

## Overview

- The UK Club has recorded its seventh successive underwriting loss, with a rise in claims following the worst IG pool year in recent times. The Club's combined ratio has risen to 116% with an underwriting deficit of US\$ 59m. Fortunately the investment managers came to the rescue with a return of 6.6% generating US\$ 70m, to achieve an overall surplus of US\$ 11m and push the free reserves up by 2% to US\$ 494m.

**A-**  
S&P  
Rating

## Key Performance Indicators

		2025	2024	2023
S&P Rating		A-	A-	A-
Gross Owned Tonnage	Mil	162	156	153
Combined Ratio	%	116	108	104
Investment Return	%	6.6	7.5	-3.8
General Increase	%	6.5	7.5	10
Solvency	%	160	162	157
Movement in Net Premiums	%	1.4	16.5	31.8
Movement in Free Reserves	%	2.3	12.3	-11.8
Movement in Incurred Claims	%	14.5	21.7	14.8
AER (Average Expense Ratio)	%	13.47	13.24	12.92
Increase in GT	%	3.8	2	2
Average net PR per GT	\$	2.24	2.30	2.01
Free Reserves per GT	\$	3.05	3.10	2.81
Surplus / (Deficit) (Mil)	\$	11	53	(58)

**6.6%**  
Investment  
Return

**\$11M**  
Surplus

## Underwriting

- After a 7.5% General Increase (2024 policy year) and a small increase in entered tonnage, the gross premium income actually fell, but a small reduction in the reinsurance costs left the net premium income US\$ 5m higher at US\$ 363m. After a number of very difficult years, the Club finally reported that the fixed premium P&I and the Charterer's portfolios saw a modest profit albeit below target.
- The cost of attritional claims below US\$ 0.5m remained stable however, there was an increase in the frequency and severity of large claims. There were 14 claims in excess of US\$ 2m, including three dock damages, two injuries in the United States and two major groundings, one of which was an IG pool claim.
- There was a US\$ 10m deterioration in the expected outcome of the 2023 policy year, but positive developments on earlier years. The expected cost of claims on the 2024 policy year was US\$ 55m higher than on the 2023 policy year after 12 months.

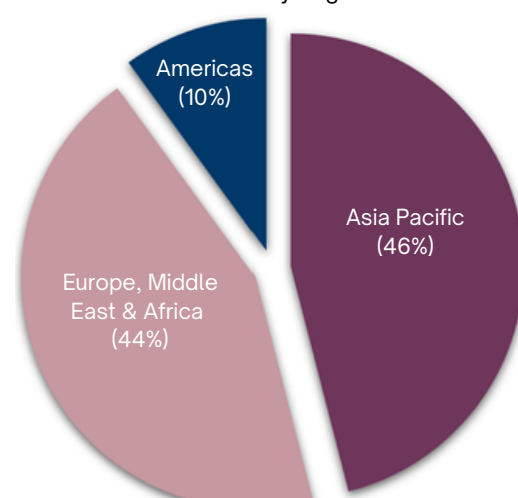
**116%**  
Combined  
Ratio

## Investments

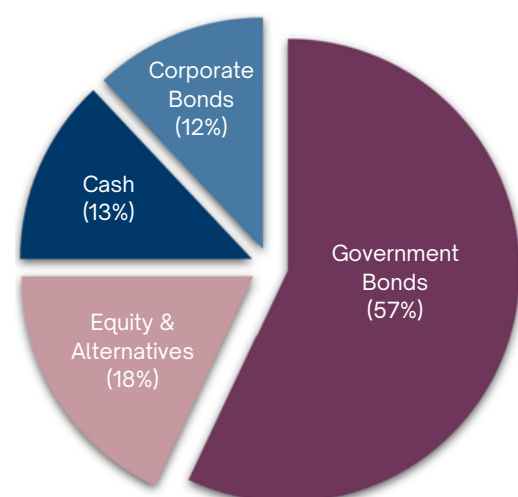
- The strong performance from the investment managers returned 6.6%, delivering an income of US\$ 70m and helped to push the free reserves back up towards US\$ 500m.
- The start of the year witnessed optimism over the future path of interest rates, which pushed up valuations and reduced bond yields, although uncertainty increased towards the end of the year, but overall returns were good with equities returning 17% and bonds 4.5%.

Balance Sheet	US\$000's	2025	2024	2023
Investments		1,101,410	876,272	882,382
Cash		163,741	368,838	225,260
Debtors		100,595	125,347	168,403
Other Assets				
<b>Total Assets</b>		<b>1,365,746</b>	<b>1,370,457</b>	<b>1,276,045</b>
Outstanding Claims		830,645	776,350	750,137
Creditors		40,699	110,647	95,463
<b>Total Liabilities</b>		<b>871,344</b>	<b>886,997</b>	<b>845,600</b>
<b>Free Reserves</b>		<b>494,402</b>	<b>483,460</b>	<b>430,445</b>
<b>Revenue Statement</b>	<b>US\$000's</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>
Net Premiums		363,512	358,414	307,578
Net Claims Incurred		348,235	304,141	249,909
Management Costs		74,755	82,676	71,360
		422,990	386,817	321,269
<b>Underwriting Surplus / (Deficit)</b>		<b>(59,478)</b>	<b>(28,403)</b>	<b>(13,691)</b>
Investment Income / (Loss) Less Tax		70,520	81,418	(44,170)
<b>Surplus / (Deficit)</b>		<b>11,042</b>	<b>53,015</b>	<b>(57,861)</b>

Members By Region



Asset Allocation



## Outlook

- The UK Club has navigated its most demanding underwriting year which had the highest incurred claims on record and a record high for IG pool claims. The underwriting clearly suffered again with another deficit of US\$ 59m, their seventh successive underwriting deficit, but the Club was saved by its capital reserves and the performance of their investment managers.
- After the well-publicised deficits of the fixed premium P&I and Charterer's class, 2024 policy year turned in a modest profit. Although the cost of attritional claims remained relatively constant below US\$ 80m in total, it was apparent that claims inflation was having an adverse impact on the large claims, combined with advances in remedial technology.
- The Club's free reserves are still below the level of 2018 and it is evident that to rectify the continuing poor underwriting results, there needs to be a forensic focus on those Members with chronically poor loss records, who are now causing the Club to be uncompetitive against its contemporaries.
- The Club reported an US\$ 11m overall surplus and retains its S&P A- credit rating with a 160% solvency ratio, however there is still much work to be done on the underwriting side which remains the Club's "Achilles heel".