



PROTECTION & INDEMNITY

Renewal 2021/22 Commentary



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Introduction

The 2020/21 renewal was always going to be a ‘work in progress’ as the clubs addressed premium erosion. As anticipated, general increases were, for many, back on the agenda; those that opted for 0% made it clear that a hike in rates was to be expected, along with additional increases for those with adverse loss records.

We would love to be more optimistic this coming renewal, but every indication is that premiums will increase. At a time when shipping, like most of global economy, is suffering, this will only add more misery. Are these actions justifiable? For some, yes, but for others, it is doubtful. Free reserves across the group are stable and currently buoyed by some better news from the investment market. Though naturally, caution must be taken as COVID-19 continues to cause great uncertainty.

Much has been said of the application of a general increase as means of blanket raising premiums across all members, regardless of individual account performance. Indeed, with all the actuarial and modelling skills available, one would suggest they belong to yesteryear. We do feel a more analytical approach should be adopted when seeking increases, rather than such a unilateral approach. We would encourage a more detailed analysis of each member’s risk profile, hand-in-hand with the context of club performance and the market place.

Renewal: 2021/22

As we have alluded to, the stark reality is clubs are losing money, and rates have fallen over the past decade. The performance of investments has masked pure underwriting results. This year the volume of premium will fall, resulting from the lay-up of vessels. This is noticeable with the cruise sector, which, while limited to a few clubs, is a significant contributor to the International Group reinsurance programme.

While the International Group has not suffered many heavy losses from the COVID-19 pandemic, the global insurance market has. This is relevant as each of the IG clubs buys its own reinsurances in the open market, and any increase in costs will be passed on.

A feature of this current year is the number of major claims. Pool claims are already standing close to USD 300 million, against USD 100 million at the same time last year. While these are distributed across the group, there is a ten-year legacy for the club posting a pool loss.

While this is all gloomy news, it must be remembered in previous better-performing years, free reserves have swollen, with last year no exception. We would not recommend any drastic raid on those treasures quite yet, but this is a time to look to soften any hike in premiums by bringing them into play. The decision by some clubs to return premium must be applauded and is testimony to mutuality and, understandably, an excellent marketing tool. However, we firmly believe members would prefer lower premiums over capital returns.

The group reinsurance programme will enter the second of a two-year deal on expiring terms with no COVID-19 exclusion; however, any ‘fixed premium’ placements may well have these exclusions in place.

Clearly, constant reliance on investment income is not a recipe for success, equally, should these perform well, then this the time to support members until we reach something resembling normality.

What does this mean for renewals? No doubt, there will be a general increase to negotiate along with potential increases in deductibles. To what level will become more apparent as the year progresses, but signals are these may be substantial.

The falling premium levels have not escaped the attention of Standard and Poor, and effectiveness of halting erosion will figure heavily in its rating of the clubs. Even those boasting substantial reserves will be mindful that a downgrade is ever-present. Those that cannot boast an A rating will be even more fearful that the divide between the better financially performing clubs grows; once again raising the possibility of consolidation.

Everyone is anticipating the coming renewal will be a challenge. Are there ways of softening any rate increases? Time to look after those members who have performed well. We would like to see more imagination in terms. While a few are imaginative, others are less so. This is a year to look at every option and consider greater risk retention.

We raise once again the costs of running a club. The forced necessity of working from home, while far from perfect, has led us to question the need for costly office space, both domestically and overseas. This is a year to put an arm around members and not let underwriting discipline falter noticeably when the attraction of new tonnage is on offer.

A year to remember for all the wrong reasons and an opportunity for the clubs to show support to their members as we all continue to navigate difficult waters.

Reinsurance

Pooling

The attachment point for claims to reach the International Group pool has been at USD 10 million for a number of years now despite pressure from some of the larger clubs to increase the threshold. We do not see that or any other elements of how the clubs pool their losses changing in the near future.

Perhaps part of the reason for this is, for most of the last decade, pool claims have been at relatively low levels and certainly a lot lower than years like 2006, which is the worst on record. Some argue this is to do with a poor shipping market, meaning there are fewer ships trading, and those that are working are not pushed as hard. Others say standards in shipping have improved, or maybe it is just a matter of luck. Whatever the causation of major claims, what is certainly true is that the 2019 and 2020 policy years have seen a return to major losses for the International Group pool.

Major claims in 2019 included GOLDEN RAY and MSC GAYANE, which we highlight below, as well as another total loss of a Ro-Ro GRANDE AMERICA, costing USD 60 million, several claims from cruise ships and particularly for container vessel allisions with berths and container cranes. In previous reports, we had highlighted the seeming inequity of container vessels being categorised in the same ‘dry bulk’ group as bulk carriers for reinsurance purposes, but, interestingly now the focus of many clubs is Ro-Ro vessels and, in particular, car carriers, given a number of high profile incidents in recent years.

“The 2020 policy year looks to be the worst for the International Group pool for almost a decade.”

There has been a lot of talk about COVID-19 and how that will cause major claims for the P&I sector. So far, that has generally not proved to be the case. Princess Cruises (part of the Carnival group) have been particularly unlucky to bear all three COVID-19 claims large enough to reach the International Group pool. In the grand scheme of things, these claims are not major, with all three costing the pool less than USD 60 million between them.

The 2020 policy year looks to be the worst for the International Group pool for almost a decade. At the six month point, the year is almost twice as bad as the 2012 policy year, which is the next most claims intensive at this stage. In 2020 the major claims have come from the wreck removals of grounded VLOCs, including STELLAR BANNER and WAKASHIO. However, the trend for problems on car carriers has continued with the total loss of HOEGH XIAMEN, and the perennial problems of allision with berths and damage to container cranes is again evidenced.

The costs of the pool make up a major part of a member’s expense. Transparency from the clubs about how these costs are calculated, reserving practices and provision for incurred by not reported (or enough reported) claims are all things Aon would like to see improve.

COSTA CONCORDIA and RENA claims became the largest and second largest P&I claims of all time respectively. This has meant that since a high in 2014, the reinsurance rates have been coming down year-on-year as good performance from the International Group loss record combined with a soft reinsurance market

International Group Excess of Loss Reinsurance

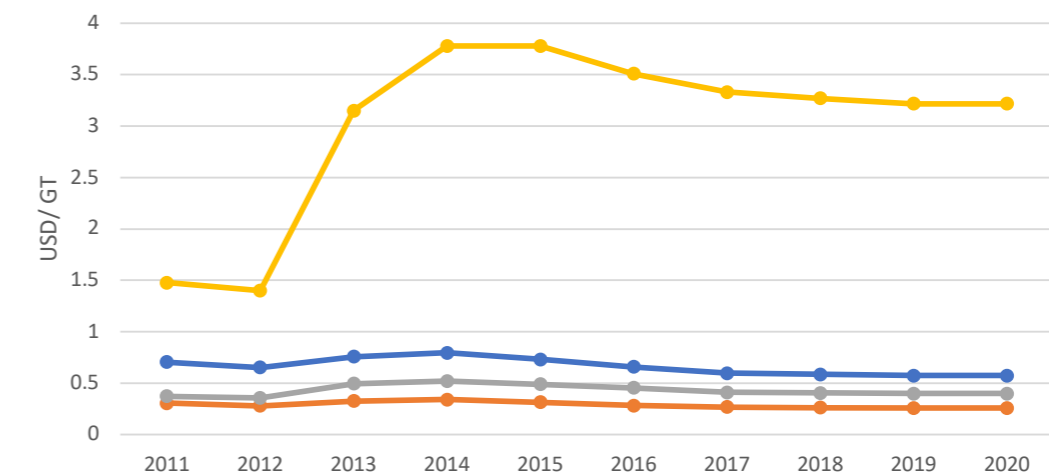
The International Group Excess of Loss Reinsurance contract has generally run well since the terrible 2011 policy year when the

In 2019 things began to change. The year saw the first giant claim since 2012, with the GOLDEN RAY now estimated at just under USD 450 million, along with a much more difficult

International Group Pool Incurred Claims Based Upon Historical Thresholds (USD Millions)

Months	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
6 Months	60.30	153.90	96.70	76.80	48.70	36.10	16.60	101.50	87.10	294.00
18 Months	252.20	462.70	324.30	189.90	253.20	116.40	243.50	425.40	411.30	
30 Months	285.10	457.50	322.10	206.90	292.30	129.90	272.90	190.80		
42 Months	278.00	457.80	374.80	215.00	285.70	143.50	294.40			
54 Months	289.70	453.40	403.90	215.50	293.60	140.30				
66 Months	289.10	455.50	409.80	220.10	297.50					
78 Months	284.00	418.40	418.50	206.50						
90 Months	283.70	392.20	437.00							
102 Months	280.50	383.50								
114 Months	280.20									

International Group XSRI Rates History



reinsurance market. The MSC GAYANE was another USD 100 million-plus claim in 2019. In our opinion, the brokers for the International Group did an excellent job. They achieved what for shipowners were as expiry terms, and more importantly, the International Group reinsurance placement was put on a two-year deal not expiring until 20 February 2022. This

means the current rating as below is unlikely to change in the 2021 policy year unless the International Group reinsurance sub-committee decides to amend the allocation internally. This is certainly a good result for club members against the background of General Increases and a hardening marine insurance market.

As explained above, now we have what looks to be the worst pool year in recent times. Although on current estimates, none of those claims will be above USD 100 million, the cost of pool claims, most often those involving wreck removal, can deteriorate quickly and significantly. We are also only just over half-way through the policy year, and traditionally the majority of pool claims come during the North Atlantic winter. If history is anything to go by, we can expect further major claims before the policy year is over.

While the rating for the 2021 policy year is already decided, we unfortunately suspect the combination of a deteriorating International Group loss record and missing much of the hardening market due to the two-year deal will mean that the International Group reinsurance renewal on 20 February 2022 will be painful for shipowners.

2020 International Group XSRI Rates

USD/ GT	TANKER (DIRTY)	TANKER (CLEAN)	DRY	PASSENGER
2020	0.5747	0.2582	0.3971	3.2161



Cyber: IMO 2021

The use of new technology and cyber solutions continue to evolve in the maritime sector; whether onboard or through new shore-based platforms, ships are more connected than ever. While such developments herald a host of benefits from a safety and efficiency perspective, as reliance on technology grows, cyber security and cyber risk management continue to be important topics for our clients and the maritime community. As a result, back in 2017, the International Maritime Organisation (IMO) issued guidelines for maritime cyber risk management, MSC-FAL.1/Circ.3.

These guidelines provide high-level recommendations and a risk management framework for maritime cyber risks. They can be incorporated into existing risk management processes and are complementary to the safety and security management practices already established by IMO.

