

Board Meeting Report

October 2024

Dear Member,

At the Board Meeting held in Miami on 22 October 2024, the following developments were reported:

Highlights

- There will be a capital distribution to Members of approximately US\$42 million allocated as 12.5% of the 2024/25 mutual P&I premium for vessels renewing on 20th February 2025 (subject to regulatory approval).
- At the 2025/26 renewal there will be a 5% general increase applied to premium on all classes of business.
- At 20 September an investment return of US\$77 million was achieved.
- At 20 September owned tonnage is up 5.8% to 131.2 million GT.
- The Club's S&P Global (S&P) rating is 'A' with a stable outlook.

Underwriting Results

2024/25 Policy Year

At the half year point the Club's own incurred claims of US\$45.3 million are up from recent years at the same point, but projected claims remain within budget expectations.

Seven claims have been reported on the IG Pool that exceed Club retention, including one from Steamship. Three other Pool claims have been reported on a precautionary basis, which may develop into claims on the Pool. At six months, the incurred cost of these claims is slightly higher than budget.

The forecast for the current policy year's underwriting result reflects a modest deficit.

2023/24 and Prior Years

At six months the overall development of the Club's prior year claims, and its contributions to other Clubs' Pool claims, was favourable with a reserve release of US\$8.7 million.

Investments

Total assets amount to approximately US\$1.5 billion. In the seven months ending September 2024, the Club recorded a return of 5.5%, excluding currency movements, amounting to US\$77 million.

2025/26 Premium Ratings

Premium levels are under pressure due to the increasing cost of claims and premium churn. Considering these and other factors, the Board decided that there should be a general increase of 5% in premium ratings for all classes of business.

As usual the Managers have been instructed to correct individual Member premium ratings where necessary and to pass on to Members any adjustments in the costs of the IG reinsurance program.

Capital Management

The Board noted the Club's continuing financial strength and capital position. Accordingly, the Bermuda Club Board ordered a distribution of funds to the Members, amounting to 12.5% of invoiced premium for the Class 1 P&I mutual entries in the 2024/25 policy year, in respect of vessels whose entries are renewed for the 2025/26 policy year.

This is equivalent to approximately US\$42 million and will be credited to Members shortly after the February 2025 renewal is concluded. This will be the sixth year since 2016 in which capital is distributed to our Members, amounting to a total distribution of US\$156 million.

The Club's S&P Global rating is 'A' with a stable outlook. Following the capital distribution, the Club's capital is projected to remain comfortably above S&P's AAA requirement.

Release Calls

After reviewing the development of open policy years and the overall financial position of the Club the Directors decided to maintain the level of release calls, for mutual Class 1 P&I and Class 2 FD&D entries, as follows:

- 2022/23: 0%
- 2023/24: 5%
- 2024/25: 10%
- 2025/26: 10%

Tonnage

The Directors were pleased to note the continued growth in the Club's owned entry by 7.2 million GT in the period 20 February to 20 September 2024, increasing the owned entry to 131.2 million GT.

The Managers are most grateful for the support given to the Club from the Members and their brokers.

Appointments to the Board

The Directors approved the appointment of Ms Louise Lloyd (Vice President, Assistant Treasurer of Carnival Corporation) and Mr Dan Thorogood (CEO of Fairwater Holdings) as Directors of The Steamship Mutual Underwriting Association (Bermuda) Limited.

Club Circular: L.447

Yours faithfully,
STEAMSHIP MUTUAL UNDERWRITING
ASSOCIATION LIMITED