its core activities.

The Club has worked to develop and implement a Solvency II infrastructure with the establishment of both a Reserving Committee and a Risk Committee, which have decided to adopt the standard capital model rather than develop their own internal model. This should not cause any problems as the Club has one of the best solvency margins in the group and an S&P rating of BBB+ (which may be a little conservative as AM Best have awarded an A- credit rating).

The Club has had a successful year and has a secure capital base on which to grow its business and extend its membership.

Revenue Statement

US\$000's	2015	2014	2013
Net premiums	139,448	125,769	129,706
Net claims incurred	93,151	90,409	116,812
Management costs	28,718	29,936	27,580
	121,869	120,345	144,392
Underwriting surplus/(deficit)	17,579	5,424	(14,686)
Investment income less tax	1,798	11,021	21,103
Surplus/Deficit	19,377	16,445	6,417

Balance Sheet

Investments	343,370	284,975	324,962
Cash	31,808	28,780	12,506
Debtors	63,987	46,113	51,787
Other assets	1,811	2,197	2,358
Total Assets	440,976	362,065	391,613
Outstanding Claims	180,836	137,096	182,828
Creditors	76,006	60,288	60,470
Total liabilities	256,842	197,384	243,298
Free Reserves	184,134	164,681	148,315



“ A stellar investment performance and a low claims environment enables the Club to deliver a surplus. ”

UK CLUB

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

Managers: Thomas Miller (Bermuda) Limited

Basis of accounting: consolidated financial statements in accordance with International Financial Reporting Standards (IFRS).

2015 Results

The UK Club has reported the 9th surplus in the last 10 years, with an increase in free reserves of \$19m, taking the total reserves to \$548m (inc. \$100 mil of “Perpetual Subordinated Loan”). There was a small underwriting deficit which was easily covered by the healthy investment return of 5%, raising the free reserves by 3.7% for the year.

Key Performance Indicators

		2015	2014	2013
S&P Rating		A	A	A-
Combined Ratio	%	105	102	107
Investment Return	%	5.0	4.5	3.7
General Increase at Renewal	%	6.5	10.0	7.5
Solvency	%	177	169	165
Net Premiums Adjustments	%	5.4	8.2	-3.5
Free Reserves Adjustments	%	3.7	7.0	1.7
Incurred Claims	%	7.8	4.0	6.3
AER (Average Expense Ratio)	%	9.66	9.35	9.50
Increase in GT	%	2.4	3.3	7.1
Average net PR per GT	\$	2.51	2.52	2.33
Free reserves per GT	\$	4.31	4.40	4.12
Surplus / (Deficit) (mil)	\$	19.1	35.9	7.6
Gross Tonnage (owned)	mil	127	124	120

Underwriting

The 2014 policy year, with the exception of 2011, reported its lowest claims for 10 years:-

- The number of reported claims continued to decline and were 8% lower than the 2013 policy year and 40% lower than 10 years ago.
- The average cost of claims has risen 20% in the last 5 years.
- The cost of personal injury claims has more than doubled in the last 10 years.
- Claims for the 2014 policy year (after 12 months) cost \$40m less than the previous year and were \$20m lower than the 10 year average.
- The number of attritional claims continued to fall, the trend for larger claims over \$500k continues to rise.
- The cost of larger claims were lower than for the 2013 policy year, but higher than for the previous 2 years and still accounted for over half of the total claims cost.

The UK Club further enhanced its International Group Pool record with no reported claims for the year, which should, in theory at least, result in its IG Pool percentage contribution being reduced for its and other Clubs' Pool claims. The Club continues to purchase Pool protection reinsurance and other policies covering large claims.

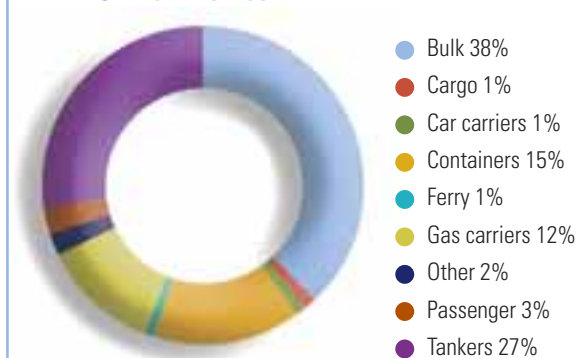
Although the 2014 policy year has shown a marked improvement over the majority of the previous years, there was still an underwriting deficit in the financial year.

Investments

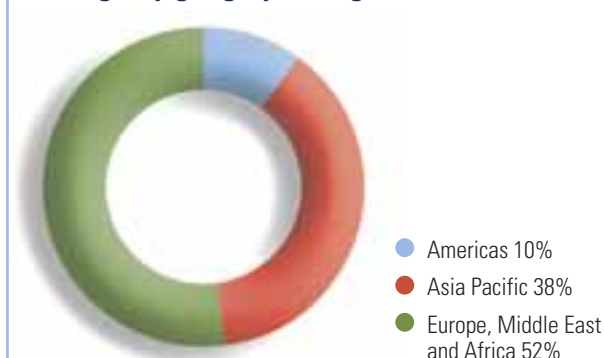
The Club has reported one of the best investment returns of the International Group. A return of 5% may not sound very exciting, but when many Clubs have been struggling to avoid losses, this is certainly one of the best results.

This success came about as a result of being overweight in equities, US dollar denominated assets and successful stock selection. The large corporate bond exposure helped the Club to avoid some of the losses suffered by their IG rivals on government debts and currency holdings.