"...most shipowners will shortly be required to include cyber risk management/ preparedness into their SMS if not already doing so."

Set out below the key areas identified in the IMO's risk management framework:

- **Identify:** Define personnel roles and responsibilities for cyber risk management and identify the systems, assets, data and capabilities that, when disrupted, pose risks to ship operations.
- **Protect:** Implement risk control processes and measures, and contingency planning to protect against a cyber-event and ensure continuity of shipping operations.
- **Detect:** Develop and implement activities necessary to detect a cyber-event in a timely manner.
- **Respond:** Develop and implement activities and plans to provide resilience and to restore systems necessary for shipping operations or services impaired due to a cyber-event.
- **Recover:** Identify measures to back-up and restore cyber systems necessary for shipping operations impacted by a cyber-event.

In June 2017, the IMO published Resolution MSC.428(98), under which the IMO requires administrations to ensure that cyber risks are appropriately addressed in safety management systems no later than the first annual verification of the company's Document of Compliance after 1 January 2021. This means that most shipowners will shortly be required to include cyber risk management/ preparedness into their SMS if not already doing so.

From a P&I perspective, there is no cyber exclusion within the club rules. However, in the event of a cyber-attack resulting in a P&I liability, it must be determined whether the cyber-attack constitutes an excluded act of war or terrorism under the club rules. Accordingly, a cyber-attack could trigger the war exclusion under the club rules. It should also be noted that, as it relates to the IMO requirements effective January 2021, the rules of the International Group clubs stipulate that vessels must comply with all flag state requirements. Therefore, failure to maintain SMS certification/address cyber risks could potentially prejudice cover. Should you have any questions in respect of cyber risks and impact on your P&I cover, please contact your Aon P&I team.

Should you have any questions or need any further guidance on cyber security preparedness, please get in touch with your usual Aon contact to hear more about our cyber solutions and capabilities. Our Aon Cyber Solutions team can offer the Stroz Friedberg Incident Response and Stroz Friedberg Digital Forensics capabilities. We also work with our partners at HudsonCyber to offer maritime enterprises a comprehensive, cohesive and resilient cyber security programme for today's modern threats.



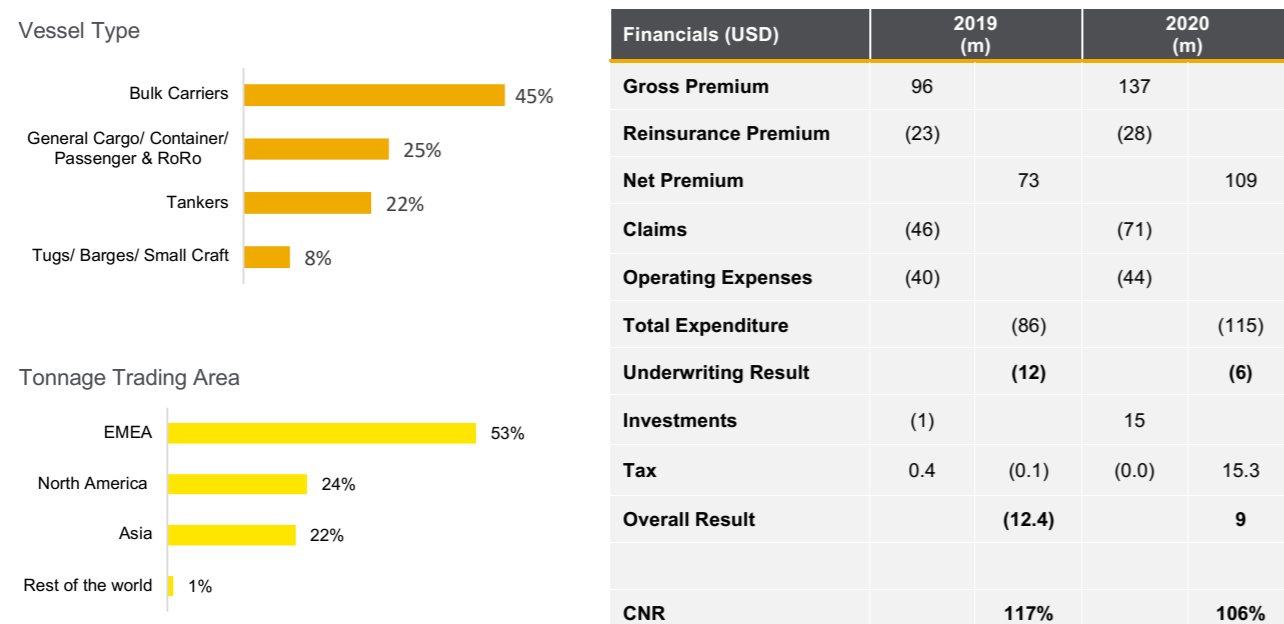
American



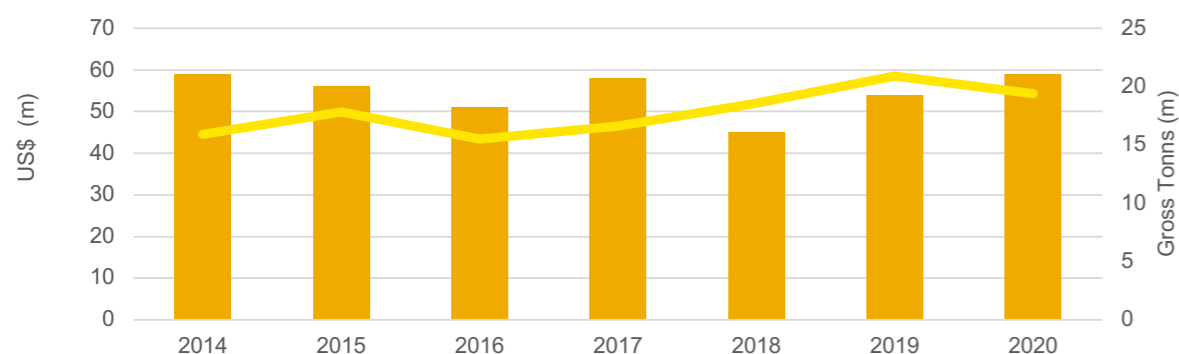
S&P Rating: BBB- (Stable)

Combined Net Ratio	106%	Investment Return	10.6%	Entered Tonnage	19m GT
Underwriting Result	-USD 6m	Overall Result	USD 9m	Free Reserves	USD 59m

“The club’s focus on member needs resulted in a 95% retention rate from 2019 to 2020. Eagle Ocean Marine made strong contributions to the club and American Hellenic Hull moved toward sustained profitability. The club continues to seamlessly service its membership despite the pandemic.” **Tom Hamilton Chief Underwriting Officer**



US\$	2014	2015	2016	2017	2018	2019	2020
Free Reserves (m)	59	56	51	58	45	54	59
Entered Tonnage (m)	16	18	16	17	19	21	19



2020 figures include the supplementary calls announced in 2019.

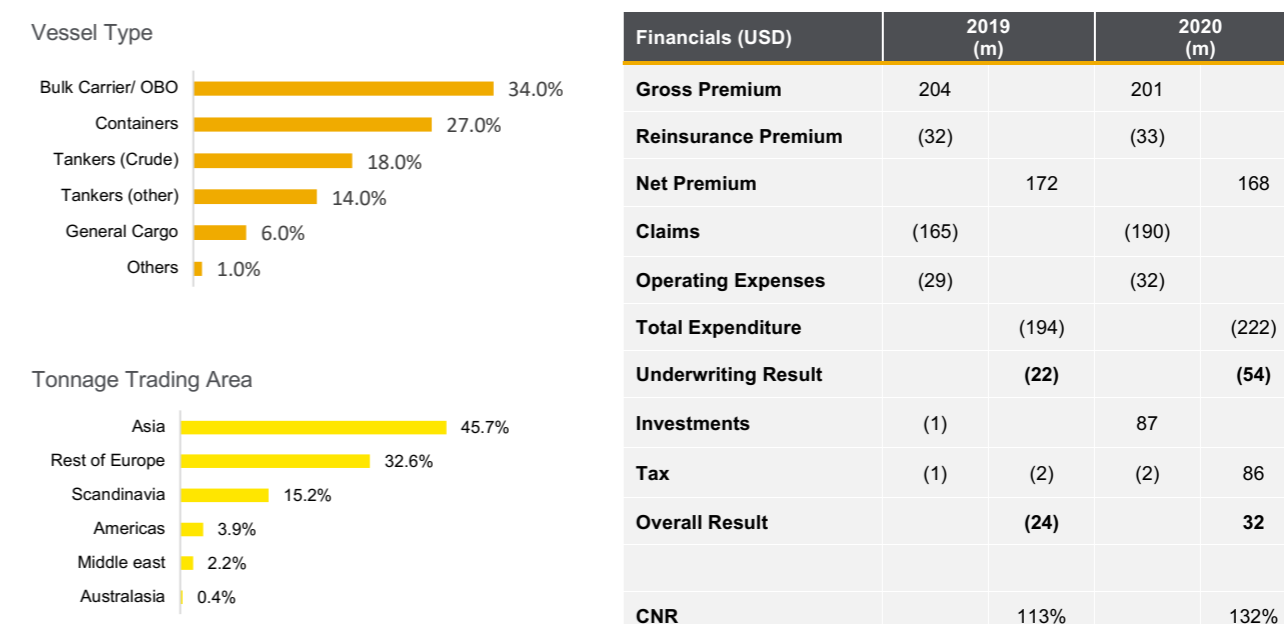
Britannia



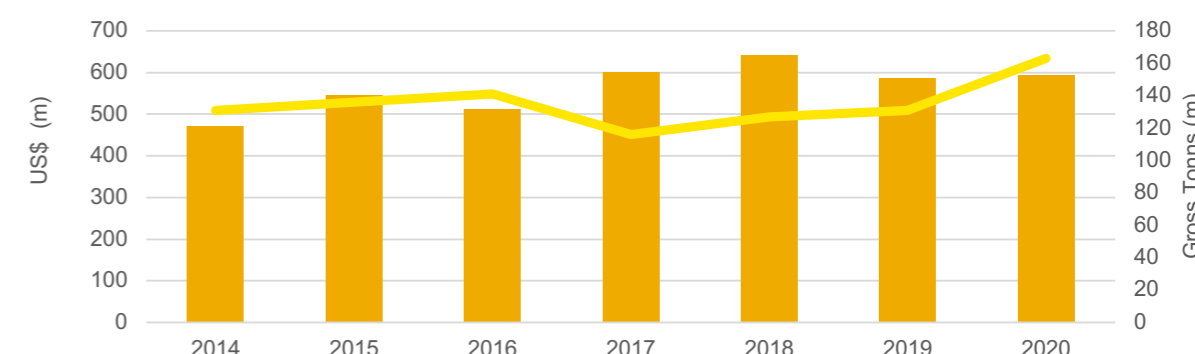
S&P Rating: A (Stable)

