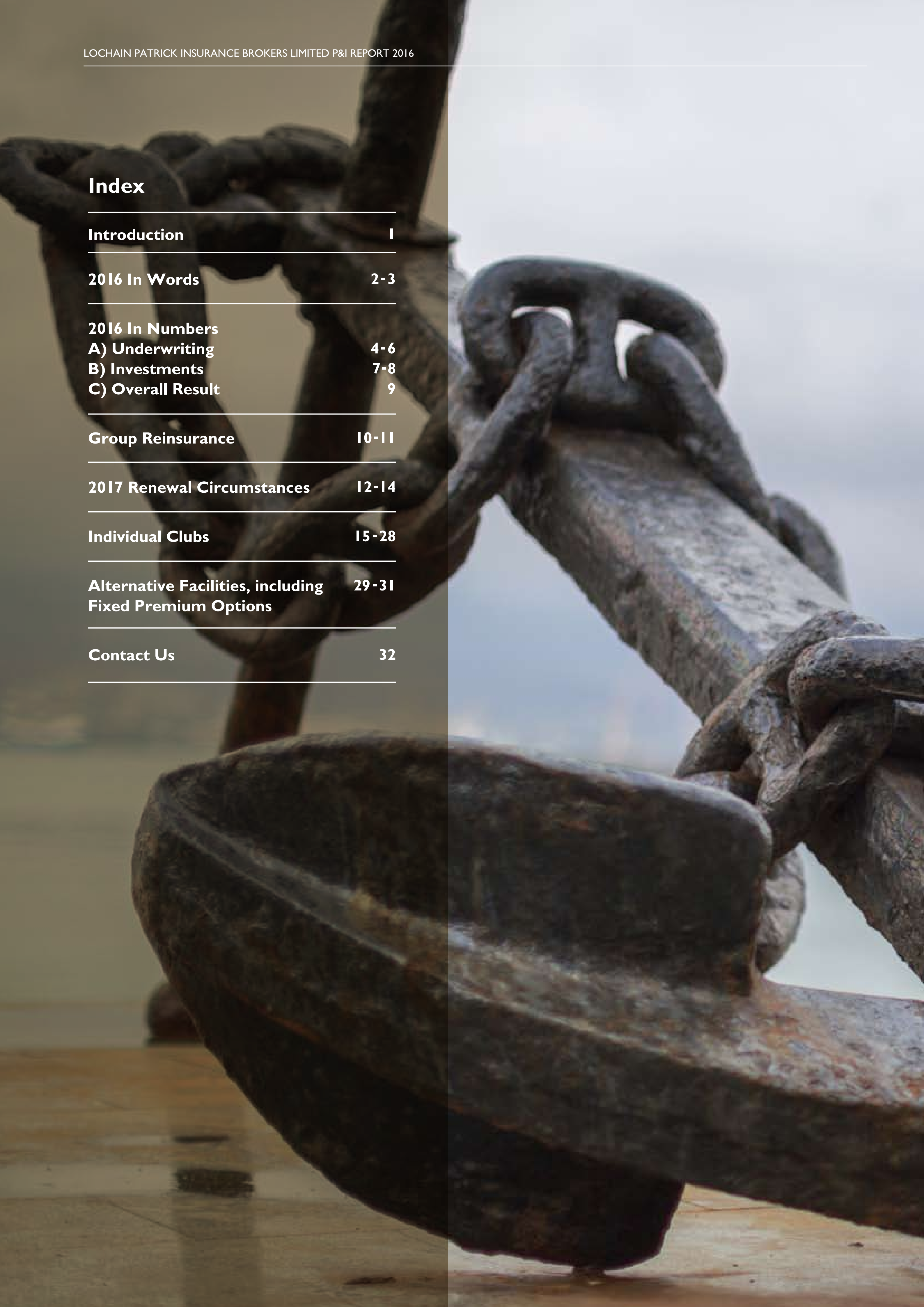
LOCHAIN PATRICK
INSURANCE BROKERS

P&I

Report 2016

Experienced Guidance



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Dear All,

We are delighted to yet again extend the season of good cheer with our annual offering of some first class analysis of the mutual and fixed Protection and Indemnity markets, which we hope you find informative as the main P&I renewal date approaches.

Most of the Clubs have now announced their overall renewal strategy for next year following their Annual General Meetings – with some funds being returned to shipowners, and general increases being kept to a minimum. This is undoubtedly good news in what is still a very difficult shipping market and we, as brokers, will certainly be pushing all providers to continue these efforts – let's hope it becomes a trend!

The marine insurance markets remain generally soft thanks to an influx (still) of new capacity, and we are well placed to take advantage of these conditions on your behalf. 2016 has also seen an unprecedented amount of underwriter movement in the job market – especially on the Hull side – and this has also had a positive effect on the cost of insurance.

