

WEST

BBB+

S&P
Rating

5.6%

Investment
Return

\$30M

Surplus

104%

Combined
Ratio

Overview

- After two years of positive underwriting results, WEST has posted a small underwriting deficit following a sharp increase in the cost of IG pool claims. The Club's own retained claims remained remarkably stable, but the additional shared claims resulted in an US\$ 11m underwriting deficit.
- The underwriting deficit was easily covered by the investment managers who reported a modest 5.6% return with income of US\$ 41m, which resulted in a US\$ 30m overall surplus pushing the free reserves up by 11% to US\$ 306m.

Key Performance Indicators

		2025	2024	2023
S&P Rating		BBB+	BBB+	BBB+
Gross Owned Tonnage	Mil	111	100	96
Combined Ratio	%	104	95	98
Investment Return	%	5.6	4.6	-3.6
General Increase	%	5	7.5	10
Solvency	%	154	150	141
Movement in Net Premiums	%	6	9.8	9.8
Movement in Free Reserves	%	10.8	19.7	-8.1
Movement in Incurred Claims	%	18	4.8	-10.7
AER (Average Expense Ratio)	%	16.5	16.1	15.9
Increase in GT	%	11	4.2	6.7
Average net PR per GT	\$	2.57	2.69	2.55
Free Reserves per GT	\$	2.76	2.76	2.4
Surplus / (Deficit) (Mil)	\$	30	45	(20)

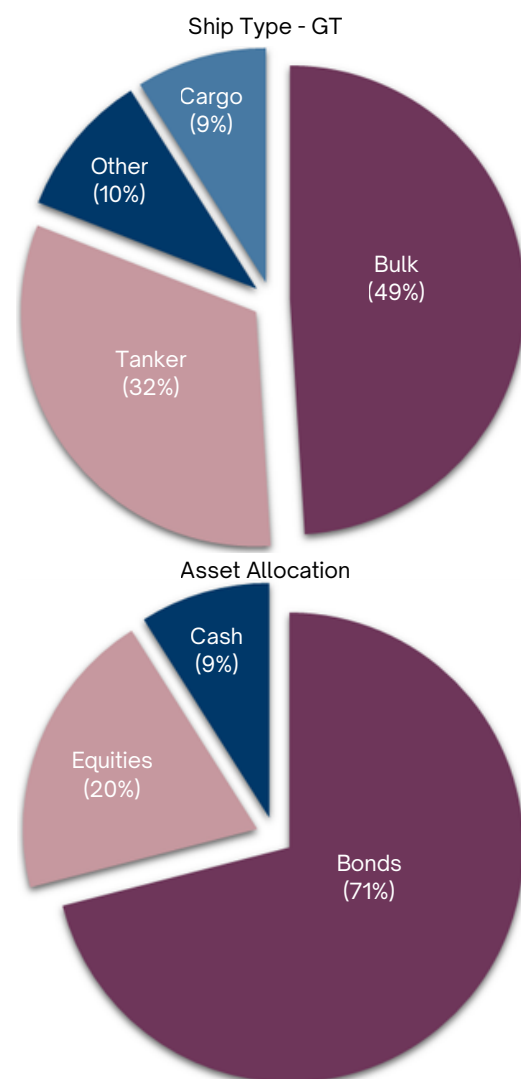
Underwriting

- The underwriting has improved dramatically over the past two years, and the Club was quick to point out that the reversal this year was largely due to the IG pool. This is a frequent argument, but in this case not without merit. The incurred claims rose by US\$ 35m of which US\$ 31m related to the IG pool costs.
- The Club became the first Member of the IG to open an office in the UAE in Dubai to help service some of its Asian Members who now account for nearly half the entered tonnage.
- The diversification programme continued with the purchase of Nordic Marine after the year end. Nordic Marine are predominantly hull insurers based in Stockholm and the acquisition will bolster the Club's Scandinavian presence and West Hull which along with West War have reported their first full trading year.
- The Club also launched a piracy protection product, which has generated considerable interest. The underwriting has been transformed from three years ago, but the net premium income needs to keep pace with the rapidly recovering tonnage.

Investments

- The investment performance was a modest return of 5.6% generating US\$ 41m, their best result for five years and sufficient to pull the overall result back into surplus and raise the free reserves by over 10%.
- All the financial markets performed positively with early gains moderated towards the end of the year over uncertainty surrounding US trade policy. The Club's fixed income investments remained broadly unchanged, but the 20% equity allocation posted strong returns.

Balance Sheet	US\$000's	2025	2024	2023
Investments		803,917	775,284	670,117
Cash		76,632	58,002	107,582
Debtors		68,184	67,527	67,850
Other Assets		11,831	13,751	14,676
Total Assets		960,564	914,564	860,225
Outstanding Claims		563,779	547,315	565,853
Creditors		90,703	90,926	63,620
Total Liabilities		654,482	638,241	629,473
Free Reserves		306,082	276,323	230,752
Revenue Statement	US\$000's	2025	2024	2023
Net Premiums		284,813	268,715	244,683
Net Claims Incurred		232,059	196,671	187,687
Management Costs		63,882	59,816	51,841
		295,941	256,487	239,528
Underwriting Surplus / (Deficit)		(11,128)	12,228	5,155
Investment Income / (Loss) Less Tax		41,411	33,203	(25,471)
Surplus / (Deficit)		30,283	45,431	(20,316)



Outlook

- The WEST transformation continued with a small underwriting deficit more than offset by the investment income. The level of entered tonnage was not dissimilar to 2021, but since then the net premium income has risen by over 40% and the underwriting improved.
- WEST may have been more fortunate than most other Members of the IG as their own retained claims only rose by US\$ 4m in a year when most Clubs suffered from a steep rise in the cost of large value claims. This may be as a direct result of the recent underwriting review, but the Club must be prepared for the possibility of a rise in the cost of random large claims that can happen to any Club.
- The diversification policy continued with the first annual results of the new West Hull and West War facilities and a new piracy protection product. The purchase of Nordic Marine will also expand their regional footprint and bring expertise to help the new entities.
- The 11% increase in free reserves has pushed the total to over US\$ 300m and hopefully on the way to passing the 2020 high. The Club has an S&P BBB+ credit rating and a 154% solvency ratio and seems set for future growth.