Combined Net Ratio	132%	Investment Return	7.1%	Entered Tonnage	163m GT
Underwriting Result	-USD 53m	Overall Result	USD 32m	Free Reserves	USD 594

“Whilst 2019/20 was a challenging year, our five-year average combined ratio is 103%. Financial strength (evidenced by our S&P A (stable) and AAA capital rating) and premium service remain our core objectives.” **Andrew Cutler, Chief Executive Officer**



US\$	2014	2015	2016	2017	2018	2019	2020
Free Reserves (m)	472	546	513	601	642	588	594
Entered Tonnage (m)	131	136	141	116	127	131	163



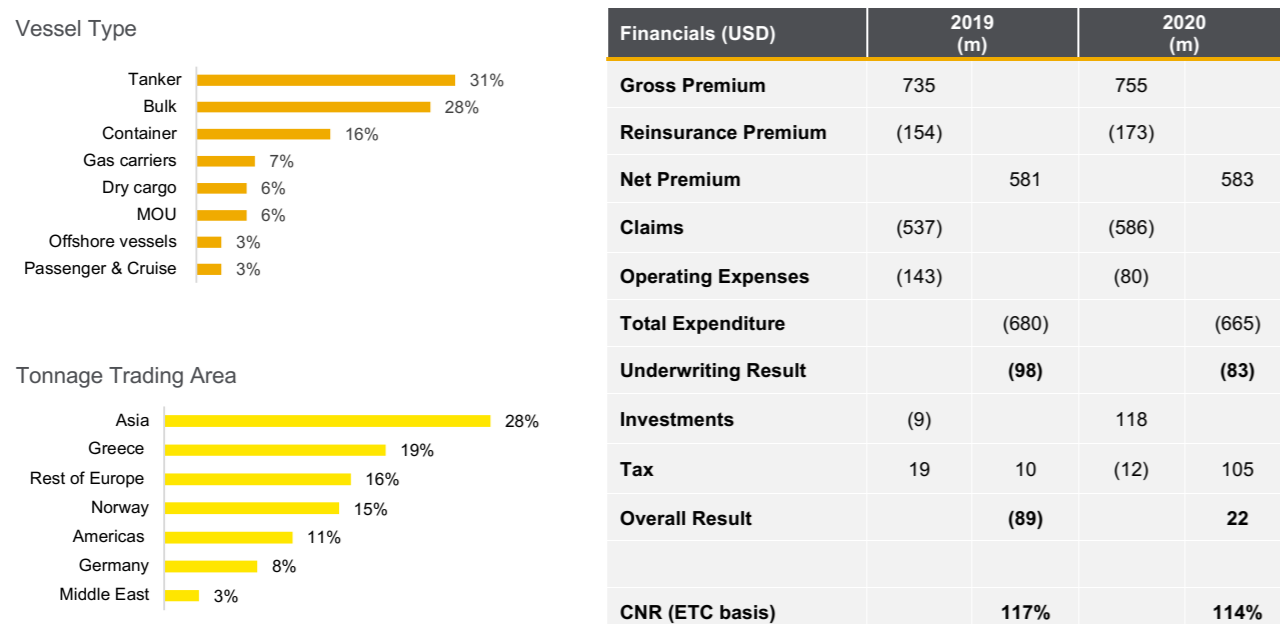
Gard



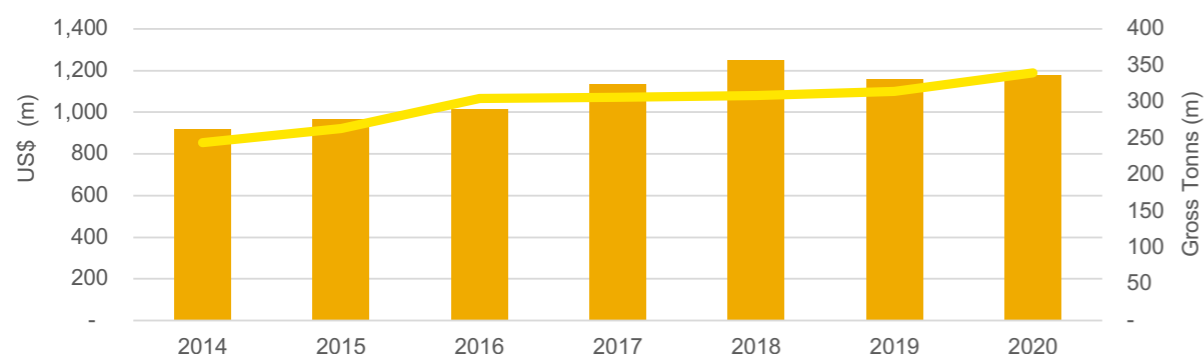
S&P Rating: A+ (Stable)

Combined Net Ratio	114%	Investment Return	5.8%	Entered Tonnage	340m GT
Underwriting Result	-USD 83m	Overall Result	USD 22m	Free Reserves	USD 1,179m

"2020 has been a challenging year, and our aim has been to support our members with superior service and strong financial backing. We work at this every day, without complacency, to act in a way that is fair and represents the mutual philosophy. One important example was that our board decided to support our members' cash flow by delaying the decision on the final premium instalment for 2019 policy year until November 2020. The result of this was to increase the CRN for 2019 from 102 to 114%." **Bjørnar Andresen, Group CUO**



US\$	2014	2015	2016	2017	2018	2019	2020
Free Reserves (m)	919	969	1,017	1,135	1,249	1,159	1,179
Entered Tonnage (m)	244	263	305	307	308	315	340



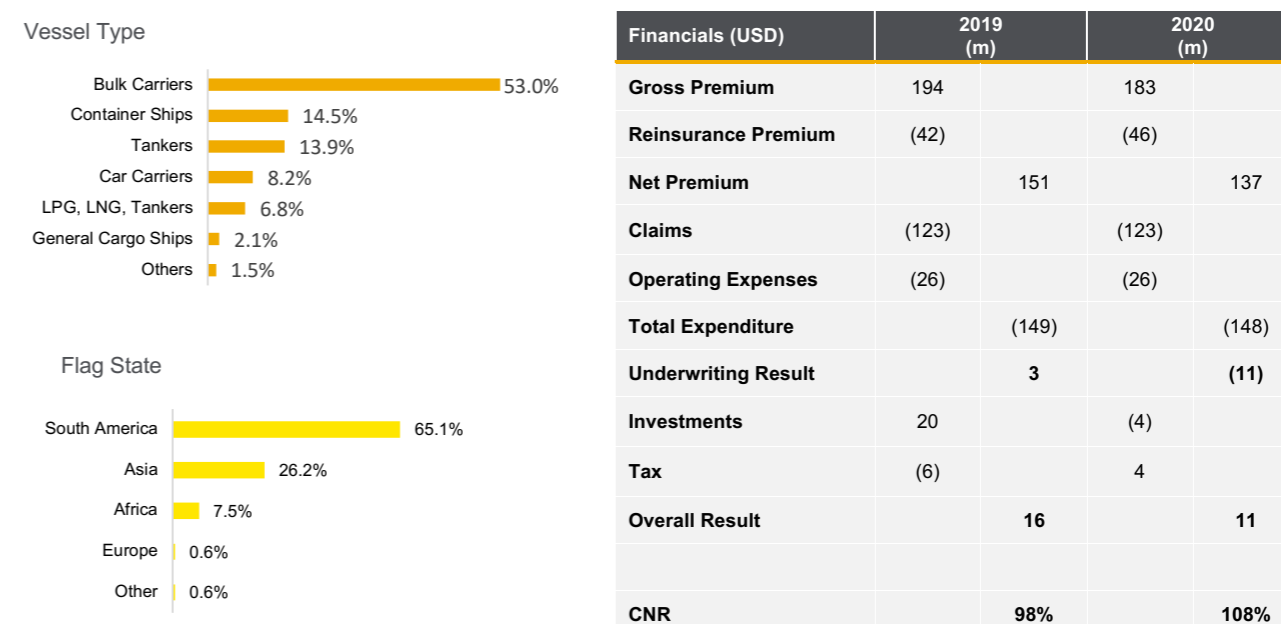
Japan



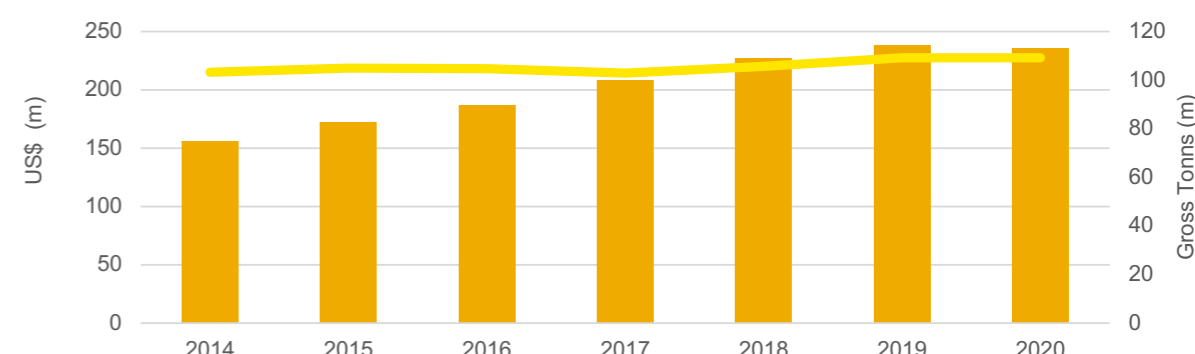
S&P Rating: BBB+ (Positive)

Combined Net Ratio	108%	Investment Return	0.39%	Entered Tonnage	109GT m
Underwriting Result	-USD 11m	Overall Result	-USD 11m	Free Reserves	USD 236

"The Association was founded in 1950 and celebrates its 70th anniversary on 2 October 2020. Since 2018, the Association has developed the Medium-Term Business Objectives (LEAP FOWARD 2023 – Your First Club, Our Best Service) and is now in the process of the Second Action plan to recover its share of the domestic market and obtain good quality contracts in overseas markets."