Those of you who know us well understand that we are heavily involved in all classes of marine insurance in both a wholesale and retail capacity. We think we have some special people on the team, who have some special and enduring relationships which can only be to the benefit of all of our clients. We undertake to make sure this continues. Lochain Patrick continued on our path of measured expansion in 2016 – last year we advised of a few key new members of staff who have expanded both our territorial reach and product range. Whilst the majority of our business remains (and will always be!) all traditional classes of marine, our expertise also includes Inland Marine and Contractors Equipment, Energy, Freight Services, General Aviation and Political Risks and Terror. We have successfully grown each of these classes of business in the last 12 months. In terms of personnel the team has grown further this year with the appointment of Rodrigo Guirao a Latin American specialist, plus further strengthening of the broking and claims teams.

We wish you all the best for 2017.

From all at Lochain Patrick Insurance Brokers

2016 IN WORDS

The 2016-17 renewal circumstances and outcomes were distinctly different from the previous year as changes in the drivers that established the premium requirements had changed. Rather than the evident growth in claims seen between 2012 and 2014 - a trend somewhat refuted, in hindsight, by the size of the favourable back year development gains booked in the financial year 2015-16 - the claims environment was beginning to be seen as benign. This helped the clubs make a collective underwriting profit for only the second time this century, which in turn helped abate the need for a general increase.

The average general increase for 2016-17 was 2.1% with four clubs ordering a zero general increase. Britannia and UK returned premium as part of its renewal strategy and Gard continue to call at levels below the estimated deferred call. This was significantly down from the average across the prior 3 years. Furthermore, the renewal of the International Group reinsurance contract resulted in a reduced premium which was passed on to members.

When they emerged, the underwriting results for 2015-16 were at record levels, if one ignores years where excess calls arose, and, despite negative investment income and net exchange losses, another healthy increase in excess of $200 million in Free Reserves ensued. The year revealed the extent of back year development gains as claims reserving was found to be redundant. At least 75% of the underwriting profit was attributable to over provisions for claims in previous periods.

The benign claims environment continued into the 2016-17 financial year, and investment income appear, at least at the mid point of the year has recovered the losses for the previous year and added some. Standard deductibles were increased in many cases and fee deductibles and combined deductibles have been introduced over the past two years. This steady "deductible creep" is something needing careful monitoring as it is changing the type of loss that the clubs are dealing with, which can impact their risk models adversely.

HIGHLIGHTS OF THE YEAR

JAN 2016

Solvency II implementation date;

AM Best affirm its rating of A- for the Swedish Club;

EU and US sanctions against Iran are partially lifted under a Joint Comprehensive Plan of Action, however US insurers and reinsurers remain prohibited from providing services;

FEB 2016

Group excess reinsurance programme renews with reductions once again being seen across all vessel categories including passenger vessels. Individual Club retentions rise to $10 million and Hydra again increases its participation on the first excess layer slightly;

The Britannia and UK Clubs announce that they are in merger discussions, both at Club and manager levels;

Francis Sarre succeeds Matheos Los as Chairman of the West of England;

MAR 2016

EU agree new Guidelines on Places of Refuge for ships in need of assistance;

APR 2016

The International Group purchase Euro 100 million fallback cover designed to respond where US domiciled reinsurers are unable to respond to claims due to continuing sanctions;

MAY 2016

Once again, Gard forego $37.0 million of call income by reducing the deferred call on the 2015-16 policy year from 25% to 15%;

Skuld sign a letter of intent to acquire SMA/ Gerling Norway and the renewal rights of its Hull & Machinery book;

JUNE 2016

Britannia and UK Club merger discussions are called off;

In a referendum, the United Kingdom votes to leave the EU but, as at September, the mechanism for achieving this has yet to be set in motion;

Thomas Miller form a new MGA, Thomas Miller Specialty, which will both incorporate the recently acquired Osprey Underwriting Agency marine and satellite business and other new Speciality Lines business;

JUL 2016

American Hellenic Hull Insurance Co Ltd gains its licence in Cyprus and commences underwriting;

Ulrich Kranich is appointed Chairman of the TT Club in succession to Knud Pontoppidan;

AUG 2016

The UK Insurance Act comes into force, directly impacting 8 of the Clubs, who contract out of many aspects of the Act;

Standard & Poor's raise the interactive rating of Steamship Mutual to A stable;

SEP 2016

The Swedish Club announce six-monthly figures to 30 June 2016: an $11.2 million increase in Free Reserves to $194.2 million featuring a small underwriting surplus of $2.4 million;

