

A-
S&P
Rating

Overview

- Britannia had a difficult year with a 44% increase in incurred claims, which pushed the underwriting deficit up to US\$ 86m. This produced a 138% Combined Ratio. The situation was saved by the favourable financial markets and the investment managers delivering a c. US\$ 76m return on the Club's investment portfolio, which reduced the overall deficit to US\$ 10m.
- The major event of the year was the MV DALI, which demolished the Francis Scott Key bridge and will likely cost the Club itself in excess of US\$ 30m.

Key Performance Indicators

		2025	2024	2023
S&P Rating		A-	A	A
Gross Owned Tonnage	Mil	141	142	142
Combined Ratio	%	138	103	107
Investment Return	%	8.1	6.6	-5.9
General Increase	%	7.5	7.5	10
Solvency	%	177	181	169
Movement in Net Premiums	%	1.2	11.4	15.8
Movement in Free Reserves	%	-1.8	7.8	-13.2
Movement in Incurred Claims	%	43.9	6.7	3.1
AER (Average Expense Ratio)	%	14.4	15.5	15.4
Increase in GT	%	-0.7	0	5.2
Average net PR per GT	\$	1.62	1.59	1.43
Free Reserves per GT	\$	3.83	3.87	3.59
Surplus /(Deficit)(Mil)	\$	(10)	58	(78)

8.1%
Investment
Return

\$30M
Return to
Members

Underwriting

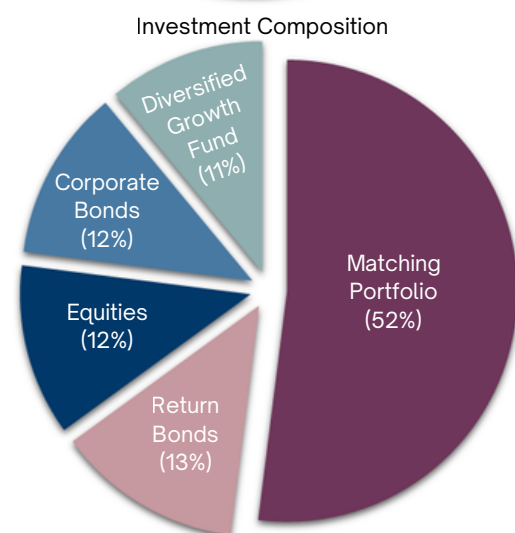
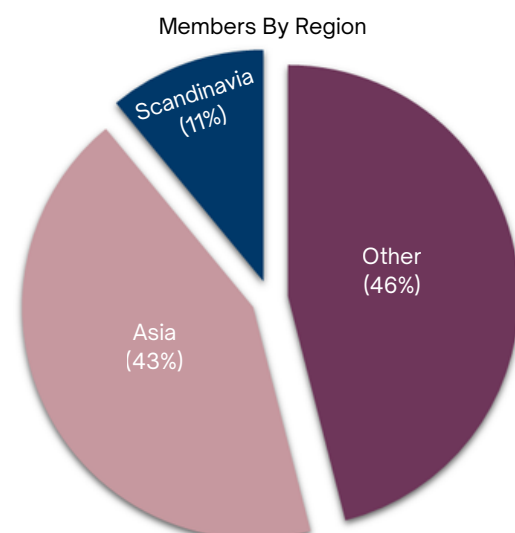
- After a number of recent years of slowly diminishing underwriting deficits, the Club was hit by a wave of high value claims which rather devastated the underwriting.
- There were 28 high value claims over US\$ 1m and a significant increase in the severity of such claims.
- The majority of the high value claims related to damage to property (inc. MV DALI). A bulk carrier damaged a terminal in Brazil when the moorings parted during a storm, a second bulk carrier hit the pier in Teesport while under pilotage and a container ship hit a crane while berthing in Liverpool.
- A bright spot was the small attritional claims which showed continued improvements. The underwriting has been in deficit for a number of years and the frailty was exposed this year, a situation that clearly needs to be rectified.

138%
Combined
Ratio

Investments

- The investment performance was the highlight of the results with a return of 8.1% ranking with the best in the IG and delivering income of US\$ 76.6m, which saved the day and reduced the damage to manageable proportions.
- The investment strategy divided the portfolios into one matching the currency and maturity of the outstanding claims and a second designed for growth. The majority of the funds were invested in government and high quality corporate bonds with 23% in diversified growth funds and equities. The growth portfolio benefited from exposure to US “tech” stocks which performed particularly well.

Balance Sheet	US\$000's	2025	2024	2023
Investments		933,818	896,263	750,086
Cash		170,700	220,787	373,783
Debtors		175,087	173,343	142,508
Other Assets		4,860	5,748	5,914
Total Assets		1,284,465	1,296,141	1,272,291
Outstanding Claims		701,375	682,330	740,493
Creditors		42,978	63,880	21,766
Total Liabilities		744,353	746,210	762,259
Free Reserves		540,112	549,931	510,032
Revenue Statement	US\$000's	2025	2024	2023
Net Premiums		229,038	226,213	202,976
Net Claims Incurred		260,776	181,261	169,933
Management Costs		54,714	52,077	48,229
		315,490	233,338	218,162
Underwriting Surplus / (Deficit)		(86,452)	(7,125)	(15,186)
Investment Income / (Loss) Less Tax		76,633	65,368	(62,651)
Surplus / (Deficit)		(9,819)	58,243	(77,837)



Outlook

- After the worst underwriting results in recent memory, it was essential for the Club to get the underwriting moving towards a balanced outcome. At the 2025 renewal the Club set a target of 7.5% rate increase plus an additional 2.5% risk adjusted rate increase. These targets were reportedly met but there was a minor drop in entered tonnage.
- Britannia's last underwriting surplus was in 2018 and in the claims period to 2024 financial year, the claims had nearly doubled, but the net premium income had increased by less than 50%, so the claims were rising at twice the speed of the income. This year saw an exceptional rise in claims which hit an already vulnerable position resulting in the exceptional deficit.
- Fortunately, the investment managers were in command of the situation and made the most of favourable financial markets. The Club received an S&P downgrade to A- with a stable outlook, but is still one of only a few IG Clubs with over US\$ 500m in free reserves. Notwithstanding the adverse claims experience, the Club was still able to provide capital returns totalling US\$ 30m to renewing mutual Members – a sign of true mutuality!