US\$	2014	2015	2016	2017	2018	2019	2020
Free Reserves (m)	156	172	187	208	227	238	236
Entered Tonnage (m)	103	105	104.7	103	106	109	109



London



S&P Rating: BBB (Negative)

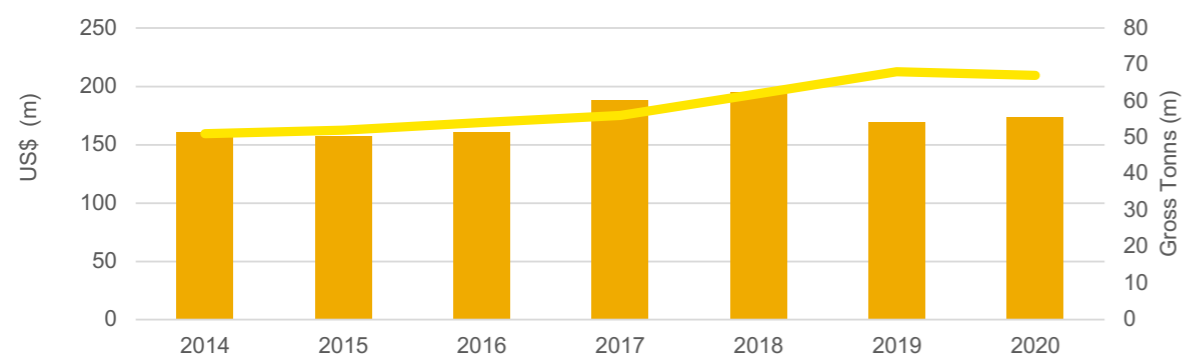
Combined Net Ratio	137%	Investment Return	9.1%	Entered Tonnage	67m GT
Underwriting Result	-USD 36m	Overall Result	USD 5m	Free Reserves	USD 174m

"We have adapted our office practices and worked hard to keep in close contact with our members and industry colleagues throughout these challenging times. This has ensured the continued delivery of the high levels of support and quality of service our members and others rightly expect. We are confident of emerging from the current pandemic in a position of strength that will be reinforced by a disciplined approach throughout the coming renewal period."

Ian Gooch - Chief Executive

Vessel Type	Financials (USD)	2019 (m)	2020 (m)
Bulk Carriers			
Tankers			
Containers			
Gas Carriers			
General Cargo			
Gross Premium		104	116
Reinsurance Premium		(20)	(19)
Net Premium		84	98
Claims		(104)	(119)
Operating Expenses		(14)	(15)
Total Expenditure		(118)	(134)
Underwriting Result		(34)	(36)
Investments		8	41
Tax		(0.3)	(0.4)
Overall Result		(26)	5
CNR		140%	137%

US\$	2014	2015	2016	2017	2018	2019	2020
Free Reserves (m)	161	157	161	188	195	169	174
Entered Tonnage (m)	51	52	54	56	62	68	67



North



S&P Rating: A (Stable)

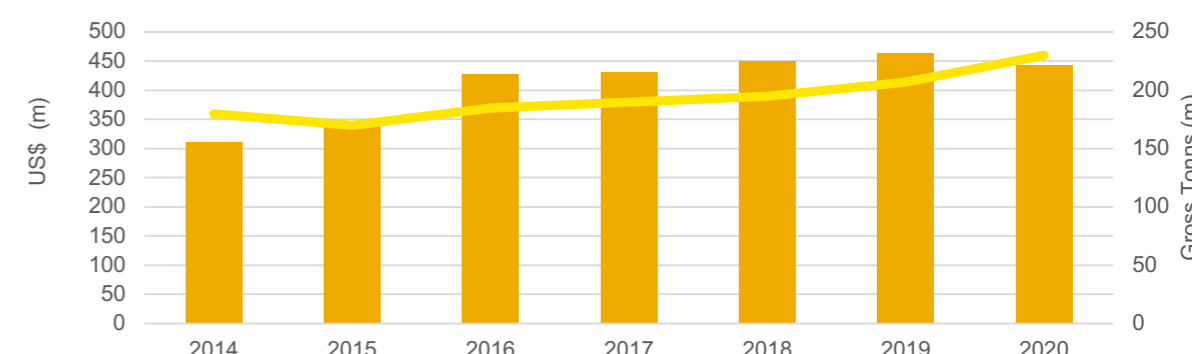
Combined Net Ratio	125%	Investment Return	6.4%	Entered Tonnage	230m GT
Underwriting Result	-USD 70m	Overall Result	-USD 18m	Free Reserves	USD 444m

"Across the 2019/20 financial year two major casualties saw North's combined ratio rise to 125.8%, demonstrating the sensitivity of the P&I sector to large claims. During that time, our clear diversification strategy continued to strengthen the financial resilience of North. The launch of two new products, North's blue-water Hull and Machinery and the Owners' Fixed Premium P&I product further extended the diversification of our traditional income base."

Thya Kathiravel, Chief Underwriting Officer

Vessel Type	Financials (USD)	2019 (m)	2020 (m)
Tankers			
Dry Bulk			
Container and General Cargo			
Others			
Gross Premium		345	347
Reinsurance Premium		(62)	(66)
Net Premium		283	281
Claims		(227)	(274)
Operating Expenses		(69)	(77)
Total Expenditure		(296)	(352)
Underwriting Result		(13)	(70)
Investments		26	69
Pension Scheme Deficit		(3.7)	(16)
Tax		(0.4)	(0.5)
Overall Result		9	(18)
CNR		104%	125%

US\$	2014	2015	2016	2017	2018	2019	2020
Free Reserves (m)	312	338	428	431	450	463	444
Entered Tonnage (m)	180	170	185	190	195	207	230



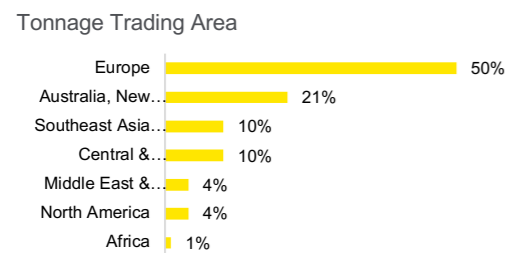
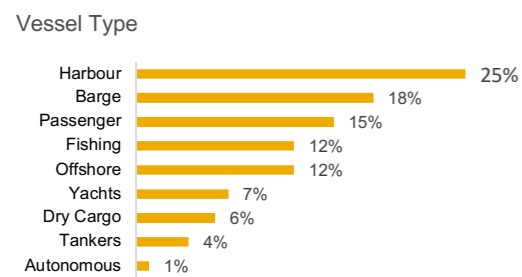
ShipOwners



S&P Rating: A (Stable)

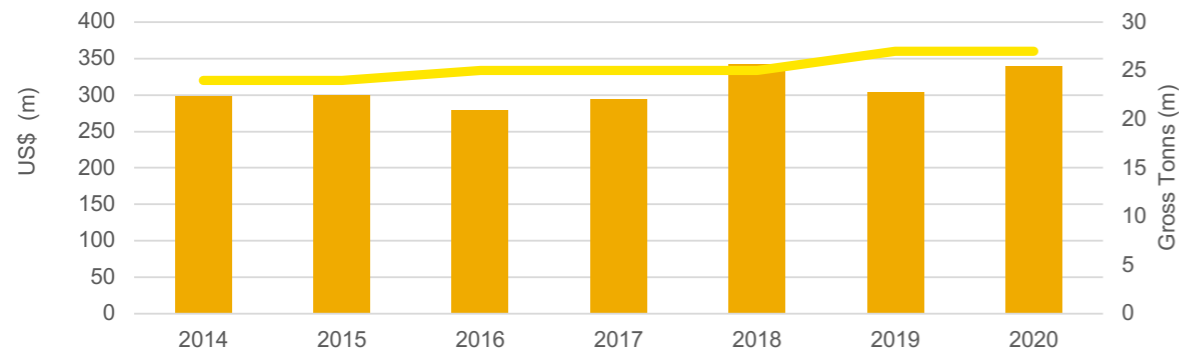
Combined Net Ratio	105%	Investment Return	9.2%	Entered Tonnage	27m GT
Underwriting Result	-USD 10m	Overall Result	USD 36m	Free Reserves	USD 340m

"I have sought to reassure members and their brokers that the Shipowners' Club is doing everything it can to help them through the current health and wealth crisis. The club's management have been instructed that their single and absolute priority is to promptly settle and pay claims to ensure that members' cash flow is supported during these most challenging times." **Philip Orme, Club Chairman**



Financials (USD)	2019 (m)	2020 (m)
Gross Premium	224	225
Reinsurance Premium	(29)	(25)
Net Premium	195	200
Claims	(151)	(156)
Operating Expenses	(52)	(54)
Total Expenditure	(203)	(210)
Underwriting Result	(8)	(10)
Investments	(29)	48
Tax	(0.7)	(1.8)
Overall Result	(37)	36
CNR	104%	105%

US\$	2014	2015	2016	2017	2018	2019	2020
Free Reserves ('000)	299	300	279	294	342	304	340
Entered Tonnage (m)	24	24	25	25	25	27	27



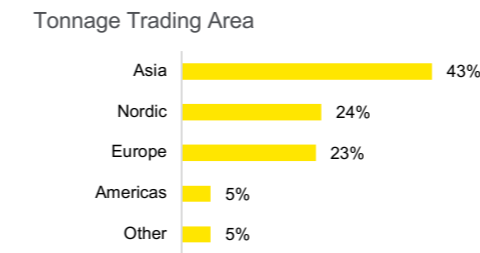
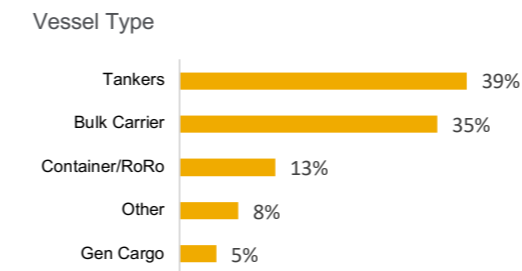
Skuld



S&P Rating: A (Stable)

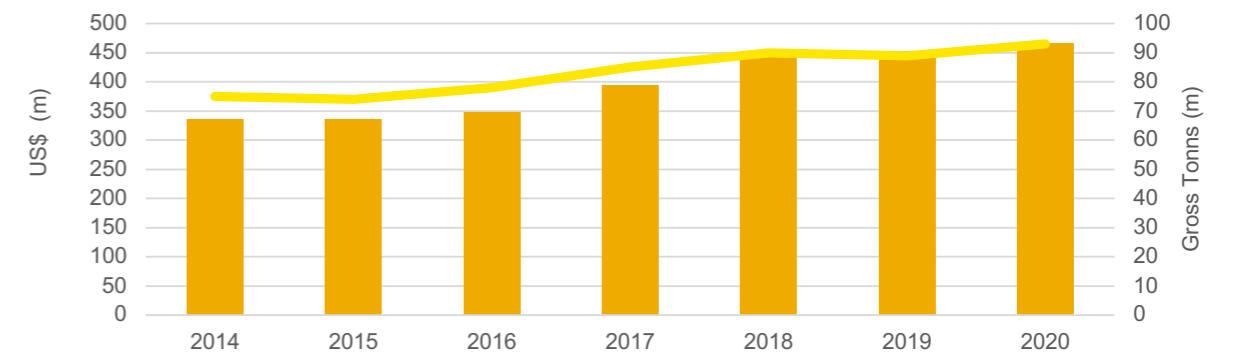
Combined Net Ratio	110%	Investment Return	5.5%	Entered Tonnage	90m GT
Underwriting Result	-USD 35m	Overall Result	USD 25m	Free Reserves	USD 466m