Skuld announce half year results to 20 August 2016: a $29 million increase in Free Reserves to $379 million underpinned by a bounce back in investment income which offsets an underwriting loss for the period;

At the same time Skuld confirm that the 2.5% premium credit for mutual members in respect of the 2015-16 will be allowed against the November premium instalment;

Standard Club and Korean P&I Club announce joint venture to offer US$1billion of fixed P&I cover;

West of England report an increase in Free Reserves of $22.6 million (to $299.3 million) for the half year to 20 August 2016. Investment income produced a $10.6 million return and by inference a $12 million underwriting surplus was generated backed by a 93.3% combined ratio;

OCT 2016

Shipowners Club report an $11.8 million surplus for the 6 months to 31 June 2016, boosting Free Reserves to $291.2 million. A small underwriting surplus of $1.9 million was earned and $9.9 million of investment income;

Gard announce half year results to 20 August 2016: a $97 million increase in Free Reserves to $1,144 million underpinned by $82 million in investment income and an underwriting profit of $15 million for the period;

NOV 2016

UK Club announce half year results to 20 August 2016: a $24 million increase in Free Reserves to $571 million. Investment income has contributed significantly to this result;

Standard Club launches a joint venture with Hydor AS in Oslo – Standard Hydor has been approved as a coverholder for Syndicate 1884. The Club also forecast Free Reserves will stand at $390 million by 20 February 2017;

Standard & Poor's increase the interactive rating of West of England from BBB+ to A- (stable) and Shipowners from A- to A (stable);

North of England open a claims consultancy office in Shanghai;

Skuld finalise the acquisition of SMA/Gerling Norway, a marine hull intermediary, to be named Skuld Marine Agency wef 1 January 2017.

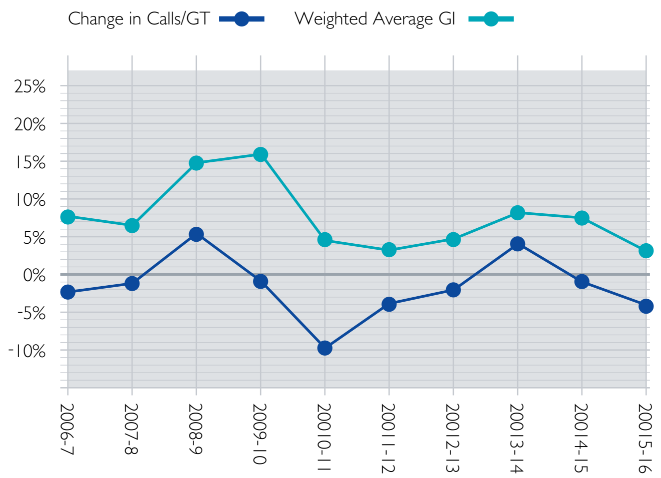
2016 IN NUMBERS
A) UNDERWRITING

The collective premium income earned by the Clubs on a financial year basis is set out in the table below:

FINANCIAL YEAR PREMIUMS IN $ MILLIONS

YEAR TO 20 FEB	2016	2015	2014	2013	2012	2011	2010
CALL INCOME	4,199.1	4,350.1	4,109.7	3,832,3	3,825.4	3,729.9	3,318.1
%AGE CHANGE	-3.5%	+5.9%	+7.2%	+0.2%	+2.6%	+12.4%	-10.0%

Elements of the growth seen above are unassociated with "normal growth". The substantial growth in 2011 is in part down to a change in accounting at Gard, who included their Marine & Energy premium in their financial year data from this year onwards. Since then matters have stabilised but the acquisition of Sunderland Marine by North of England in 2015 added $104 million of gross earned premium to the total. In order to examine the pure trends in the P&I premium we need to strip out other class income and also excess calls:



POLICY YEAR PREMIUMS IN $ MILLIONS

YEAR TO 20 FEB	2016	2015	2014	2013	2012	2011	2010
P&I CALL INCOME *	3,543.8	3,596.5	3,501.3	3,205.7	3,205.0	3,163.8	3,101.5
RETURN / EXCESS CALLS	-42.2	-58.2	-34.8	-30.7	-22.3	-14.4	-55.0
"NORMALISED" CALLS	3,586.0	3,654.7	3,536.1	3,236.4	3,227.3	3,178.2	3,156.5
%AGE CHANGE	-1.9%	+3.4%	+9.3%	+0.3%	+1.5%	+0.7%	+5.5%
WEIGHTED AVERAGE GI	3.1%	7.8%	8.2%	4.6%	3.3%	4.6%	15.9%
TOTAL FLEET GROWTH	+2.4%	+4.3%	+5.0%	+2.4%	+5.7%	+11.6%	+6.5%
CALL CHANGE IN THEORY	+5.5%	+12.1%	+13.2%	+7.0%	+9.0%	+16.2%	+22.4%
"CHURN" ESTIMATE	7.4%	8.7%	3.9%	6.7%	7.5%	15.5%	16.9%