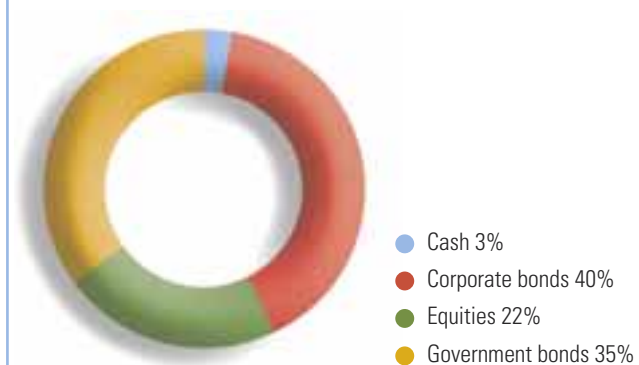
Tonnage by ship type



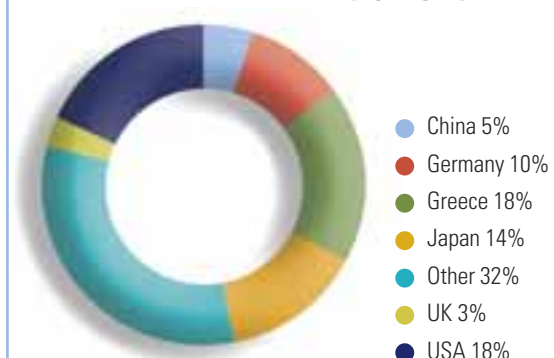
Tonnage by geographic region



Asset allocation



Revenue from members by geographic area



Outlook

The UK Club has slowly built up its free reserves, which together with the hybrid capital has reached \$548m, the 2nd largest in our survey after Gard. These reserves will enable the UK Club to comply with the forthcoming Solvency II regulations, once their internal capital model has been approved.

The Club's underwriting deficits have remained manageable and the trend of falling numbers of claims, coupled with their commercial market reinsurance covers should enable the Club to meet its target of 'balanced underwriting' in the near future.

It was reported that the Club had a successful 2015 renewal with an increase in its mutual and chartered portfolios and a small rise in premium rates, which may assist in bringing the underwriting into balance.

The Club has over \$1bn of investments (including hybrid capital), and consequently a strong solvency margin and good risk based capital ratios. The secure capital base, together with an improvement in the underwriting and investment results, will assist in the Club again expanding its membership going forward.


Revenue Statement

US\$000's	2015	2014	2013
Net premiums	319,090	302,779	279,760
Net claims incurred	289,936	268,906	258,679
Management costs	43,961	40,942	41,133
	333,897	309,848	299,812
Underwriting surplus/(deficit)	(14,807)	(7,069)	(20,052)
Investment income less tax	33,872	43,017	27,649
Surplus/Deficit	19,065	35,948	7,597

Balance Sheet

Investments	1,135,625	1,137,372	1,067,673
Cash	48,762	87,580	116,120
Debtors	106,714	95,794	88,317
Other assets	0	0	0
Total Assets	1,291,101	1,320,746	1,272,110
Outstanding Claims	715,079	762,773	755,088
Creditors	28,256	29,631	23,191
Total liabilities	743,335	792,404	778,279
Free Reserves	547,766	528,342	493,831





“ A good number of the West's key performance indicators are going ‘north’ as this club's success continues. ”



WEST OF ENGLAND

The West of England Ship Owners Mutual Insurance Association (Luxembourg) and its subsidiaries.

Basis of accounting: in conformity with the law of 8 December 1994 (as amended) on financial statements with respect to insurance and reinsurance undertakings except for the fact that investments (including land and buildings) are not stated at historic amortised cost but at valuation and with significant accounting policies generally adopted by members of the International Group of P&I Clubs.

2015 Results

The West of England's revival continued with the seventh successive improvement in the combined ratio, which resulted in an underwriting surplus and together with the investment income and the unrealised gains on property revaluation, led to a surplus of \$27m, pushing the free reserves up by 13% to a new record high of \$244m.

Key Performance Indicators		2015	2014	2013
S&P Rating		BBB+	BBB	BBB
Combined Ratio	%	98	102	104
Investment Return	%	4.3	4.1	4.1
General Increase at Renewal	%	2.5	7.5	7.5
Solvency	%	159	151	146
Net Premiums Adjustments	%	5.5	0.4	-6.9
Free Reserves Adjustments	%	12.7	9.5	10.1
Incurred Claims	%	2.1	-1.2	-14.2
AER (Average Expense Ratio)	%	14.9	14.2	15.4
Increase in GT	%	17.5	7.5	3.9
Average net PR per GT	\$	2.63	2.93	3.14
Free reserves per GT	\$	3.64	3.79	3.72
Surplus / (Deficit) (mil)	\$	27.5	12.4	17.1
Gross Tonnage (owned)	mil	67	57	53

Underwriting

After the challenges of the previous decade, culminating in the rather unjustified downgrade in 2011 by S&P, the Club has made major strides in improving its underwriting and rebuilding the free reserves. The biggest improvements have been in the underwriting with a series of annual improvements in the combined ratio, culminating in a ratio of 98% and delivering an underwriting surplus. The 2014 policy year has been generally benign and was comparable to the 3 previous policy years, which all produced satisfactory outcomes and well below those of the previous years. The number of claims files also presented a similar picture, with the last 4 years looking materially better than their predecessors.