"As a diversified marine insurer, we can take a holistic approach to the needs of our members and clients, and we have cemented this position over several years. Our financial position is robust, and we are optimistic for the future. A cause for concern at this moment is how COVID-19 will continue to affect our industry, as well as how the pool claims pattern this past few years appears to indicate an upward trend in claims activity both in terms of frequency and high severity cost. The trend appears to have continued now in to 2020." **Ståle Hansen, President and CEO.**



Financials (USD)	2019 (m)	2020 (m)
Gross Premium	401	391
Reinsurance Premium	(56)	(47)
Net Premium	345	343
Claims	(244)	(289)
Operating Expenses	(93)	(90)
Total Expenditure	(337)	(379)
Underwriting Result	8	(35)
Investments	3	55
Tax	(0/5)	5.6
Overall Result	10	25
CNR	98%	110%

US\$	2014	2015	2016	2017	2018	2019	2020
Free Reserves ('000)	335	335	347	394	442	453	466
Entered Tonnage (m)	75	74	78	85	90	89	93



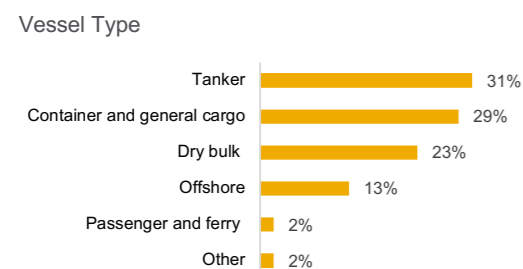
Standard



S&P Rating: A (Negative outlook)

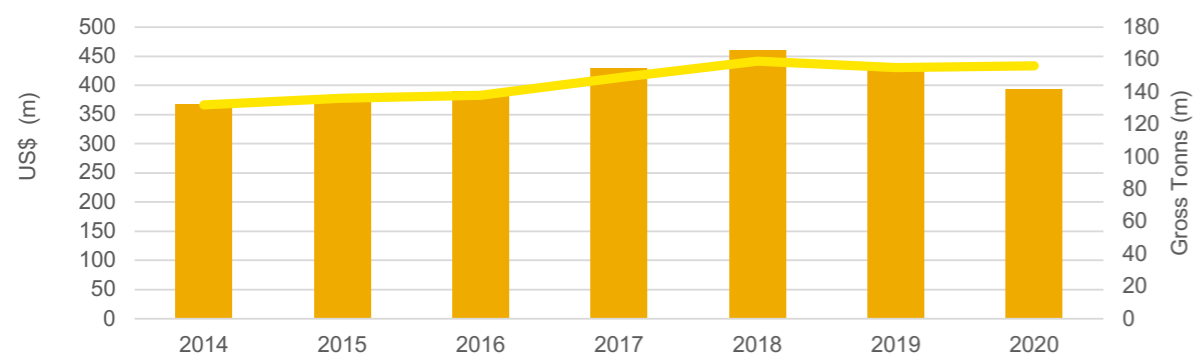
Combined Net Ratio	143%	Investment Return	9.7%	Entered Tonnage	156m GT
Underwriting Result	-USD 110m	Overall Result	-USD 41m	Free Reserves	USD 394m

“Despite the continued stability in the club’s underlying attritional claims, the incidence of large claims, in particular those arising within the International Group Pool, highlights the low level of P&I premiums. We have been pleased to support members with an ever-lower average rate per GT year on year, and have returned capital to the membership in two recent years. Nevertheless, it is regrettably evident that current premium rating levels are now insufficient to cover the cost of the increased frequency of large claims occurring across the P&I market.” **Jeremy Grose, Chief Executive Officer**



Financials (USD)	2019 (m)	2020 (m)
Gross Premium	386	353
Reinsurance Premium	(81)	(96)
Net Premium	306	257
Claims	(274)	(309)
Operating Expenses	(81)	(58)
Total Expenditure	(355)	(367)
Underwriting Result	(49)	(110)
Investments	11	69
Tax	(7)	(0.7)
Overall Result	(45)	(41)
CNR	116%	143%

US\$	2014	2015	2016	2017	2018	2019	2020
Free Reserves ('000)	368	380	390	430	461	435	394
Entered Tonnage (m)	132	136	138	149	159	155	156



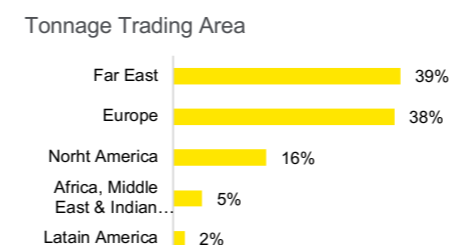
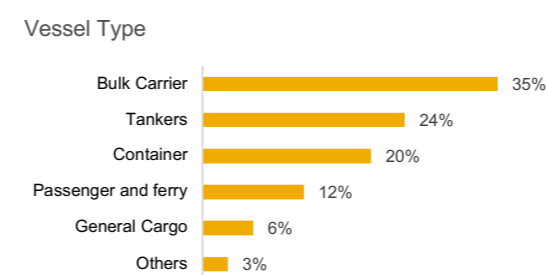
Steamship



S&P Rating: A (Stable)

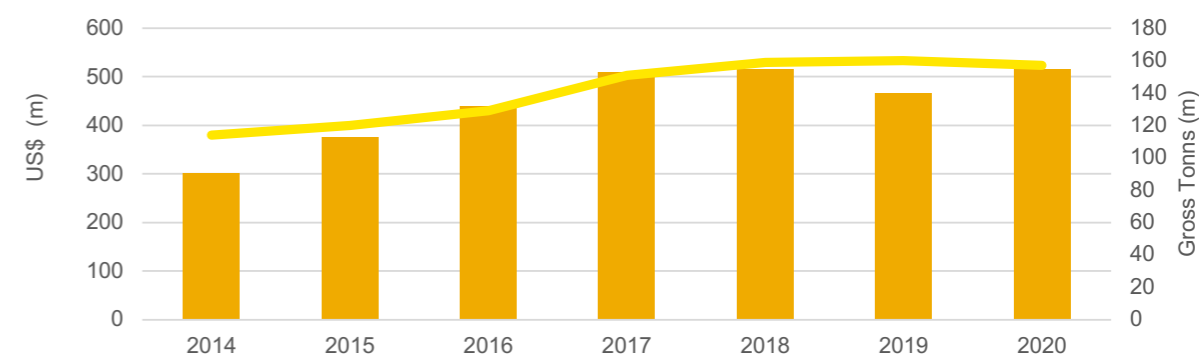
Combined Net Ratio	99.8%	Investment Return	9.7%	Entered Tonnage	157m GT
Underwriting Result	USD 0.5m	Overall Result	USD 65m	Free Reserves	USD 515 m

“Despite the great challenges that have emerged since, in the form of the pandemic, the club year 2019/20 was very positive, and free reserves rose to USD 515 million. The club distributed capital to members for the fourth consecutive year, and we look forward to meeting their needs during these difficult and unprecedented times.” **Stephen Martin, Executive Chairman**



Financials (USD)	2019 (m)	2020 (m)		
Gross Premium	307	309		
Reinsurance Premium	(51)	(48)		
Net Premium	256	260		
Claims	(256)	(219)		
Operating Expenses	(42)	(41)		
Total Expenditure	(297)	(260)		
Underwriting Result	(41)	0.5		
Investments	15	67		
Tax	(0)	14	(3)	64
Overall Result	(27)	65		
CNR	116%	99.8%		

US\$	2014	2015	2016	2017	2018	2019	2020
Free Reserves ('000)	301	376	440	510	516	467	515
Entered Tonnage (m)	114	120	129	151	159	160	157