* *including estimated uncalled income in current year*

With the exception of the 2013-14 policy year, the growth in normalised P&I premium does not even match the weighted average general increase, even before one considers such factors as fleet growth. Whilst some of this difference can be explained by changing terms and conditions, and some by the acceptance of larger deductibles, it is clear that the average rate per ton continues to fall apart from in that year, albeit at less dramatic levels than that seen between 2010 and 2011 when the shipping recession was at its deepest.

The decline in premium rate achieved is a direct consequence of the phenomenon known as the "Churn" whereby older tonnage with high premium rates are scrapped or laid up, and replaced by newer built tonnage which attract (rightly or wrongly) a lower premium per GT. Not all Clubs are as exposed to this average churn effect – those with older or larger ships appear to be more vulnerable.

The "Churn" is exaggerated by both the scrapping and new-buildings impact noted above, but even in an environment when new-buildings are at a low level, there still continues to be a degree of scrapping in the market (particularly a depressed one) which generally results in the vessels with the highest premium rate per ton going off risk. Thus the average rate per ton is likely to fall even in an era of minimal new deliveries.

There is also a delayed effect of the "Churn" as there will always be a backlog of new deliveries coming on stream after the market down turn has happened. This explains why, across the market, the "churn" effect was at its peak in the period between 2009 and 2011, somewhat after the depressed market conditions initially kicked in. The rate then improved in the following three years, as the shipping industry stabilised, albeit in an adverse condition. The result in 2014-15, where the rate rose again, could be down to the false dawn that encouraged the shipping industry (and order books) during that year, which has then continued into 2015-16 when the impact of low general increases (which in effect resulted in negative premium growth) kicked in and the apparent churn rate only fell slightly.

The counter argument that this "Churn" effect also has a parallel impact on claims has been anticipated for a number of years, but only really began to be seen in the 2014-15 year as the claims environment began to ease and the frequency of large claims fell. These conditions persisted in 2015-16 which saw claims again benign, and indeed benign conditions have continued on into 2016-17 based on seen results so far. The traditional relationship between poor trading conditions for ship owners and low claims has returned to the fore, but it has taken a much longer time – about 3 years – for the premium lag to be matched by the claims lag.

To a degree this claims counter has been masked by Club over reserving and higher IBNR provisions which perhaps have not reacted quickly enough to the changed market conditions. The substantial releases from claims provisions in older policy years, which have been identified in the 2015-16 financial year, perhaps reflects that the improvement in claims did in fact start to happen rather earlier than was previously evident.

Nonetheless, it still remains the case that newer, larger and more technologically advanced vessels can be just as prone to random claims, particularly ones due to navigational error. The more advanced the technology, the more expensive it is to repair, hence claims severity rises. This too is consistent with market comments on the growing importance of random claims.

Turning to claims, the table overleaf summarises the levels of claims incurred, both on a financial and a policy year basis:

The rate of growth in GT insured fell to 2.5% in the current year, compared to 4.3% in the previous year (see premium table above), so clearly claims per GT have been in decline for 3 years now. A significant element in this is the performance of the pool.

POLICY YEAR / FINANCIAL YEAR CLAIMS IN $ MILLIONS

YEAR TO 20 FEB	2016	2015	2014	2013	2012	2011	2010
PY CLAIMS	2,431.7	2,349.7	2,453.0	2,560.5	2,350.3	2,221.5	1,983.5
%AGE CHANGE	+3.5%	-4.2%	-4.2%	+8.9%	+5.8%	+12.0%	-4.3%
FY CLAIMS	2,363.8	2,708.7	2,732.8	2,827.0	2,755.8	2,402.8	2,313.2
%AGE CHANGE	-12.7%	-0.1%	-3.3%	+2.6%	+14.7%	+3.8%	+9.7%

The oldest two open policy years have both seen claims incurred fall year on year by 4.2% and, whilst the claims incurred figure for 2015-16 appears to have risen somewhat, the figures for this year are immature and it is expected that 2015-16 will ultimately see claims incurred improve when compared to the previous year, or at worst be around the same. The delayed recognition of many of these policy year gains has meant that financial year claims incurred have fallen by 12.7% in the most recent year. Clearly further favourable gains on older, closed, policy years were recognised in the 2015-16 financial year as well, but the trend is nonetheless clear with 3 consecutive years of falling claims evident.

