
Board Meeting

October 2023

Dear Member,

At the Board Meeting held in Houston on 24 October 2023, the following developments were reported:

Highlights

- The Club's own claims for the 2023/24 policy year at six months are less than budgeted
- There were four International Group (IG) Pool claims which were reported by other Clubs for the 2023/24 policy year and which exceeded Club retention in the period to 20 September
- 2022/23 IG Pool claims remain at low levels relative to recent years
- Prior year claims are developing satisfactorily with reserve releases
- As a result of favourable claims projections, the 2023/24 financial year combined ratio is better than expected at six months
- An investment return of US\$33 million achieved for the first seven months
- The Club's S&P Global (S&P) rating is 'A' with a stable outlook
- In the year to 20 October, owned tonnage has increased by 3.6% to 120.6 million GT
- At the 2024/25 renewal there will be a 5% general increase applied to premium on all classes of business
- Subject to regulatory approval, there will be a capital distribution to Members equivalent to 7.5% of the 2023/24 mutual P&I premium for renewing vessels. This amounts to approximately US\$25 million

Underwriting Results

2023/24 Policy Year

The Club's own incurred claims of US\$47.5 million at seven months compare favourably with recent years at the same time and are less than budget.

In the period to 20 September there have been four reported claims on the IG Pool that exceed Club retention. Three other claims have been reported, including one from the Club, on a precautionary basis, which may develop into claims on the pool.

2022/23 and Prior Years

At six months the overall development of the Club's prior year claims was favourable with a reserve release of US\$13.3 million.

Investments

Total assets amount to approximately US\$1.3 billion. In the seven months ending September 2023, the Club recorded a return of 2.6%, excluding currency movements, amounting to US\$33 million.

2024/25 Premium Ratings

Whilst underwriting performance for the first six months in 2023/24 has been satisfactory, 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 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.

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 7.5% of invoiced premium for the Class 1 P&I mutual entries in the 2023/24 policy year, in respect of vessels whose entries are renewed for the 2024/25 policy year. This is equivalent to approximately US\$25 million and will be credited to Members shortly after the February 2024 renewal is concluded.

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 reduce the level of release calls, for mutual Class 1 P&I and Class 2 FD&D entries, as follows:

- 2021/22: 5%
- 2022/23: 5%
- 2023/24: 10%
- 2024/25: 10%

Tonnage

The Directors were pleased to note the continued growth in the Club's owned entry by 4.2 million GT in the period 20 February to 20 October 2023, increasing the owned entry to 120.6 million GT.

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

Club Circular: L.425

Yours faithfully,

**STEAMSHIP MUTUAL
UNDERWRITING ASSOCIATION LIMITED**

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