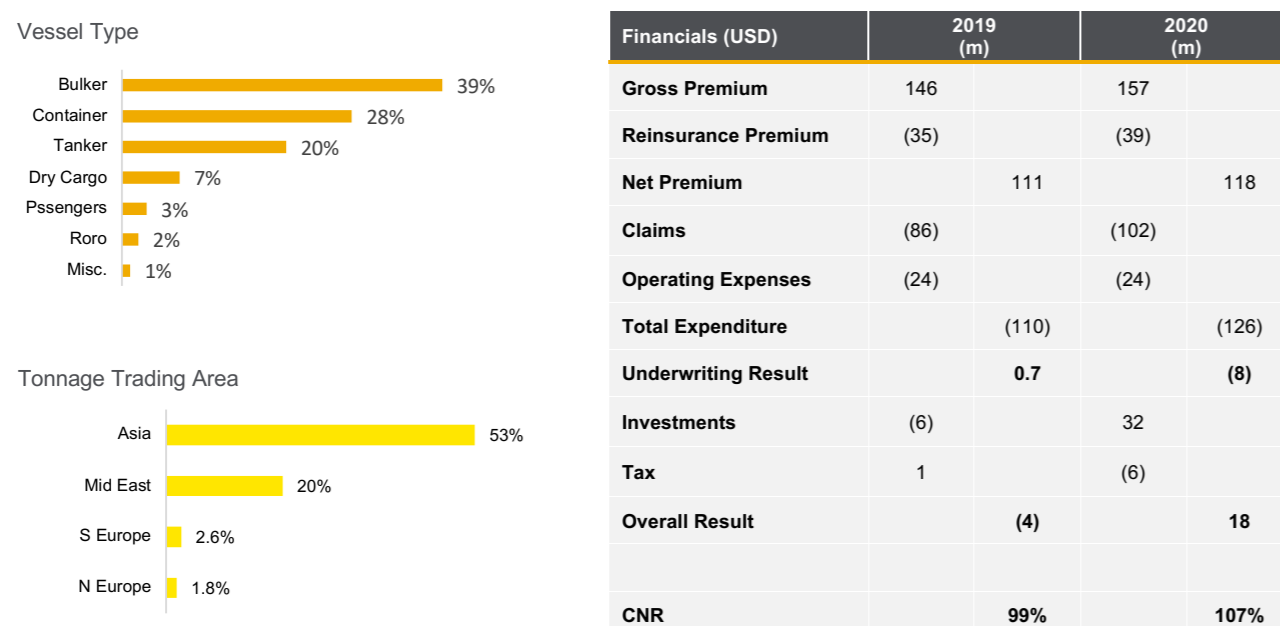
Swedish Club



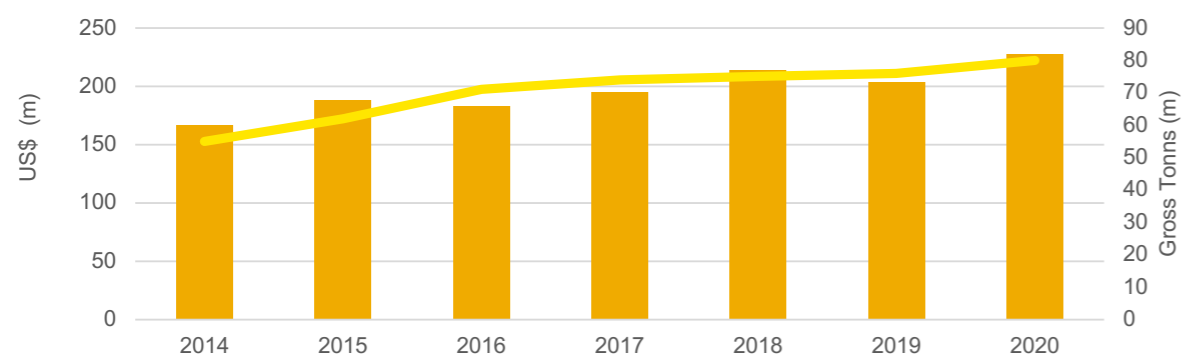
S&P Rating: A- (Stable)

Combined Net Ratio	107%	Investment Return	10%	Entered Tonnage	80m GT
Underwriting Result	-USD 8m	Overall Result	USD 18m	Free Reserves	USD 228m

"Trade Enabling Loss Prevention (TELP) was launched early 2020 - an automated and digital advice for members and vessels providing claims statistics as well the latest information about ports around the world. The service uses AIS and provides automated information about the port a particular vessel is heading to. TELP has been well received by members especially during the COVID-19 period. Apart from good growth, solid finances and very stable results the club is continuing to extend its digital interaction with members." **Lars Rhodin, Managing Director**



US\$	2014	2015	2016	2017	2018	2019	2020
Free Reserves ('000)	167	188	183	195	214	204	228
Entered Tonnage (m)	55	62	71	74	75	76	80



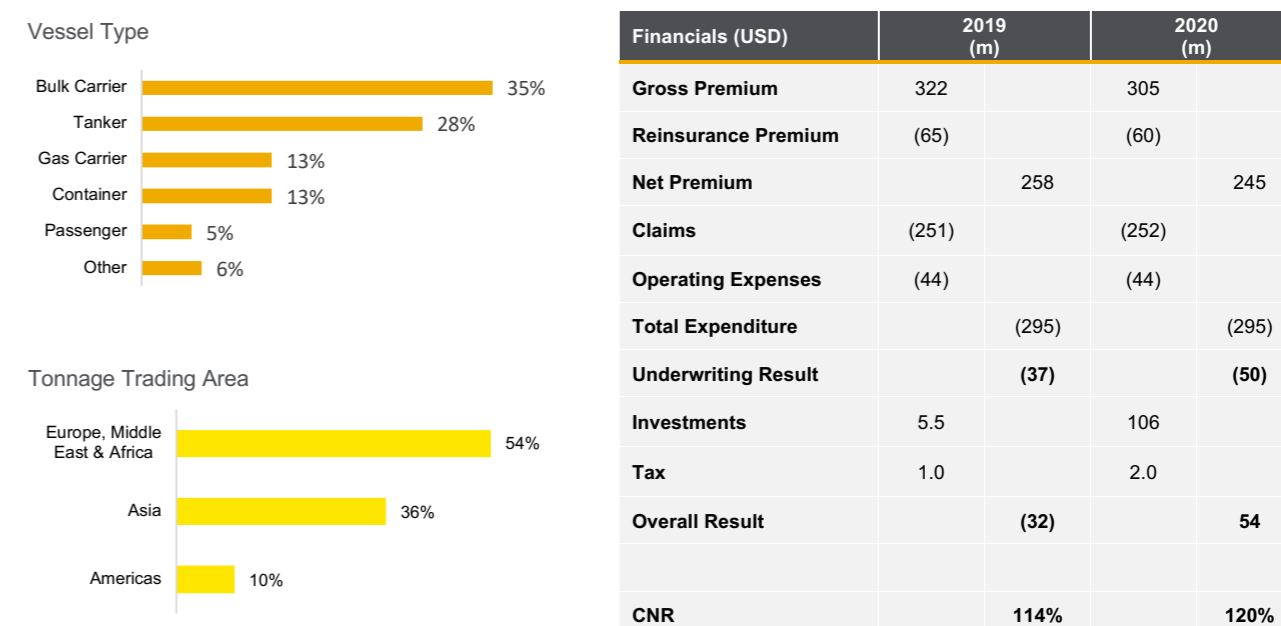
UK Club



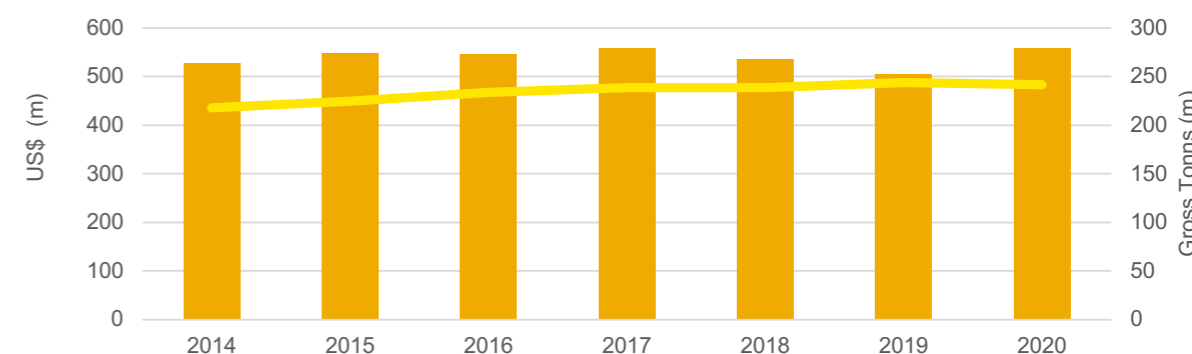
S&P Rating: A (Stable)

Combined Net Ratio	120%	Investment Return	9.6%	Entered Tonnage	242m GT
Underwriting Result	-USD 50m	Overall Result	USD 54m	Free Reserves	USD 559m

The club supports its members driven by its central ethos of market leading service which will guide the club as it evolves to meet the changing needs of its members and the goal of a safe and sustainable shipping industry for the future." **Andrew Taylor, CEO**



US\$	2014	2015	2016	2017	2018	2019	2020
Free Reserves ('000)	528	548	547	558	537	505	559
Entered Tonnage (m)	218	225	234	239	239	244	242



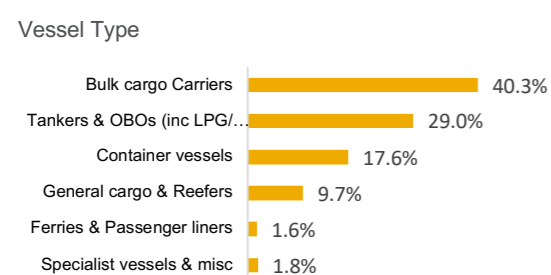
West



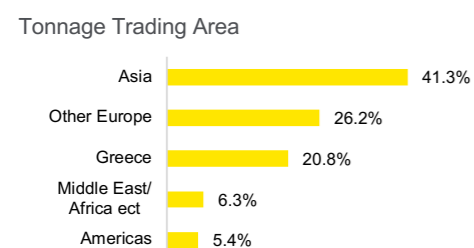
S&P Rating: A- (Stable)

Combined Net Ratio	107%	Investment Return	6.5%	Entered Tonnage	101m GT
Underwriting Result	-USD 13m	Overall Result	USD 31m	Free Reserves	USD 338m

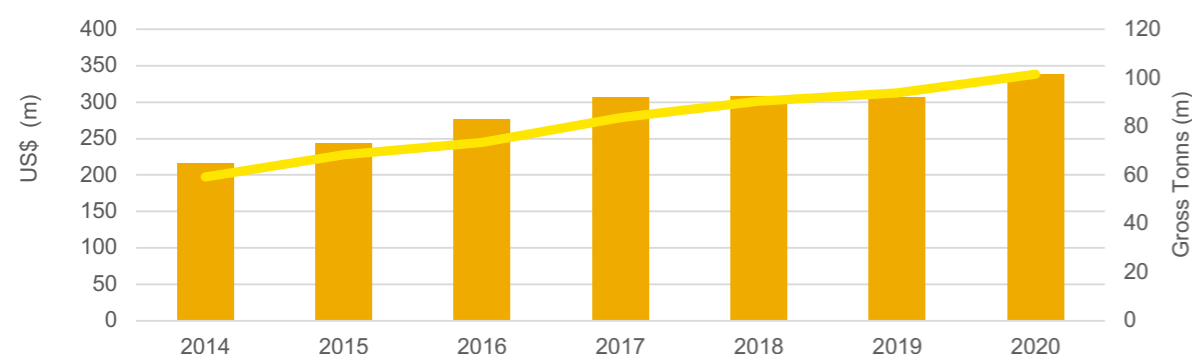
"In our 150th year, the club's mutual tonnage exceeded 100 million for the first time in our history with our operating performance continuing to strengthen with the Free Reserve increasing by over 10% to its highest ever level of USD 338.1 million. Our solvency ratio also reflects our extremely strong capital position. With our new brand and recently announced strategic partnerships there is a lot of positive sentiment towards the club with our mutual membership remaining our absolute focus." **Tom Bowsheer, Group CEO**



Financials (USD)	2019 (m)	2020 (m)
Gross Premium	220	222
Reinsurance Premium	(39)	(40)
Net Premium	181	182
Claims	(170)	(157)
Operating Expenses	(37)	(38)
Total Expenditure	(207)	(195)
Underwriting Result	(26)	(13)
Investments	28	46
Tax	(3)	(1)
Overall Result	(0.6)	31
CNR	114%	107%



US\$	2014	2015	2016	2017	2018	2019	2020
Free Reserves ('000)	216	244	277	307	308	306	338
Entered Tonnage (m)	59.2	68.3	73.4	83.6	90.5	93.9	101.5



P&I Club Market Data

Mutual clubs need to ensure that all members can meet their obligation in the unlikely event that a club has to recapitalise. This applies even to members that may have already left the club. Most clubs set release calls for the prior three open policy years, including the current policy year. Most clubs reduce the release calls as policy years near closing/are closed.

bank guarantee or ESCROW is preferable; in the event that the club does not need to recapitalise, then the member will not have to exchange any real cash. Release calls are typically lower nowadays than in the past due to the special approval granted by the European Commission in respect of anti-competition regulations. If the release calls are too high, they are seen as punitive to shipowners wanting to leave a club and thus hinder competition between clubs beyond what is necessary and reasonable for the mutual club system to work.