In overall terms, the clubs' claims profiles continue to change in complexion, and, in their core business, they are becoming more akin to excess insurers than the primary insurers they were 10 years ago. With increased diversification comes a degree of benefit due to spread of risk in the financial year claims figures, which may ultimately result in greater stability in the financial year claims pattern. For so long as policy year data remains purely related to P&I business, the policy year claims incurred figures may appear to be more volatile due to the continued monoline status.

Claims are presently being defined by the word volatility and this volatility can but increase due to the changing nature of a typical claim. For many years attritional claims frequency lay at the root of a Club's performance. They processed large numbers of claims which featured minimal deductibles and the law of large numbers constrained the inherent volatility in the book of business. Severity issues were perhaps more important than frequency, as claims numbers were, and still are, more predictable at attritional levels. Large claims were capped at a relatively low pooling level and indeed pooling was itself capped at equally modest levels. Much has changed since those days: and large claims frequency has very much replaced attritional claims severity as the bete noir of the Clubs.

Attritional claims are now generally falling in number, thanks no doubt to increased deductibles, but also in part due to reduced trading levels, lower crew numbers and reduced cargo values as commodity prices decline. Claims inflation continues to impact these claims at a rate estimated at 3 to 5% and so the overall cost of attritional claims may rise or fall a little at an individual club level, but the general trend is one of falling overall.

Larger claims have the biggest potential to differentiate between clubs' performance wise. The example of the London Club is particularly relevant here where its underwriting result has shifted dramatically from positive to negative and back to positive again over that last three years on the back of changing large loss frequency.

The frequency of large losses appears to be falling overall (as exemplified by the reduced activity at pooling level) but at the club level they remain seemingly wholly random.

These claims by definition will arise from major incidents such as collisions, groundings, pollution or FFO impacts and in many ways they are entirely a matter of luck, or rather bad luck, as to which Club suffers most. Whilst loss prevention training and management strategies can reduce the possibility of major incidents, ultimately "accidents will happen".

The nature of these claims means that the clubs' individual risk models need constant monitoring as do their reinsurance purchasing strategies. Whilst the net impact of a large claim (or number of large claims) may be minimised by reinsurance coverage, the gross loss impact may not appear for another year or two, as the cost of that reinsurance rises. In this light, it is interesting to note that Steamship, following its recent two years' excellent underwriting results, has decided to reduce its reinsurance spend and retain more risk.

The impact of large losses in any one year may be controllable, but its knock on effect will take a while to emerge – increased reinsurance cost, increased pooling shares and potentially pressure on the general increase, especially where an element of the claim is abated (ie not included in the members record for premium rating purposes).

Pooling losses thankfully are also matching the overall trend seen in the aggregate claims figures – indeed they constitute a not insignificant part of the improvement. Improvements are being seen both in number of claims and also in terms of severity. Claims penetrating the International Group reinsurance programme since 2013-14 have been minimal and, as the International Group claims experiences continues to improve from the low point of the "Costa Concordia", reinsurance premiums have been falling and the Clubs have collectively been retaining more risk via Hydra.

Perhaps the most disturbing issue arising from the claims trends in the past two to three years is the evident over provisions being made by the Clubs either at case loss or IBNR level. Whilst these amounts can ultimately be corrected later in the policy year (either before or after it closes) they will continue to influence the individual owners loss record until that correction happens. With back year releases running at around 15% of the last year's financial year claims, the inference is that the loss record adjustments applied to some owners will have been excessive and, until corrected, this will adversely impact premium for several years to come.

POOLING LOSSES AT DEVELOPMENT POINTS, IN $ MILLIONS, (HISTORIC THRESHOLDS)

MONTHS	#	12	24	36	48	60	72	84	96	108	120
2006-07	38	310.6	416.8	463.2	455.1	454.8	461.0	464.8	476.0	500.9	500.3
2007-08	27	267.6	348.3	360.4	358.5	392.8	399.9	399.4	386.9	392.5	
2008-09	14	87.6	116.2	106.3	122.0	120.0	119.5	122.9	124.9		
2009-10	22	226.3	221.8	223.5	219.5	246.9	266.7	263.9			
2010-11	22	179.1	241.1	266.9	252.5	250.6	259.0				
2011-12	14	231.0	277.9	280.8	289.6	289.3					
2012-13	22	368.6	453.9	467.0	465.1						
2013-14	17	279.8	327.0	364.0							
2014-15	14	179.6	193.6								
2015-16	10	198.4									
2016-17	6										

Not all Clubs are equal in terms of their underwriting performance, notwithstanding the homogenous (but ever diversifying) nature of their retained risk profiles. In the table below figures have been calculated using policy year data and so do not allow for any claims development beyond 36 months. The combined ratio is calculated by dividing Net Claims Incurred + Administration Costs by Call Income less Reinsurance Premium less Acquisition Costs. Excess calls are ignored in these figures.

