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## Board Meeting

October 2022

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**Dear Member,**

At the Board Meeting, held in New York on 25 October 2022, the following developments were reported:

### Highlights

- The Club's own claims for the 2022/23 policy year at six months are less than budgeted.
- There were no International Group (IG) Pool claims reported for the 2022/23 policy year in the period to 20 September.
- Development of prior year IG Pool claims has been greater than expected.
- As a result of the favourable claims projections the 2022/23 financial year combined ratio is better than expected at six months.
- Investment results have been negatively impacted by interest rate increases in the United States and market volatility more generally.
- The Board decided that a 7.5% general increase should be applied to premium on all classes of business.
- The Club's S&P Global (S&P) rating is unchanged at A with a negative outlook.
- Owned tonnage has increased by approximately 3.5% in the year to 20 September.

### Underwriting Results

#### 2022/23 Policy Year

The Club's own incurred claims are less than budget expectations at six months with no material claims arising from Covid-19.

In the period to 20 September there have been no reported claims on the IG Pool. Whilst this performance is not a reliable indicator of claims in the remainder of the year, it seems unlikely that Pool claims will be as high as in recent years.

#### 2021/22 and Prior Years

At six months the overall development of the Club's prior year claims is higher than projected, primarily because of deterioration in Pool claims.

### Investments

In the seven months ending September 2022, the Club recorded a loss of 4.4 %, excluding currency movements, amounting to a loss of US\$ 51 million. This represents an unrealised loss relating largely to changes in interest rates.

**2023/24 Premium Ratings**

Whilst underwriting performance for the first six months in 2022/23 was better than expected, the Board recognised the need for caution when projecting claims levels. Considering these and other factors, the Board decided that there should be a general increase of 7.5% 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 programme.

**Deductibles**

The Board ordered a 10% increase in Class 1 P&I deductibles to apply to all deductibles which are US\$ 50,000 or less.

**Capital Management**

The Board noted the Club's continuing financial strength and robust capital position. However, it concluded that it would not be appropriate to order a capital distribution at this time, given the volatility that affects the Club's investments.

S&P Global rating is unchanged at A rating retaining the negative outlook. The Club's capital is projected to remain 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:

- 2020/21: 12.5%
- 2021/22: 12.5%
- 2022/23: 15%

The release call for the 2023/24 policy year will be set at 15%

**Tonnage**

The Directors were pleased to note the continued growth in the Club's owned entry by 3.5% in the period 20 February to 20 September 2022, increasing the owned entry to over 114m GT and the combined owned and chartered entry to over 200m GT.

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

Club Circular: E.59

Yours faithfully,

STEAMSHIP MUTUAL UNDERWRITING  
ASSOCIATION (EUROPE) LIMITED