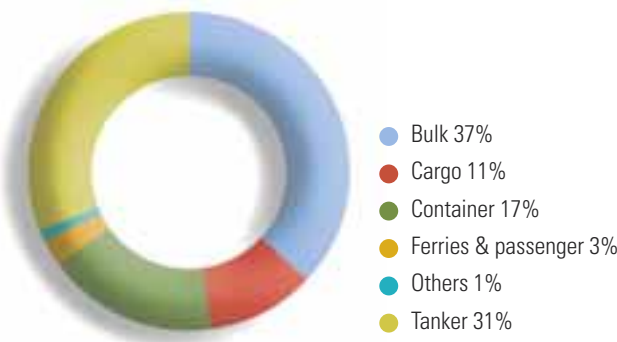
The IG Pool was also more moderate and there was the positive impact resulting from a stronger US dollar, which may have had a beneficial effect on the cost of the smaller attritional claims. The Club purchases retention risk reinsurance with Swiss Re, Partner Re and Montpelier Re. The chartered and fixed premium 'book' are reinsured with first class security(s) - the primary layer being placed with Watkins syndicate at Lloyd's together with Swiss Re.

The Club has achieved (one of) its key stated business objectives of operating at a combined ratio below 105%, while simultaneously increasing the entered tonnage and growing the free reserves, which seems to tick all the boxes.

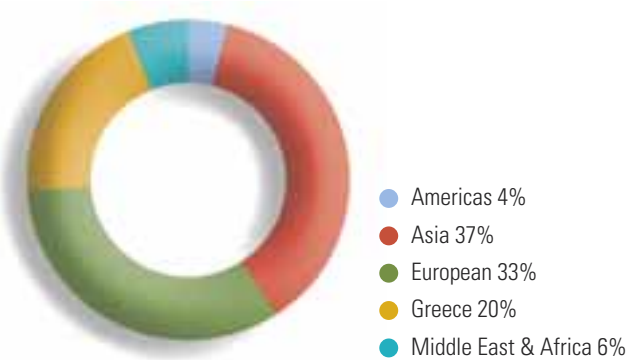
Investments

The investment return was 4.3%, which included gains on the revaluations of their London and Hong Kong offices totalling \$9.5m. The Board continued to pursue a strategy of reducing risk in the portfolio by lowering the equity exposure during the year in favour of cash holdings. The reduction in equities to 10% of the portfolio also reduced "risk charges" which such assets attract for regulatory and credit rating purposes – boosting the perceived risk free capital. The overall return on the financial investments was 2.7% or \$15m, with the remainder attributed to the property gains.

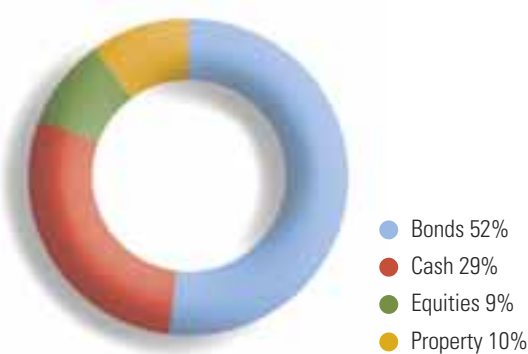
Mutual entered tonnage by vessel type



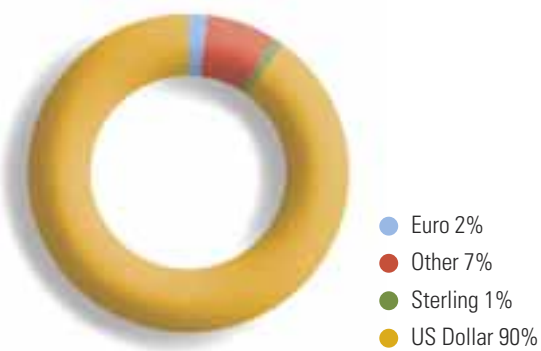
Mutual entered tonnage by area of management



Asset allocation



Investments by currency



Outlook

The West of England has made considerable progress in the last few years, having addressed past underwriting issues and returning to an underwriting surplus, while still managing to attract new business. The Club has consistently resisted pursuing a policy of diversification into activities such as Hull and Energy, which appear to the Board at least to be oversubscribed and which may jeopardise the Club's capital base.

The recent renewal proved successful with an additional 5m mutual gross tons generating an estimated gross premium of circa \$8m, which proves that a Club can attract new business, while still underwriting with a surplus.

The Club has a good solvency ratio and more importantly good risk based capital ratios. The latter is as a result of their low equity exposure. This has led to a credit rating upgrade from S&P to "BBB+". If the Club can maintain a strong increase in the growth of tonnage with a comparable increase in the income and stay within the Board's stated underwriting guidelines, the current progress should be sustainable and in the not too distant future, there should be an upgrade in their credit rating.