2016 IN NUMBERS
A) UNDERWRITING

7 YEAR COMBINED RATIO BY CLUB

YEAR ENDED	2015-16 @ 12m	2014-15 @ 24m	Average last 7 years
JAPAN *	80.82%	102.43%	92.21%
SHIPOWNERS	102.21%	91.02%	95.03%
SKULD	109.07%	97.99%	96.09%
STEAMSHIP	105.48%	87.54%	98.38%
NORTH OF ENGLAND	92.16%	103.66%	101.71%
UK	98.81%	99.19%	102.13%
AVERAGE	104.66%	100.09%	103.98%
AMERICAN *	89.70%	116.83%	104.73%
GARD	107.38%	96.14%	105.86%
STANDARD	111.88%	100.18%	106.97%
SWEDISH	107.72%	97.98%	110.57%
WEST OF ENGLAND	108.60%	92.51%	110.72%
BRITANNIA	139.31%	116.18%	120.36%
LONDON	108.57%	143.78%	126.05%

* includes estimated deferred or unearned premium for 2015-16

Gard figures continue to be impacted by their reduced deferred call in the past 7 years during which time they have foregone $224 million of premium. Had they called the deferred premium in full during the 7 years cycle above, the average combined ratio would improve to a much more comfortable 98%. The reductions in the deferred call have been effectively funded by surpluses on the M&E book.

To a limited degree, the combined ratios of the UK Club and Britannia, who also under called in one or more of the years in the cycle, have been similarly distorted - but not materially. The result shown for Britannia is further complicated by the limited disclosure of the performance of Boudicca. Bearing in mind the $81.3 million increase in Boudicca's net assets since 2007-08, even allowing for that company's likely investment income, the real 7 year average combined ratio for Britannia might be somewhat better than that shown above.

The results at the Shipowners Club and Skuld continue to lead the market. In the former case this perhaps reflects the fact that their primary competition is from the fixed premium market, and so they are under pressure to get the pricing "right first time". That said, such is the price competition in the fixed premium sector due to over-capacity, this edge may continue to dissipate in the near future. In the latter case Skuld's positive performance is mainly due to the performance of their non-mutual portfolio of charterers business: the decision to grant members a premium credit for 2015-16 and potentially 2016-17 due to the performance of Skuld's commercial activities may slightly result in a degradation of their combined ratio.

The performance of the Japan Club remains heavily influenced by the Yen/Dollar exchange rate and may be somewhat misleading, particularly in 2014-15 where they seem set to call only 20% of the 40% deferred premium. The performance of the West of England continues to improve, which is reflected in the recent upgrade from S&P. The dominant underperformer, the London Club, remains adrift at the foot of the table seemingly at the mercy of an inability to grow its static premium level.

The majority of these combined ratios have improved given the stellar underwriting performance in 2015-16 which has improved performance on all open policy years. Once more the financial year underwriting result compares favourably to policy year underwriting, the result of which is a loss of $192 million. The disparity shown here is partly due to the results of diversified operations, but is predominantly down to the favourable claims development on earlier policy years.

The 2015-16 policy year still has some $72 million of premium income to recognise, and its incurred claims figure will doubtless improve over time. This should be enough to restore the policy year to at least parity, although this will also be impacted by decisions to return or undercall premium on the year.

The 2014-15 policy year underwriting result improved by $265 million between 12 and 24 month development points, $180 million of which was due to claims improvement. The 2013-14 policy year improved by a shade over $100 million, almost all of which was due to claims improvements.

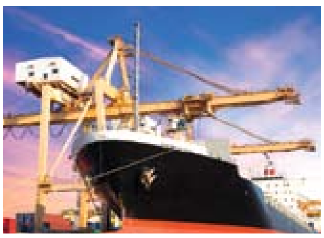
GROUP WIDE UNDERWRITING RESULT IN $ MILLIONS

YEAR TO 20 FEB	2016	2015	2014	2013	2012	2011	2010
FY U/W RESULT	+408.5	+81.8	-62.4	-296.9	-131.8	+169.5	-8.5

* Figures from 2011 onwards include the underwriting results of Gard's Marine & Energy business; those from 2014 onwards include Sunderland Marine.

The difference between the financial year and policy year result is becoming more and more difficult to reconcile as the clubs diversify and underwrite more and more risk which does not go through the policy year. Based on class analysis, the diversified risks at Gard, Swedish and North of England (Sunderland Marine) collectively contributed a modest surplus, although both Skuld and Standard's Lloyd's syndicate continue to produce underwriting losses. Skuld also classify its fined premium charterers book as being "diversified" for the purposes of computing its members premium credit – this is clearly profitable!

