

LONDON

BBB

S & P
Rating

49.1%

Movement in
Incurred
Claims

\$21M

Surplus

102%

Combined
Ratio

Overview

- After a bruising claims year with a 49% increase in incurred claims, the London Club was still able to maintain the progress it made last year by keeping the underwriting deficit down to US\$ 2m and boosting the free reserves by 14%, following a healthy investment return of US\$ 23m.
- The Club had previously endured a difficult number of years, but after a successful year last year, the situation has been stabilised and growth has started to return.

Key Performance Indicators

		2025	2024	2023
S&P Rating		BBB	BBB	BBB
Gross Owned Tonnage	Mil	47	44	42
Combined Ratio	%	102	85	130
Investment Return	%	6.3	5	-3.9
General Increase	%	5	7.5	0
Solvency	%	161	155	137
Movement in Net Premiums	%	15.2	5.2	-42.6
Movement in Free Reserves	%	14.2	32	-30.8
Movement in Incurred Claims	%	49.1	-38.5	-18.9
AER (Average Expense Ratio)	%	13.72	13.38	13.27
Increase in GT	%	6.8	4.8	-6.7
Average net PR per GT	\$	2.87	2.66	2.65
Free Reserves per GT	\$	3.64	3.41	2.70
Surplus /(Deficit)(Mil)	\$	21	36	(51)

Underwriting

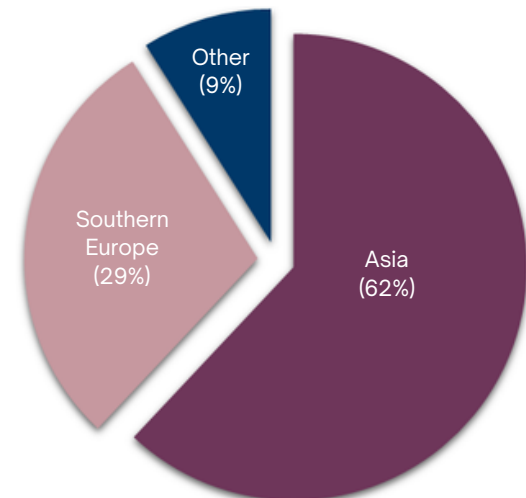
- After a successful 2024 renewal there was an increase in tonnage and a 15% rise in the net premium income, drawn predominantly from bulk, tankers and container owners. There were also positive contributions from the fixed premium owned and chartered business and war risks.
- There was positive development in the Club's technical performance, where the cost of paid and known outstanding claims after twelve months was in line with previous years, and not exceptionally high as in other Clubs.
- The cost of IG pool claims was high, but the cost of the Club's own retained claims remained modest. There were a number of large claims in excess of US\$ 1m, the most expensive being fixed and floating objects (mostly dock damage), with one such claim exceeding the IG pool retention. There were two general average and salvage claims arising from groundings.
- The underwriting has undergone a major recovery with tonnage back up to levels last seen in 2021, but (importantly) with the net premium income nearly 36% higher and the free reserves 10% higher.

Investments

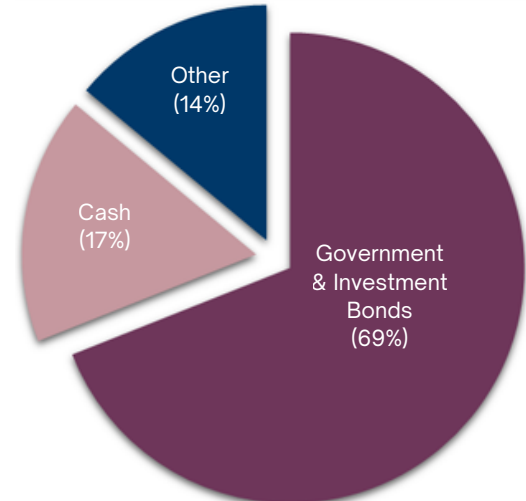
- Over optimism in the financial markets at the start of the year soon evaporated as inflation in the US remained high and the US economy remained resilient. The subsequent slowing of the economy led to a small reduction in Fed fund rates, but towards the end of the year after the US presidential election, uncertainty over US future economic policy and geo-political tensions led the Fed to become more cautious.
- The investment managers remained underweight in riskier assets, preferring mortgaged backed securities and government bonds. The assets under management returned 7.2%, but the cash and passive investments reduced the rate to 6.3%, producing a total income of US\$ 24m.

Balance Sheet	US\$000's	2025	2024	2023
Investments		353,211	333,004	277,902
Cash		81,787	74,421	123,848
Debtors		28,917	30,305	33,039
Other Assets		16,345	16,833	18,470
Total Assets		480,260	454,563	453,259
Outstanding Claims		281,377	271,297	303,263
Creditors		27,700	33,432	36,470
Total Liabilities		309,077	304,729	339,733
Free Reserves		171,183	149,834	113,526
Revenue Statement	US\$000's	2025	2024	2023
Net Premiums		134,839	117,070	111,287
Net Claims Incurred		114,732	76,972	125,085
Management Costs		22,347	22,017	19,672
		137,079	98,989	144,757
Underwriting Surplus / (Deficit)		(2,240)	18,081	(33,470)
Investment Income / (Loss) Less Tax		23,589	18,227	(17,007)
Surplus / (Deficit)		21,349	36,308	(50,477)

Members By Region



Asset Allocation



Outlook

- After a difficult few years, which culminated in additional calls in the 2022 financial year, and a 30% reduction in the free reserves, London has finally turned the corner with an underwriting surplus and a healthy overall surplus of US\$ 21m this year.
- The underwriting performance for the year was very satisfying as many Clubs struggled to contain a rise in high value claims and the consequences of a record year for IG pool claims.
- The incurred claims rose by 49%, reflecting the likely cost of the IG pool claims. However, the Club still managed to keep the combined ratio down to a manageable 102%.
- The Club maintained an S&P BBB credit rating with a stable outlook, but if it can maintain the current underwriting discipline and continue to attract quality tonnage, the rating should improve.