

GENERAL INCREASE BULLETIN NO. 3 / 18

Club – Steamship Mutual

25th October 2018

P&I

- No standard increase will be applied

FDD

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Our third Renewal Bulletin sets out the background scenario and decision taken by The Steamship Mutual at their recent Board Meeting held on 23 October 2018.

The financial and claims footprint of the club as presented to the Board for their renewal requirement deliberations can be summarised as follows.

The overall cost of claims for the current 2018/19 policy year reported to date for owned claims is lower than at the same point last year and compares favourably with the average club experience over the last six years.

The number of claims estimated in excess of US\$250,000 is slightly higher than in recent years but the average cost of those claims this year is notably lower. Claims release from prior years is slightly below expectations affected mainly by some claims deterioration occurring in the 2015/16 and 2016/17 years. Owned claims for 'club account' experience for the Steamships evidences the volatility of this claims range and the individuality of club experiences so far communicated in this round of general increase announcements. With regards to the financial and claims footprint the club interestingly notes a reduction in premium churn when compared to previous years.

Albeit with fewer claims the Pool claims experience is currently showing a higher value at this point of the year's development than that seen in 2017/18 with eight claims so far reported. That said the club notes that whilst the value of claims is higher than the previous three years, they are in line with the longer term average. Pool claims estimates are still immature at this stage and their future development remains uncertain.

Investments income in the seven months ending September the Club has recorded a return of 0.8% excluding currency movements.

2019/20 Premium Ratings

In view of the Club's very strong financial position, the Board has decided that no standard increase will be applied to any class of business for the 2019/20 policy year. As usual the Managers have been instructed to correct individual Member premium ratings where necessary and to pass on to Members any adjustments in the costs of the International Group reinsurance programme, whether up or down.

Capital Management

In consideration of the Club's overall exposure to risk and its continued financial strength, the Bermuda Board decided to make a distribution to Members. This will amount to 10% of premium paid for Class 1 P&I mutual entries in the 2018/19 policy year, in respect of vessels whose entries are renewed for the 2019/20 policy year. This distribution will appear on Members' statements shortly after the February 2019 renewal.

This Newsletter, and our information archive, can also be accessed at www.plferrari.com

P.L. FERRARI & CO S.r.l.