In terms of the 2015-16 financial year underwriting result, it was dominated by 3 Clubs – Gard $112.7 million, North of England $100.3 million and Steamship $76.2 million. These three Clubs generated over 70% of the collective result.



2016 IN NUMBERS
B) INVESTMENTS

The collective investment income earned by the Clubs on a financial year basis is set out in the table below:

INVESTMENT INCOME ON FINANCIAL YEAR BASIS IN $000'S

YEAR TO 20 FEB	2016	2015	2014	2013	2012	2011	2010
INVESTMENT INC	-118.2	263.6	314.2	407.3	270.6	498.8	631.1
FOREX GAINS	-72.1	-75.8	-25.4	-1.7	-25.9	30.7	45.7

The amount of investment income is stated after deduction of taxation. Ordinarily the foreign exchange gains arise as a result of two things: forward selling predominantly dollar income to meet administrative costs in local currency and hedging against claims liabilities that will arise in non-reporting currency. To the extent that the current year forex losses are hedging losses, then they will offset gains recognised on the other side of the balance sheet (i.e. the claims reserves). These offsetting gains are in effect included in the underwriting result.

INVESTMENT YIELD ON FINANCIAL YEAR BASIS ON INVESTED ASSETS

YEAR TO 20 FEB	2016	2015	2014	2013	2012	2011	2010
INVESTMENT YIELD	-0.9%	2.6%	3.1%	4.1%	2.9%	4.5%	8.2%

In the table above a simple yield has been computed by dividing gross investment income by total invested funds and cash at the year end.

2015-16 saw investment income turn negative due to a combination of factors discussed later herein. Most clubs were hit by this, and the only club to report any significant yield for the year was the West of England, who achieved a positive return by virtue of revaluing their property portfolio upwards.

7 YEAR INVESTMENT ON TOTAL ASSETS BY CLUB

YEAR ENDED	2015-16	2014-15	Average last 7 years
LONDON	-2.91%	6.72%	5.23%
WEST OF ENGLAND	1.53%	3.70%	4.45%
AMERICAN	0.14%	2.93%	4.06%
STANDARD	-0.50%	1.76%	3.83%
GARD *	-0.93%	1.54%	3.82%
SHIPOWNERS	-0.99%	2.26%	3.57%
MARKET AVERAGE	-0.79%	2.33%	3.08%
BRITANNIA	-2.04%	0.60%	3.03%
SKULD	-1.52%	2.66%	3.01%
UK	-1.29%	3.65%	2.43%
SWEDISH	-0.63%	1.21%	2.19%
STEAMSHIP	-0.24%	1.80%	2.14%
JAPAN	1.18%	1.90%	1.58%
NORTH OF ENGLAND	-0.77%	3.21%	1.34%

* Gard yield for 2010 in the 7 year data includes a $75 million dividend from Gard M&E

Whereas in 2014-15 the investment yield improved significantly from a flat position evident at the mid-year, the same cannot be said of 2015-16 where an equally gloomy mid-year position failed to improve and translated into an overall loss. In some ways this loss is in part attributable to the actual reporting date, since within 6 months the unrealised losses racked up at 20 February 2016 had been reversed, but the volatility in the investment markets very much made it a matter of when rather than if a net loss would ensue.

The year was characterised by a series of political events that left the market jittery and unable to sustain any consistent recovery. Events surrounding the possible insolvency of Greece, and its exit from the Euro, and the collapse of Chinese equities and devaluation of the Yuan, quelled any periods of slight recovery. These significant events were all set in the environment of constant speculation over the timing of the US Federal Reserve's decision on increasing interest rates.

The downturn in the economy of China – the largest importer of oil, iron ore and other metals, triggered a fall in commodity prices in late summer. Oil prices, in particular, were badly hit, falling by more than 25% mid year as demand waned. This took the price to $45 per barrel and it was to fall to $27 per barrel as the price continued to dip, with Russia upping production, before it finally stabilised in early 2016.

Developed economies' performance continued to slightly improve but this was not reflected globally as in particular Asian markets suffered. The US dollar remained strong as it represented a "flight to quality" option, and this was further emphasised by the eventual decision to increase US interest rates by 0.25%: although this was the only increase in the year.

Inflation remained low in both Europe and USA and both the Chinese Central Bank and the European Central Bank engaged in more quantitative easing – encouraged by the minimal impact it seemed to be having on inflation. Several economies introduced negative deposit interest policies

Overall equity markets suffered most: the S&P 500 was down 9.1% in the year ended 20 February 2016, Japanese equity indices fell 7.5% in dollar terms and European indices 17.5% in dollar terms. Bond yields remained low which at least allowed some fixed interest portfolios to make a positive return but this was but a small light in an otherwise dark night.

