

Autumn Statement 2017



Financial Highlights

- A solid performance from the Club at the half year.
- After six months, claims are slightly below average of the last eight years.
- The Pool remains favourable at the half year. The Club's excellent record on the Pool has reduced the Club's Pool contributions steadily over recent years, and shielded the Club from the increasing costs of the very largest P&I Claims in the market.
- A strong 4%* investment return in the first six months.
- Underwriting performance has met the Club's target on average over the last eight consecutive financial years. The favourable claims environment in the first half of the year has delivered a combined ratio of 95%*.
- Free reserves stand at \$497 million with a further \$100 million in hybrid capital – an increase of nearly \$40 million since 20th February 2017.
- The Board expects to announce its Brexit plans by the end of the year with a view to being able to insure European risks in a new European subsidiary from the 2019 policy year.

* Figures are excluding currency fluctuations.

Key Figures

Free Reserves & Hybrid Capital

\$597m

Combined Ratio

95%

Investment Return

4%

Standard & Poor's rating (Stable)

A

Total owned entered GT (at half year)

142m



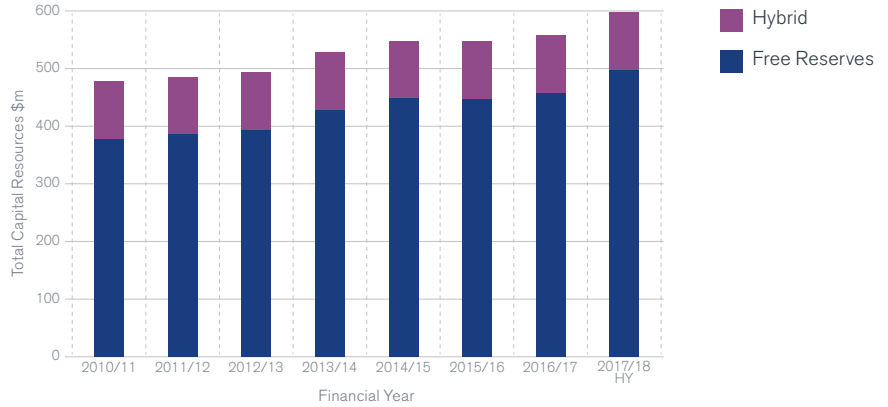
Financial strength

Consistent underwriting and steady investment returns have led to a controlled growth in the Club's free reserves and capital.

The Club's financial position has enabled the Board to make a Mutual Premium Discount three times in the past five years.

Total free reserves available to the Club at 20 August 2017 is comprised of \$497 million with a further \$100 million in hybrid capital

Free reserves and hybrid capital for financial years 2011-2017



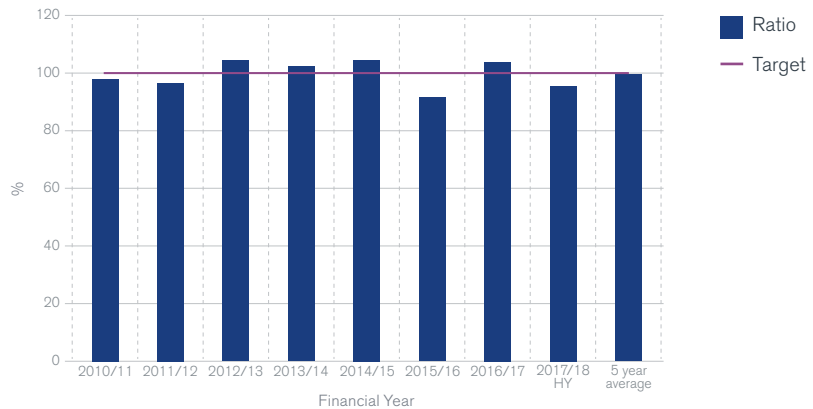
Combined ratio

The Club's underwriting target is to achieve breakeven underwriting over the insurance cycle. The average combined ratio of 100% over the last eight years meets this target.

Balanced underwriting provides the necessary platform for the growth in free reserves.

The claims experience over the first half of the current financial year has produced to a combined ratio of 95%*

Combined ratio for financial years 2011-2017 (excluding Mutual Premium Discounts)



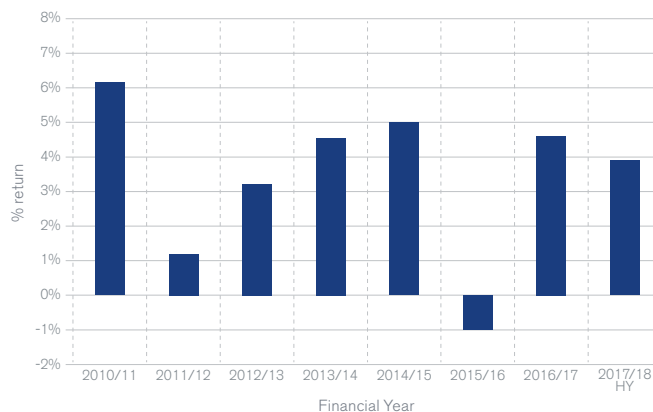
Investment return

Total investment return of 4%* in the first six months of the year has been strong with equity markets performing favourably.