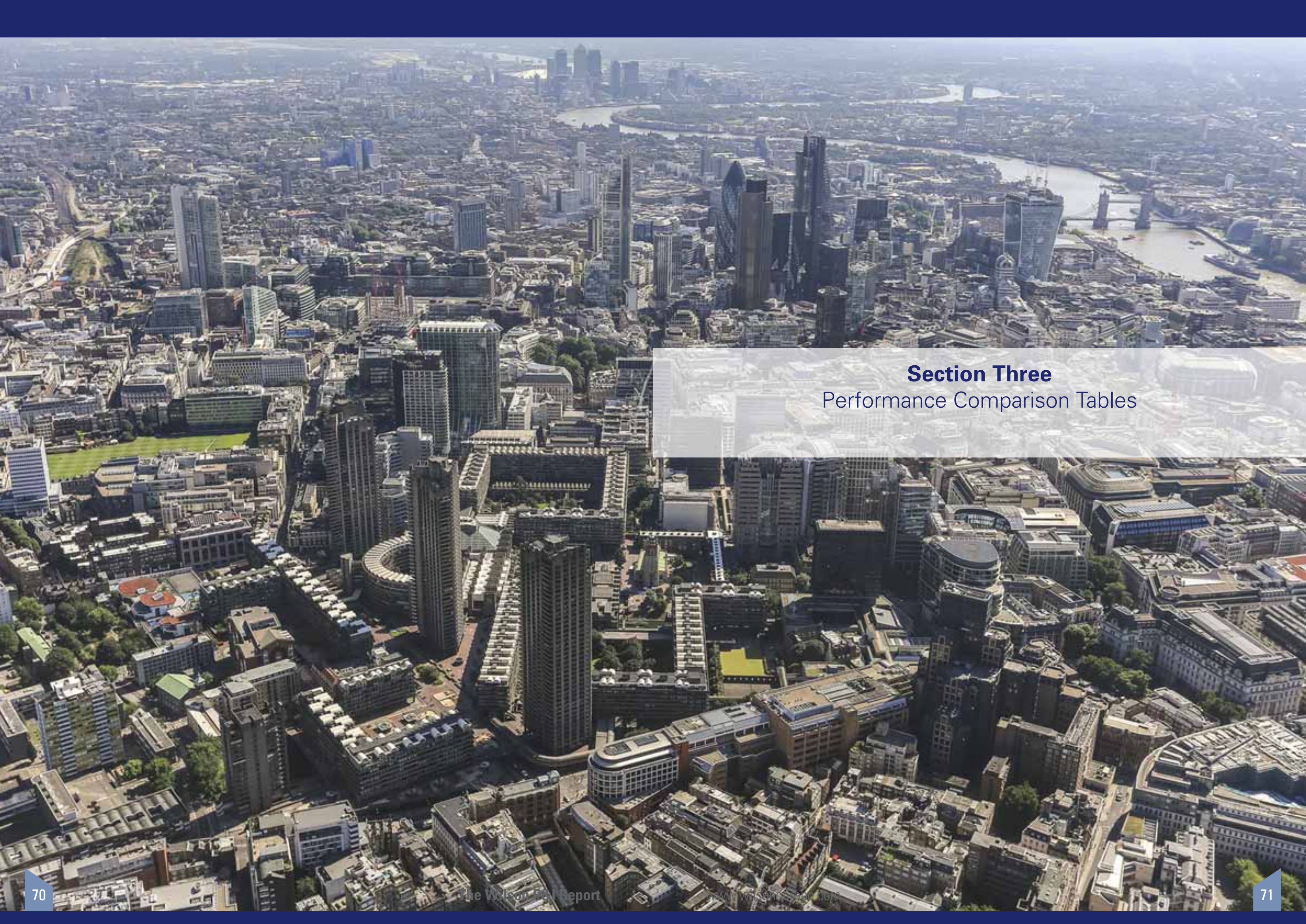
Revenue Statement

US\$000's	2015	2014	2013
Net premiums	176,179	166,942	166,296
Net claims incurred	136,280	133,485	135,168
Management costs	36,605	36,547	37,012
	172,885	170,032	172,180
Underwriting surplus/(deficit)	3,294	(3,090)	(5,884)
Investment income less tax	24,202	15,441	22,963
Surplus/Deficit	27,496	12,351	17,079

Balance Sheet

Investments	382,907	395,074	427,535
Cash	184,590	159,185	118,686
Debtors	60,650	75,874	57,653
Other assets	62,970	52,987	43,567
Total Assets	691,117	683,120	647,441
Outstanding Claims	410,286	421,849	428,599
Creditors	37,139	45,075	21,421
Total liabilities	447,425	466,924	450,020
Free Reserves	243,692	216,196	197,421





Section Three

Performance Comparison Tables

Revenue and Performance Indicators

CLUB	American	Britannia	Gard	Japan	London	North
US\$000's						
Revenue Statement						
Net Premiums	94,245	196,535	806,598	177,337	86,845	345,910
Net Claims Incurred	65,962	156,241	630,893	155,635	104,277	305,808
Management Costs	34,795	26,767	147,774	21,488	14,919	74,497
	100,757	183,008	778,667	177,123	119,196	380,305
Underwriting Surplus/(Deficit)	-6,512	13,527	27,931	214	-32,351	-34,395
Investment Income Less Tax	7,768	4,742	21,550	36,664	29,121	87,965
Surplus/(Deficit)	1,256	18,269	49,481	36,878	-3,230	53,570
Balance Sheet						
Investments	239,547	1,093,406	2,048,903	327,154	338,279	737,837
Cash	14,983	159,921	137,367	172,107	42,745	269,343
Debtors	28,572	113,552	338,477	23,556	11,189	171,323
Other Assets	194	0	39,003	34,529	18,872	49,287
Total Assets	283,296	1,366,879	2,563,750	557,346	411,085	1,227,790
Outstanding Claims	184,856	796,938	1,250,883	255,933	240,704	703,265
Creditors	39,840	24,374	343,814	129,043	12,967	186,416
Total Liabilities	224,696	821,312	1,594,697	384,976	253,671	889,681
Free Reserves	58,600	545,567	969,053	172,370	157,414	338,109
Key Performance Indicators						
S&P Rating	BBB-	A	A+	BBB+	BBB	A
Combined Ratio	107%	93%	97%	100%	137%	110%
Investment Return	4.00%	0.40%	1.80%	2.70%	5.50%	4.30%
General Increase	10.00%	2.50%	2.50%	3.00%	6.00%	4.75%
Solvency	132%	168%	177%	167%	165%	148%
Net Premium Adjustments	5.40%	-6.10%	10.60%	-2.30%	0.80%	13.20%
Free Reserves Adjustments	2.20%	15.60%	2.60%	10.50%	-2.00%	8.30%
Incurred Claims	1.40%	-23.20%	-1.90%	-7.70%	12.20%	32.00%
AER (Average Expense Ratio)	21.60%	8.40%	11.40%	5.30%	8.80%	12.40%
Increase in GT	6.30%	0.00%	1.10%	0.00%	2.30%	-0.80%
Average net PR per GT	\$5.54	\$1.82	\$4.27	\$1.91	\$1.97	\$2.72
Free Reserves per GT	\$3.45	\$5.05	\$5.13	\$1.85	\$3.58	\$2.66
Surplus /(Deficit) (mil)	\$1.26	\$18.30	\$49.50	\$36.88	-\$3.20	\$53.60
Tonnage (mil)	17	108	189	93	44	127

