

NORTHSTANDARD



THE WILSON GROUP
MASTERS OF P&I

A
S&P
Rating

Overview

- NorthStandard successfully negotiated its way through a difficult year which saw incurred claims rise by 32% and a combined ratio of 116% (an underwriting deficit of US\$ 114m).
- The large investment portfolio of US\$ 2bn and buoyant financial markets helped the investment managers to 'save the day' with a 5.9% return, which brought in US\$ 111m to leave the Club with a small overall deficit of just US\$ 3m.

Key Performance Indicators

		2025	2024	2023
S&P Rating		A	A	A
Gross Owned Tonnage	Mil	270	260	258
Combined Ratio	%	116	96	96
Investment Return	%	5.9	4.9	-4.5
General Increase	%	5	5	10
Solvency	%	163	168	156
Movement in Net Premiums	%	3.1	6.7	9.7
Movement in Free Reserves	%	-0.3	17	-7.8
Movement in Incurred Claims	%	31.8	3	-0.4
AER (Average Expense Ratio)	%	16.6	16.3	15
Increase in GT	%	3.8	0.8	-4.8
Average net PR per GT	\$	2.58	2.6	2.45
Free Reserves per GT	\$	2.96	3.09	2.66
Surplus /(Deficit)(Mil)	\$	(3)	382*	(58)

*Inclusive of \$265m of Standard Club's free reserves

Underwriting

- Like many other Clubs, NorthStandard suffered from the increased cost of the IG pool, which was partially to blame for the 32% increase in the cost of incurred claims.
- The number of retained claims was higher than the 2023 policy year, but the retained value of the claims after twelve months was similar, around US\$ 250m net of reinsurance.
- There were 30 P&I claims estimated to cost over US\$ 1m for the 2024 policy year, compared to an average of 36 claims in the last five years, including 2024 policy year. There had been an increase in admiralty claims in the year, but the cost of personal injury claims was the lowest for five years.
- The Club has a very diversified underwriting portfolio, including offshore and renewables in a partnership with NIORD, providing US\$ 30m capacity to insure fixed and floating wind farms. They also cover fishing, small vessels, coastal and inland craft, along with Hull, War, Strike and Delay, and Aquaculture. The P&I still accounts for 77% of the net premium income, and this year the other classes turned in a useful US\$ 33m underwriting surplus for the first time.

116%

Combined
Ratio

\$800M

Free
Reserves

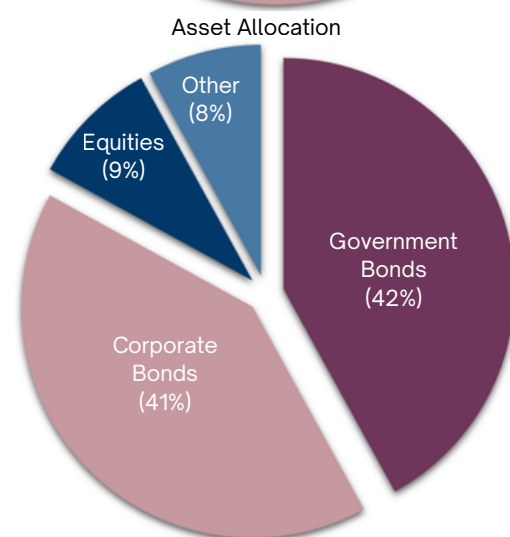
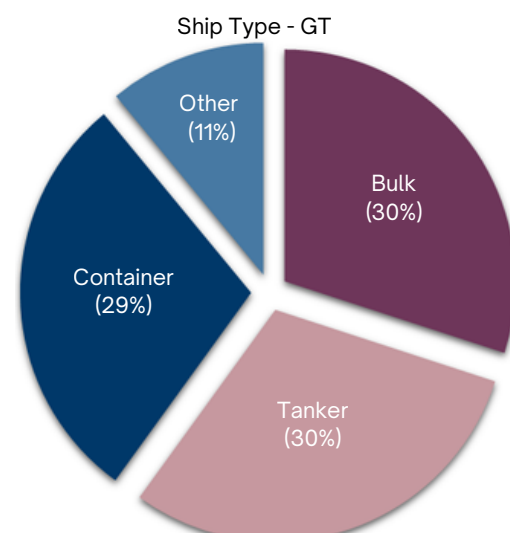
32%

Increase in
Incurred
Claims

Investments

- The investment managers had a successful year with a return of 5.9% and earnings of US\$ 111m, substantially covering the underwriting deficit. The Club has a conservative investment policy with the portfolio divided into a matching portfolio to cover the expected future claims liabilities and a surplus portfolio. The matching portfolio consists of corporate and government bonds, while the surplus portfolio included alternative investments and equities.
- The equities performed well and the corporate bonds saw gains above 5%, in addition to their healthy yields.

Balance Sheet	US\$000's	2025	2024	2023
Investments		1,770,400	1,658,900	1,602,775
Cash		231,400	275,900	264,546
Debtors		259,100	266,700	278,895
Other Assets		41,300	25,600	35,648
Total Assets		2,302,200	2,227,100	2,181,864
Outstanding Claims		1,270,000	1,181,400	1,218,050
Creditors		232,200	243,100	277,952
Total Liabilities		1,502,200	1,424,500	1,496,002
Free Reserves		800,000	802,600	685,862
Revenue Statement	US\$000's	2025	2024	2023
Net Premiums		695,700	675,000	632,514
Net Claims Incurred		669,500	507,800	492,916
Management Costs		140,100	139,100	116,328
		809,600	646,900	609,244
Underwriting Surplus / (Deficit)		(113,900)	28,100	23,270
Investment Income / (Loss) Less Tax		111,300	353,700	(82,643)
Surplus / (Deficit)		(2,600)	381,800	(59,373)
Pension Gain / (Loss)				1,399



Outlook

- NorthStandard has managed a difficult year with success, absorbing a 32% increase in incurred claims and a monstrous US\$ 114m underwriting deficit with only a modest US\$ 3m loss of free reserves. The increase in claims was blamed on the cost of the IG pool claims, and although claims within retention remained constant at around US\$ 250m, there was evidence that there had been some deterioration on the 2022 policy year and the closed years.
- The Club's diversification programme continued apace with the partnership with NIORD providing capacity to insure fixed and floating wind farms. The Strike and Delay cover will likely be in demand in the coming year with the prevarications over US tariffs and delays in setting up the requisite administration.
- The aquaculture business's recent strategy of selective risk quality saw a 90% increase in income, and the Hull, Coastal and Fishing sectors were also expanding.
- The Club retained the S&P A credit rating with a stable outlook and has a 163% solvency ratio. It was also good to see the diversification classes finally making a positive contribution in an otherwise difficult year.