The Club continues to invest prudently with approximately 80% of all assets invested in fixed income securities and cash.

Strong total investment return in the first 6 months

Investment portfolio performance



Capital

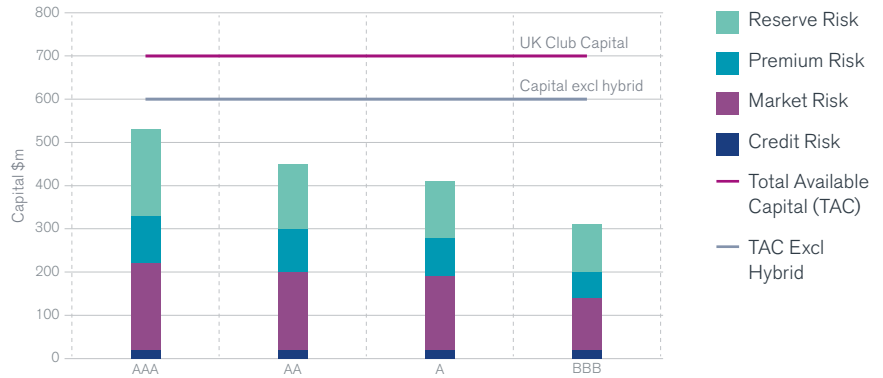
The Club meets all of its capital targets

The Club's capital position meets all regulatory requirements, with an appropriate buffer, and is sufficiently strong to hold an A Stable rating with Standard and Poor's.

The Club has published its SFCR report on the website for the first time.

In order to maintain the A rating the Club continues to hold sufficient capital to meet the AAA requirement of the S&P capital model.

S&P Capital Adequacy



Claims

The cost of casualty claims are the most variable of any category

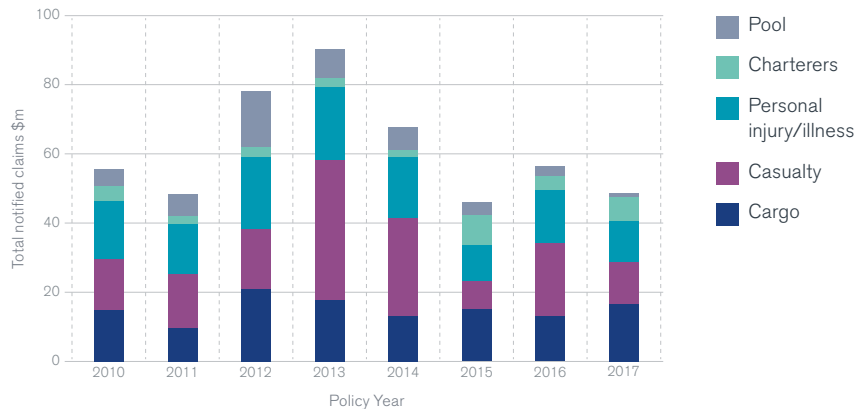
The cost of cargo related claims has remained broadly stable over the last 8 years despite an increase in the tonnage entered in the Club.

The cost of casualty claims are the most variable of any category. The first six months of the 2017 policy year has been favourable with few large claims notified.

People related claims (incorporating both illness and injury) have also been favourable over the first six months of the 2017 policy year.

The Pool has been benign to date in 2017. The Club's Pool credit now stands in excess of \$150m.

Total net notified claims for policy years 2010-2017 at 6 months by claims category



Size & Frequency

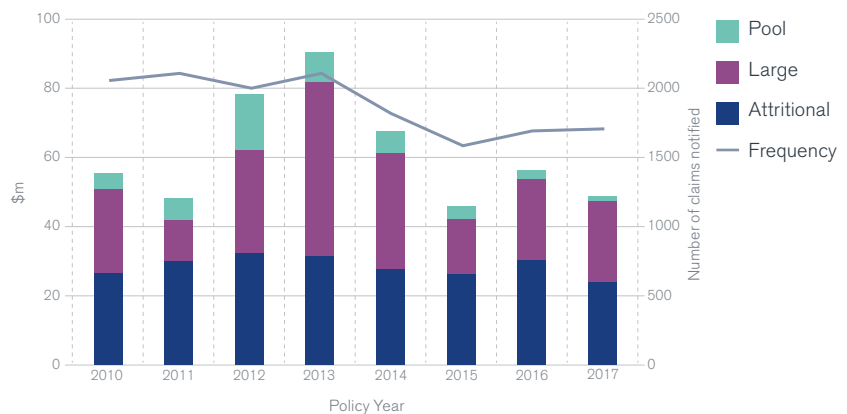
The cost of large claims is 25% lower than the average of the last 7 years

Total number of claims notified to the Club over the first six months of the 2017 policy year is in line with the prior year.

The total cost of attritional claims (those with a cost below \$0.5m) has fallen in comparison to last year. However, the overall cost of these claims remains within a relatively narrow band.

Average claims inflation remains at 4%.

Total net notified claims by size and claims frequency for policy years 2010-2017 at 6 months



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