The release call is set at a percentage of mutual premium for each open policy year. Leaving members can either pay in cash or put up a bank guarantee or ESCROW. Generally, a

Club	2016	2017	2018	2019	2020
American	Close	Closed	20	20	20
Britannia	Closed	0	5	7.5	15
Gard	Closed	0	5	5	10
Japan	Closed	5	5	45	45
London	Closed	5	12.5	15	15
North	Closed	0	0	5	15
Shipowners	Closed	0	0	0	0
Skuld	Closed	0	7.5	10	15
Standard	Closed	Closed	0	0	6
Steamship	Closed	Closed	0	0	10
Swedish	Closed	Closed	5	12	15
UK	0	5	5	10	15
West of England	Closed	Closed	0	7.5	15

Supplementary call history

Club	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
American	25/25	0/0	0/0	0/0	0/0	0/22.5	0/17.5	0/0	0/0	0/0
Britannia	40/32.5	40/40	45/45	45/35	45/40	45/45	45/45*	45/45*	45/45*	45/45***
Gard	25/20	25/15	25/15	25/15	25/15	25/0	25/0	25/12.5	20/20***	20/20
Japan	40/40	40/40	40/40	40/20	40/30	40/30	40/40	40/40	40/40	40/40
London	0/0	0/0	0/0	0/0	0/0	0/0	0/0	0/0	0/0	0/0
North	0/0	0/0	0/0	0/0	0/0	0/-5	0/0	0/0	0/0	0/0
Shipowners	0/0	0/0	0/0	0/0	0/0	0/0	0/0	0/0	0/0	0/0
Skuld	0/0	0/0	0/0	0/0	0/-2.5	0/-2.5	0/0	0/0**	0/0	0/0
Standard	0/0	0/0	0/0	0/0	0/0	0/-5	0/-5	0/0	0/0	0/0
Steamship	0/0	0/0	0/0	0/-10	0/-10	0/0	0/0	0/-10	0/-7.5	0/0
Swedish	0/0	0/0	0/0	0/0	0/0	0/0	0/-3	0/-4	0/0	0/0
UK	0/-2.5	0/0	0/0	0/-2.5	0/-3	0/0	0/0	0/0	0/0	0/0
West of England	30/30	30/30	35/35	35/35	35/35	35/35	35/35	0/0	0/0	0/0

* Britannia have made dividend payments to membership totalling USD 75mil since 2017. A total of USD 30mil in 2017, USD 30mil in 2018 and USD 15m in 2019.

** Skuld returned USD 5m to membership as a % of individual member contribution.

*** Britannia and Gard are set to announce any further returns or reduction in deferred call in October 2020.

General increase history

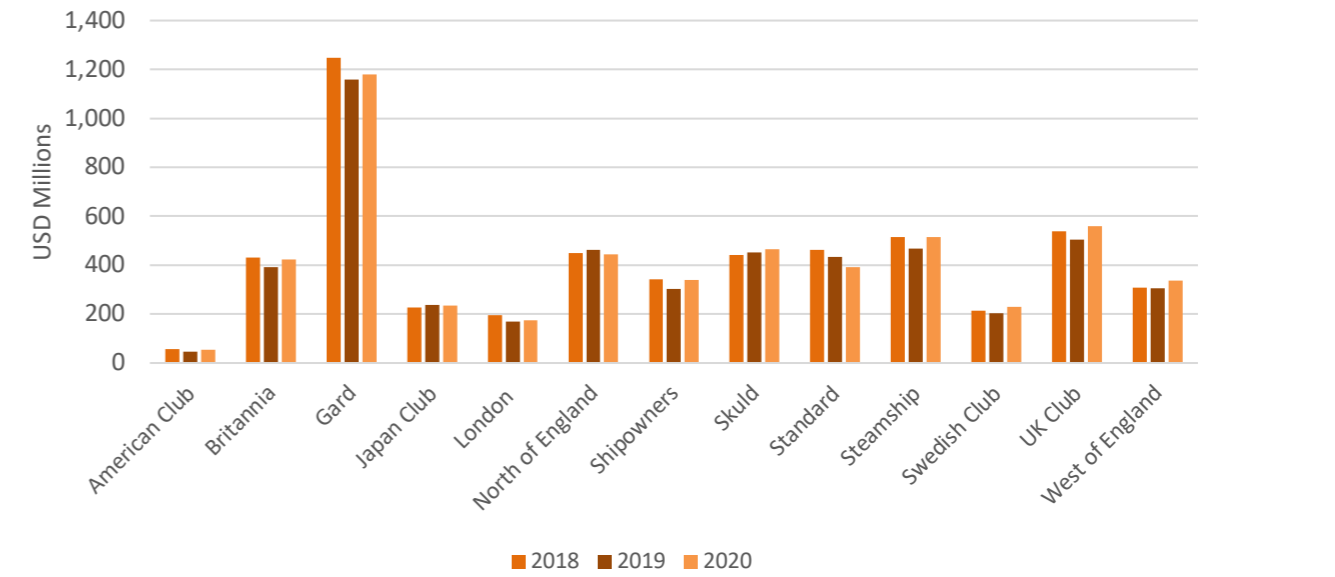
Policy Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
American Club	2	5	10	10	4.5	2.5	0	0	0	0
Britannia	5	5	12.5	2.5	2.5	2.5	0	0	0	0**
Gard	0	5	5	5	2.5	2.5	0	0	0	0
Japan Club	10	3	5	7.5	3	3	0	0	0	7.5
London Club	5	5	5	12.5	10	5	0	0	0	7.5
North of England	3	5	15	7.5	4.75	2.5	0	0	0	7.5
Shipowners Club	0	0	5	5	0	0	0	0	0	5
Skuld*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Standard	3.5	5	7.5	12.5	5	2.5	0	0	0	7.5
Steamship	0	5	7.5	10	0	0	0	0	0	7.5
Swedish	2.5	5	7.5	7.5	2.5	0	0	0	0	5
UK Club	5	3	7.5	10	6.5	2.5	N/A	N/A	N/A	0**
West of England	5	5	7.5	7.5	2.5	0	0	0	5	2.5

*Skuld do not announce a General Increase, instead they approach each risk on an individual basis.

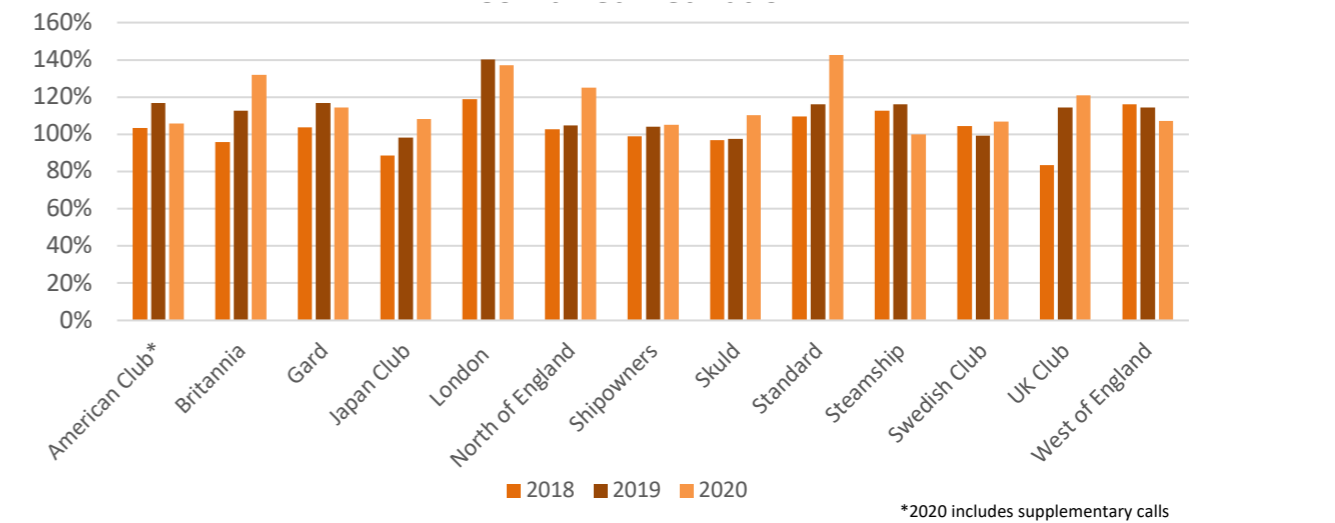
** These clubs didn't not announce a General Increase, but did announce they wished to increase premiums across the whole book by 7.5%