Skuld	SOP	Standard	Steamship	Swedish	UK	West	Total
							All Clubs
347,624	211,099	262,000	296,339	139,448	319,090	176,179	3,459,249
259,057	145,493	233,800	187,614	93,151	289,936	136,280	2,764,147
89,435	56,606	32,600	47,499	28,718	43,961	36,605	655,664
348,492	202,099	266,400	235,113	121,869	333,897	172,885	3,419,811
-868	9,000	-4,400	61,226	17,579	-14,807	3,294	39,438
14,372	-7,582	16,200	13,762	1,798	33,872	24,202	284,434
13,504	1,418	11,800	74,988	19,377	19,065	27,496	323,872
682,830	506,894	773,000	768,499	343,370	1,135,625	382,907	9,378,251
160,299	121,633	84,600	257,625	31,808	48,762	184,590	1,685,783
46,984	48,895	130,200	30,509	63,987	106,714	60,650	1,174,608
13,590	6,510	35,700	15,741	1,811	0	62,970	278,207
903,703	683,932	1,023,500	1,072,374	440,976	1,291,101	691,117	12,516,849
497,578	309,856	576,200	651,173	180,836	715,079	410,286	6,773,587
58,441	73,803	67,000	45,014	76,006	28,256	37,139	1,122,113
556,019	383,659	643,200	696,187	256,842	743,335	447,425	7,895,700
347,684	300,273	380,300	376,187	184,134	547,766	243,692	4,621,149
A	A-	A	A-	BBB+	A	BBB+	
100%	96%	102%	79%	87%	105%	98%	99%
1.90%	-0.90%	1.80%	1.30%	1.60%	5.00%	4.30%	2.58%
N/A	0.00%	5.00%	0.00%	2.50%	6.50%	2.50%	3.78%
170%	197%	166%	158%	202%	177%	159%	168%
7.70%	-0.90%	3.50%	4.10%	10.90%	5.40%	5.50%	5.78%
3.90%	0.50%	3.20%	24.90%	11.80%	3.70%	12.70%	7.53%
5.50%	-8.20%	1.30%	-19.30%	3.00%	7.80%	2.10%	0.00%
12.90%	20.00%	11.40%	11.80%	13.00%	9.66%	14.90%	12.20%
-1.30%	0.00%	4.10%	7.20%	13.50%	2.40%	17.50%	2.84%
\$4.63	\$8.80	\$2.59	\$4.00	\$3.32	\$2.51	\$2.63	\$3.18
\$4.70	\$12.51	\$3.77	\$5.08	\$4.38	\$4.31	\$3.64	\$4.25
\$13.50	\$1.42	\$11.80	\$74.90	\$19.30	\$19.10	\$27.50	\$323.86
74	24	101	74	42	127	67	1,087

General Increases Percentages 2003-2015

Policy Year	American	Britannia	Gard	Japan	London	North
2003	17.5	15	15	10	15	25
2004	25	8.5	7.5	0	7.5	17.5
2005	10	7.5	5	0	5	12.5
2006	10	5	7.5	0	7.5	7.5
2007	10	5	5	10	5	7.5
2008	20	15	10	20	10	17.5
2009	7.5	12.5	15	12.5	15	17.5
2010	0	5	0	12.5	0	5
2011	12	5	0	10	0	3
2012	5	5	5	3	5	5
2013	10	12.5	5	5	12.5	15
2014	10	2.5	5	7.5	10	7.5
2015	4.5	2.5	2.5	3	6	4.75
Compounded % Increase Individual Clubs 2003 - 2015						
2003-2015	375	262	209	242	255	388
2010-2015	149	137	119	148	138	147

Premiums - Original Estimated v Total Called %

Policy Year	American	Britannia	Gard	Japan	London	North
2003	20/56	40/40	25/25	20/10	40/40	0/0
2004	0/0	40/30	25/25	30/30	40/40	0/0
2005	0/30	40/30	25/20	30/30	40/40	0/0
2006	0/35	30/30	25/20	30/60	40/89	0/0
2007	0/25	30/30	25/25	30/30	40/89	0/0
2008	0/25	40/40	25/25	30/30	40/75	0/0
2009	20/20	40/32.5	25/10	40/40	40/40	0/0
2010	25/25	40/40	25/15	40/50	0/0	0/0
2011	25/25	40/40	25/20	40/40	0/0	0/0
2012	0/0	40 40 0	25 15 0	40 40 5	0/0	0 0 5
2013	0 0 20	45 45 7.5	25 15 5	40 40 5	0 0 12.5	0 0 5
2014	0 0 20	45 45 7.5	25 25 15	40 40 5	0 0 15	0 0 10
2015	0 0 20	45 45 15	25 25 20	40 40 5	0 0 15	0 0 20