P&I Comparative Data

Free reserves

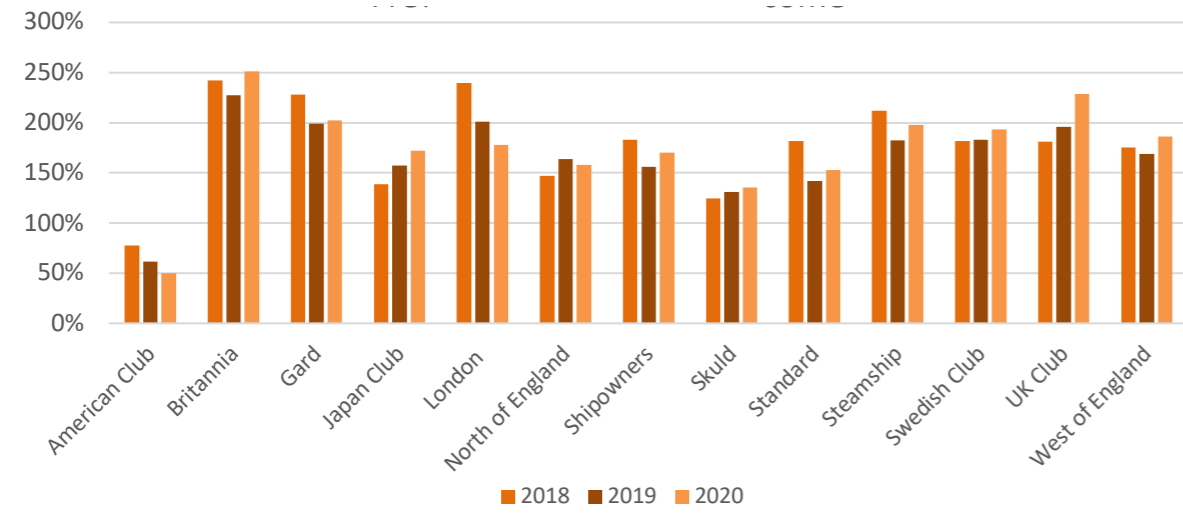


Combined net ratio

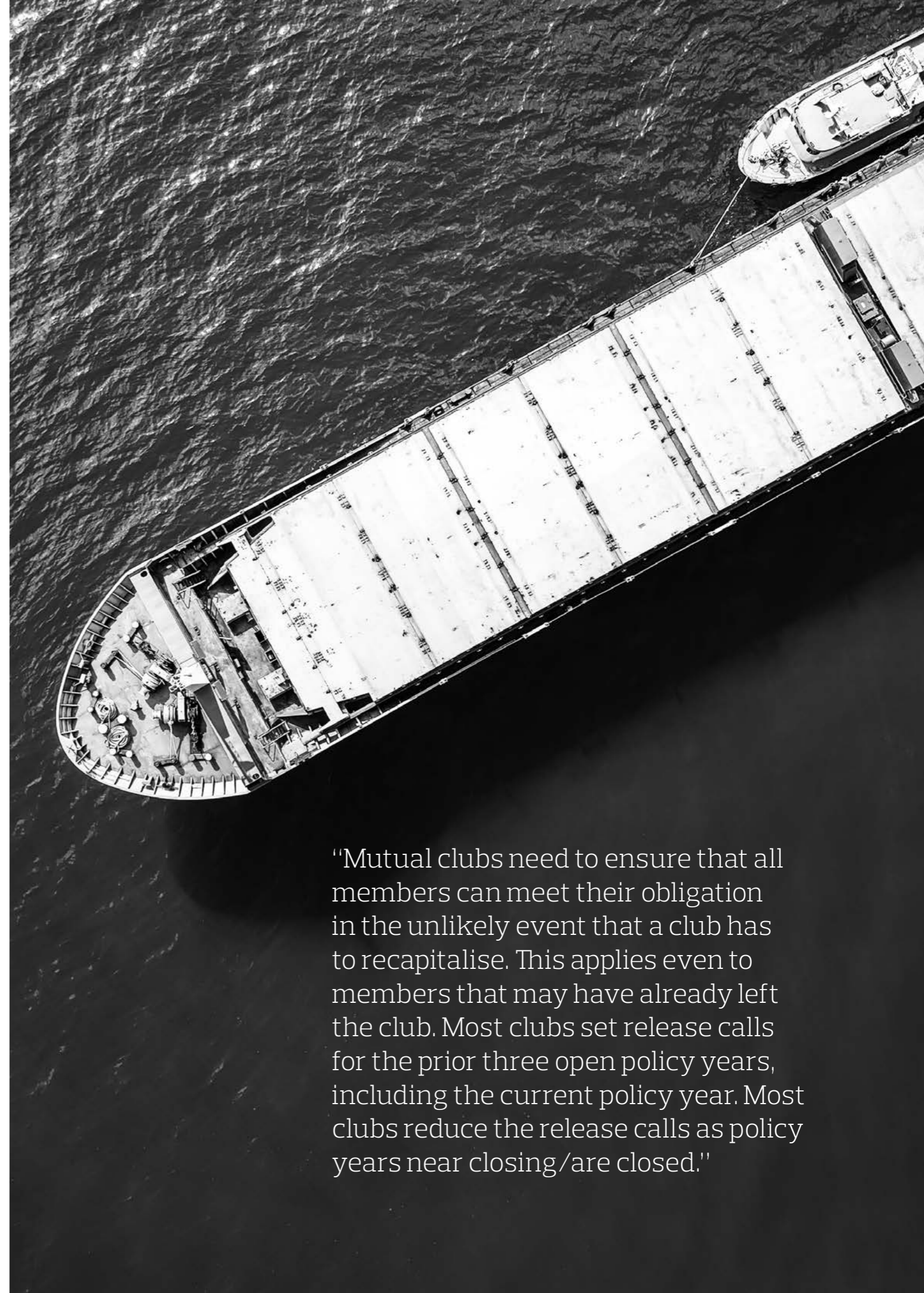
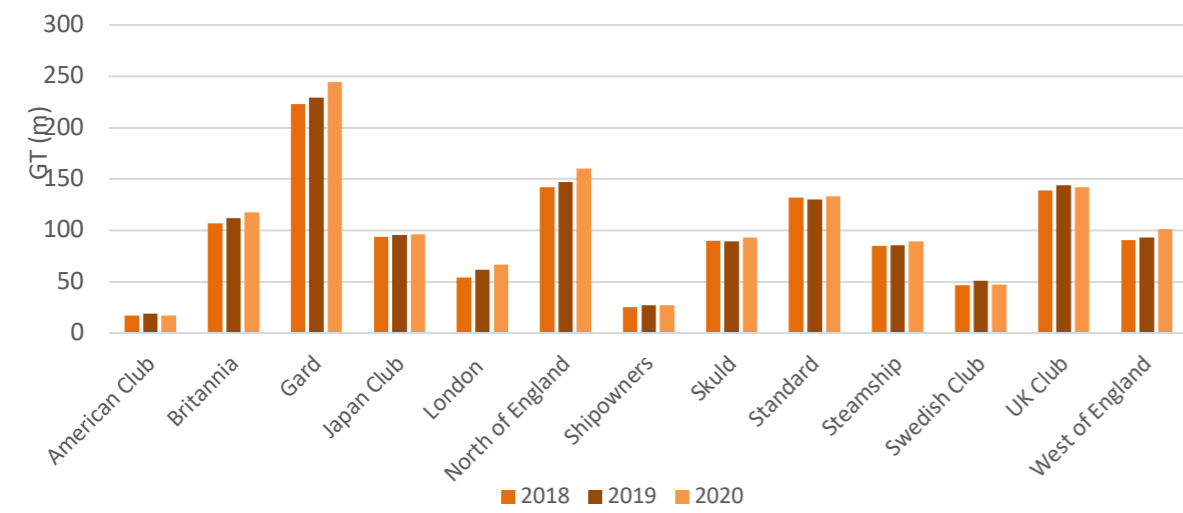


*2020 includes supplementary calls

Free reserves/ net call income



Owned tonnage



"Mutual clubs need to ensure that all members can meet their obligation in the unlikely event that a club has to recapitalise. This applies even to members that may have already left the club. Most clubs set release calls for the prior three open policy years, including the current policy year. Most clubs reduce the release calls as policy years near closing/are closed."

Fixed market review

The Fixed P&I Market has contracted, with a number of established providers leaving the market. Given the current climate, we do not expect new entrants any time soon. The commercial fixed market continues to receive negative reviews, mainly surrounding claims performance. Sadly we have seen some less than satisfactory outcomes. Evidently, the ability to pay claims is one thing, the willingness another.

With the competition in the International Group writing around 90% of the world's tonnage and at cost, this makes successful underwriting a challenge. With most International Group clubs offering some form of fixed P&I and with that, the all-important club Blue Cards and ability to post acceptable security, there is precious little free tonnage left.

For the majority, the International Group will be the insurer of choice. However, for some, commercial fixed P&I has an appeal. Those not seeking a scope of cover or limits may well prefer the stability of fixed premium and, in many cases, the flexibility of imaginative underwriting. What must be paramount is selection.

We do not expect any significant changes in the fixed P&I arena. However, should we witness crippling increases and the unthinkable unbudgeted supplementary calls within the group, who knows?

If not already, we expect all commercial fixed P&I providers will soon have a COVID-19 exclusion in their policy wording.

Carrier (Fixed, Commercial Market)	Security	S&P Rating	Gross Written Premium (2019)	Tonnage Entered (2019)	Maximum Limit	Maximum Vessel Size (GT)	Location
British Marine	QBE Insurance (Europe) Ltd.	A+	USD 98.8 million	12 million	USD 1 billion	15,000 (but will consider higher GTs with special approval)	London, England
Carina	Lloyd's	A+	USD 18.5 million	4.3 million	USD 500 million	6,500 (up to 10,000 if part of fleet with underwriter approval)	London, England
Coastal Marine Services	Lloyd's / London Company Market	A+	USD 5.75 million	1.1 million	USD 500 million	5,000	Chelmsford, England
EF Marine	Swiss Re Corporate Solutions	AA-	USD 8.1 million	1.9 million	USD 500 million	40,000	Singapore (HQ) / Rotterdam (Subsidiary)
Hydor	Lloyd's / London Company Market	A+	USD 20 million	3.5 million	USD 1 billion	45,000	Oslo, Norway
MS Amlin	MS Amlin's Syndicate 2001 / Amlin Insurance SE (AISE)	A+	USD 36 million	16.7 million	USD 1 billion	40,000	Rotterdam, Netherlands / London, England
Norwegian Hull Club*	Lloyd's	A	USD 10.5 million	undisclosed	USD 1 billion	25,000	Oslo, Norway
Thomas Miller Specialty	AIG / Lloyd's	A+	USD 44 million	2.8 million	USD 500 million	Dry Cargo 25,000 (up to 30,000 in a fleet) / Clean Tankers 20,000 / Dirty Tankers 10,000	London, England (HQ) / Hamburg, Germany
Carrier (Fixed, IG Club)	Security	S&P Rating	Gross Written Premium (2019)	Tonnage Entered (2019)	Maximum Limit	Maximum Vessel Size (GT)	Location
Skuld	Skuld P&I Club	A	USD 17.3 million	2.1 million	1 billion	25,000	London, England
Eagle Ocean Marine (American Club)	American P&I Club	BBB-	USD 14.8 million	2.5 million	500 million	25,000	New York, USA
Shipowners	Shipowners' P&I Club	A	USD 74.8 million	7.5 million	USD 1 billion	Fish / Yachts – No Limit / Barges < 6,000 / All other < 1,000	London, England
The Standard Club	The Standard Club	A	undisclosed	undisclosed	1 billion	10,000 - some allowance if vessel over 10,000 GT forms part of a fleet enquiry where average GT falls below 10,000 GT	London, England
Sunderland Marine (North of England)	North of England	A	USD 3 million	514,000	500 million	10,000 (with approval can look at higher GTs)	London/Newcastle, England
The London P&I Club	The London P&I Club	BBB	USD 13.1 million	2.7 million	1 billion	12,500	London, England
West of England	West of England	A-	USD 6.1 million	660,000	1 billion	10,000 (can look at higher GTs if part of a fleet)	London, England

* Norwegian Hull Club figures combine P&I and chartering.



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