Closed Years



Open Years



Original



Current



Release

Skuld	SOP	Standard	Steamship	Swedish	UK	West	Average%
25	15	25	25	25	25	25	20
15	0	20	20	15	17.5	15	13
7.5	0	12.5	12.5	10	12.5	12.5	8
5	0	5	5	10	12.5	12.5	7
2.5	5	5	9	7.5	7.5	5	6
7.5	*Non Declared	15	15	15	17.5	15	15
15	10	15	17.5	15	20	10	14
5	5	3	5	2.5	5	5	4
*Non Declared	0	3.5	0	2.5	5	5	4
*Non Declared	0	5	5	5	3	5	4
*Non Declared	5	7.5	7.5	7.5	7.5	7.5	9
*Non Declared	5	12.5	10	7.5	10	7.5	8
*Non Declared	0	5	0	2.5	6.5	2.5	3
216	154	349	340	323	403	331	
105	116	142	130	131	143	137	

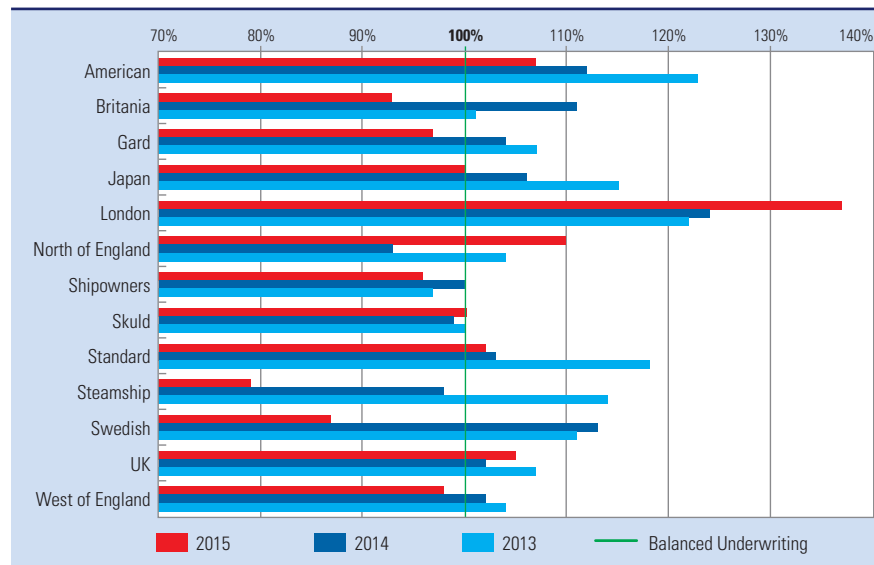
Non Declared - Underwriter is selecting risks in accordance with percieved on actual risk exposure/results.
Non Declared therefore is not contributing to averages (average based on 12 Clubs)

Skuld	SOP	Standard	Steamship	Swedish	UK	West
0/0	25/0	0/0	0/0	0/0	0/0	20/20
0/0	25/0	0/0	0/0	0/0	0/0	20/35
0/0	25/0	0/0	0/0	0/0	0/0	20/35
0/0	25/0	0/0	0/12.5	0/35	0/20	20/55
0/0	25/0	0/0	0/14	0/35	0/25	20/55
0/0	25/0	0/0	0/20	0/0	0/20	20/65
0/0	25/0	0/0	0/0	0/0	0/0	30/30
0/0	25/0	0/0	0/0	0/0	0/0	30/30
0/0	0/0	0/0	0/0	0/0	0/-2.5	30/30
0/0	0/0	0/0	0/0	0/0	0/0	30/30
0 0 0	0 0 0	0 0 2	0 0 5	0 0 7.5	0 0 10	35 35 5
0 0 5	0 0 0	0 0 3	0 0 5	0 0 12.5	0 0 15	35 35 10
0 0 15	0 0 0	0 0 7	0 0 15	0 0 20	0 0 15	35 35 20

Key Performance Indicator Comparison Graphs 2013-15

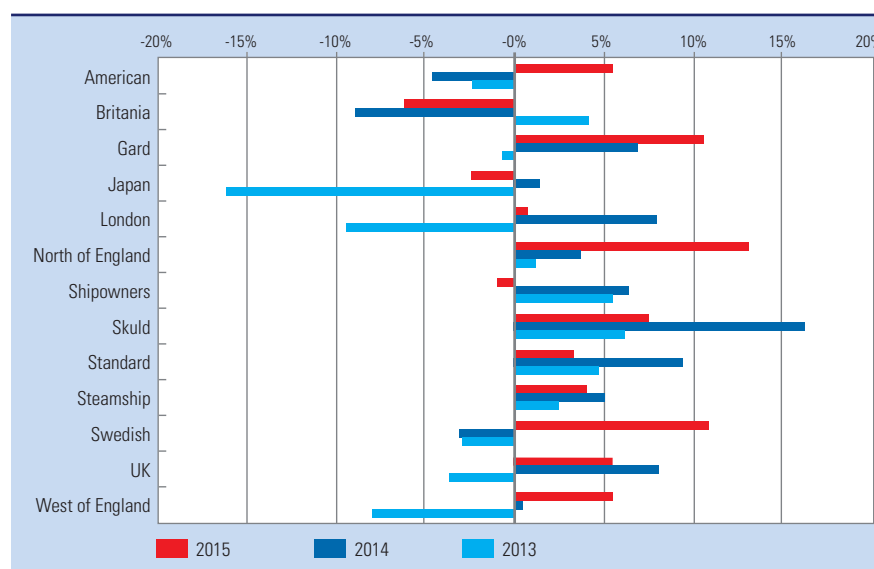
Combined Ratios

This is one of the acid tests for an insurer and shows the profitability of the underwriting operations. The ratio is calculated by dividing the Incurred Claims and expenses by the Net Premium Income. The underwriting breakeven is 100%; less than 100% is profitable (good) and more than 100% is a loss (bad). Small underwriting losses may be covered by Investment Income, but once the Combined Ratio exceeds 110%, the Club needs to take corrective action.



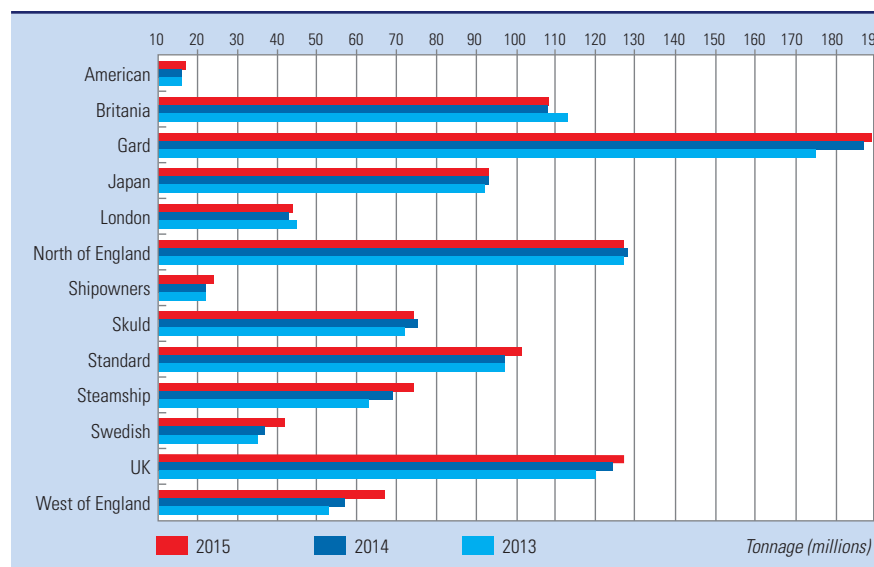
Increase in Net Premiums

This will indicate whether the Club has managed to collect the general increase proposed before the last renewal, whether any additional tonnage has been underwritten on a sound basis and if the Club has been trying to attract new tonnage by offering uncommercial rates (the 'churn' effect).



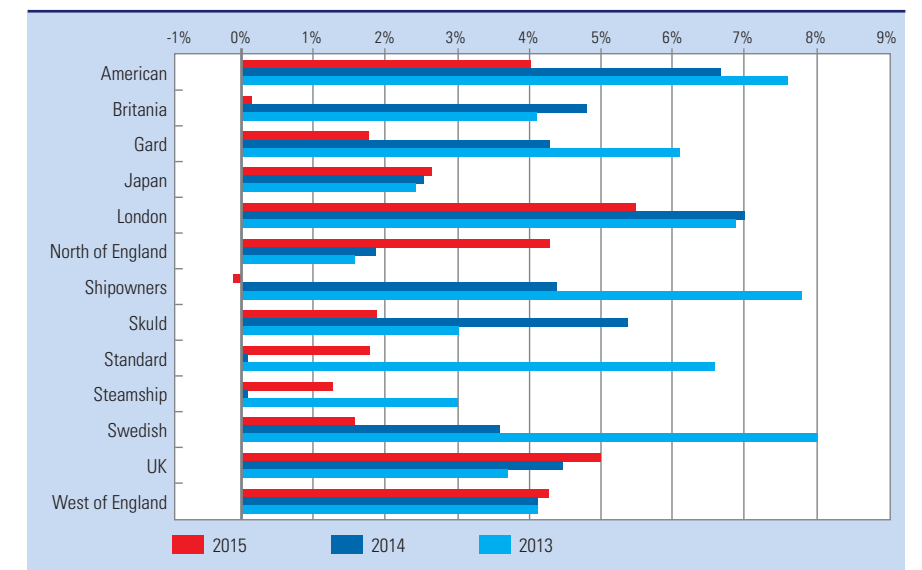
Tonnage

This shows the total International Group gross tonnage and serves as a benchmark to indicate an individual Club's market share. The total International Group gross tonnage has been steadily rising and as a consequence, all Clubs' tonnages should have been increasing.



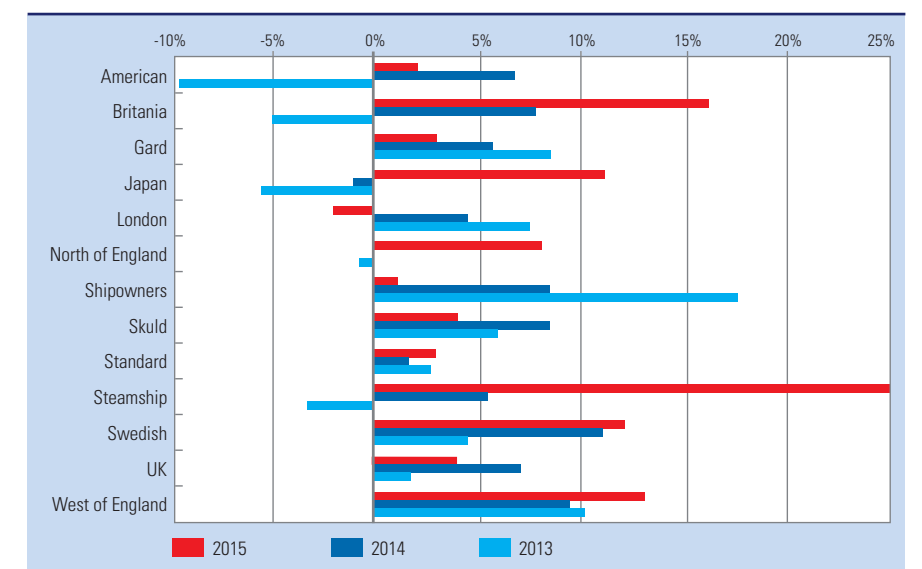
Published Investment Returns

This is the acid test for the investment performance. All Clubs publish Investment Return results which are normally prepared by a specialist independent third party. This is a measure of the Investment Managers' performance and a good Investment Return may help overcome a poor underwriting performance. The asset allocation is determined by the Board, which will likely have a material bearing on the annual outcome. Equities will generally perform better in the long term, but the returns will be more volatile equities are penalised by the regulators and ratings agencies.



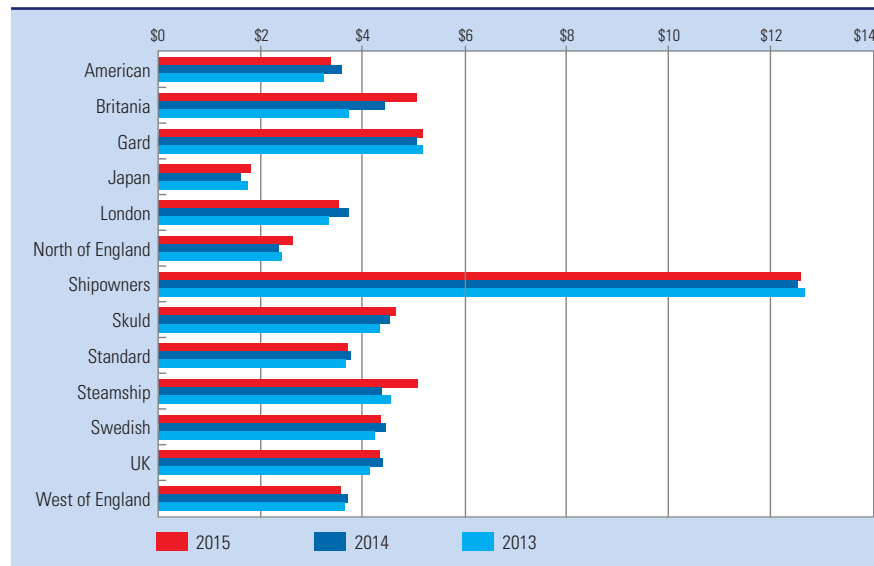
Free Reserves Movement

This is an indicator of the Clubs' annual performance. All the P&I Clubs in the survey are mutual and not-for-profit, but in the current regulatory environment, Clubs should aim to at least maintain the current level of Free Reserves for regulatory purposes and increase their Free Reserves to appropriately accommodate the rising levels of tonnage. Large losses raise concerns over a Club's health and the possibility of unplanned additional calls. Large surpluses raise concerns over a Club's possible aggressive acquisition of tonnage at uneconomic rates and poor claims reserving.



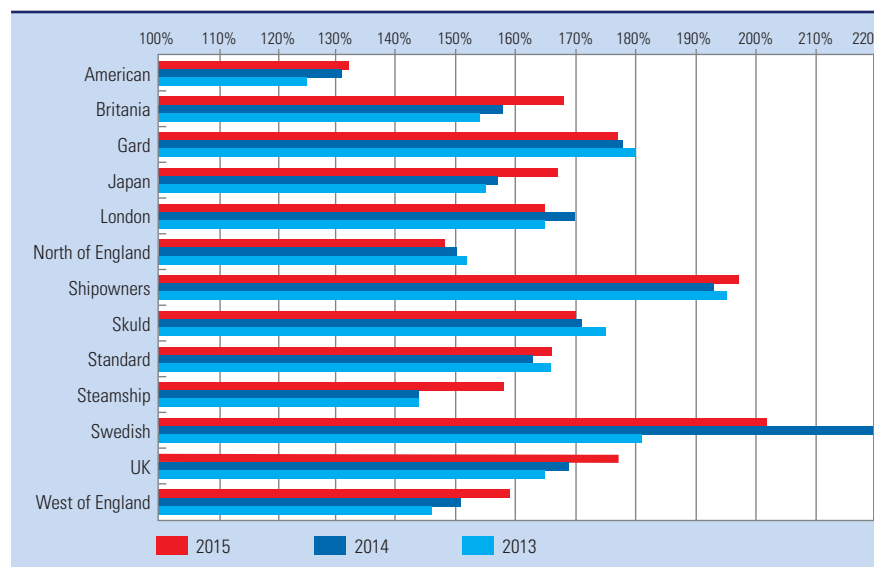
Free Reserves per Gross Ton

This is a test of the adequacy of the Free Reserves compared to the International Group Tonnage or the level of business underwritten. The ratio compares the size of the Club's reserves with the volume of business and may indicate whether the Club has the capacity to absorb risks and losses emanating from the business. The result will be overstated for Clubs with major sources of non-P&I income as all the Free Reserves are compared with only the P&I tonnage.



Solvency Ratios

This is the total assets less the creditors, divided by the Outstanding Claims. It is a key ratio that indicates the capability of the Club to meet their future claims. If the ratio falls below 100%, the Club is technically insolvent. However, the UK regulators will almost certainly request a business plan at around 115%, and probably require the Club to cease accepting new business before reaching 100%. The ratios are a general guide and, although some Clubs may demonstrate exceptional results in one test or another, it is always worth checking the conclusions.



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Notes



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