2016 IN NUMBERS
B) INVESTMENTS

The table below sets out the composition of the Clubs' investment portfolios at the year end. Cells shaded blue are where the equity element goes up by more than 5%; cells shaded red indicate years when the equity allocation fell by more than 5%.

INVESTMENT PORTFOLIO MIX - PROPORTION INVESTED IN EQUITIES

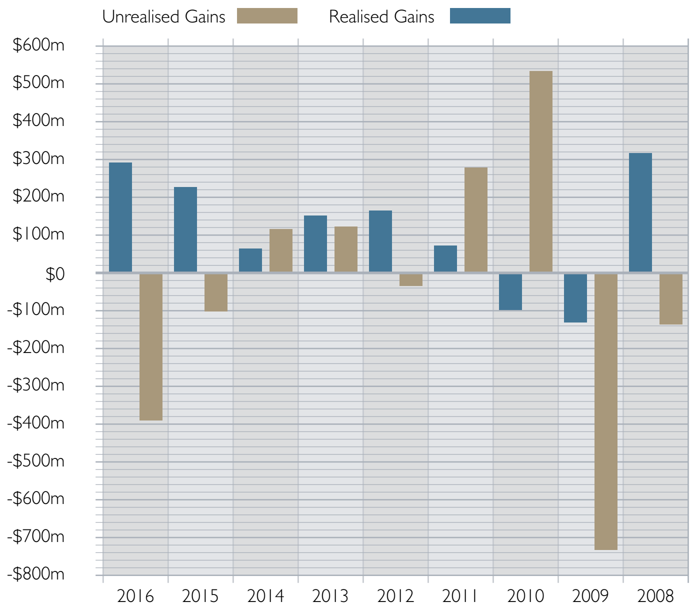
YEAR TO 20 FEB	2016	2015	2014	2013	2012	2011
AMERICAN	36.21%	40.05%	40.63%	40.84%	34.82%	33.23%
BRITANNIA	18.05%	18.96%	20.00%	17.22%	16.12%	16.44%
GARD	40.43%	33.85%	32.42%	21.57%	20.29%	15.50%
JAPAN	0.02%	0.00%	0.00%	0.00%	0.00%	0.00%
LONDON	19.88%	22.84%	25.11%	22.95%	22.21%	22.34%
NORTH OF ENGLAND	5.93%	6.95%	6.86%	0.01%	0.01%	0.01%
SHIPOWNERS	24.10%	22.92%	24.00%	25.58%	22.94%	25.00%
SKULD	14.26%	18.86%	19.69%	17.24%	17.32%	17.10%
STANDARD	21.29%	17.22%	20.66%	17.47%	20.22%	29.03%
STEAMSHIP	5.02%	5.65%	3.64%	3.59%	3.39%	2.34%
SWEDISH	20.03%	20.77%	23.41%	11.79%	11.81%	19.38%
UK	27.71%	23.07%	25.97%	28.39%	19.31%	23.74%
WEST OF ENGLAND	8.68%	9.20%	15.20%	13.26%	24.15%	29.19%
MARKET	**20.50%**	**21.43%**	**20.36%**	**16.64%**	**15.83%**	**17.77%**

Different Clubs are demonstrating different risk tolerance approaches in portfolio management – whilst the Japan Club remains unable to invest in equities by its constitution, there remain 3 clubs who have less than 10% of their portfolios in equities. North of England re-entered the equity market in 2013-14 with a small allocation whilst West of England did rather the opposite reducing their holdings to below 10% in 2014-15. Steamship were consistently defensively positioned throughout the period above. Japan, Steamship and North of England unsurprisingly have the lowest yields in the group (see table above); West of England's 7 year yield is one of the best in the market, but this performance has been supported by several revaluations of their office premises during the 7 year period.

At the other end of the spectrum the American Club and Gard have a much larger allocation allocation to equities, and both occupy places in the top 5 in terms of 7 year yield. The other 7 Clubs are broadly speaking in the 20% equities range: yet two of these, London and Standard, produce some of the best investment yields, albeit the London Club yield is also boosted by periodic property revaluations.

Finally, amongst the anomalies we see the defensively positioned, equity averse North of England yielding an inferior return to that of the aggressive, heavily equity oriented American Club. This is counter intuitive as one naturally sees equities as being the more volatile element in the Clubs' portfolios. It perhaps points to the fact that there is no safe place to invest and it all may be a matter of avoiding the worst of the losses. Equally intriguingly, the performance of the North of England appears to be directly contrasting to that of its pension fund. When one is up, the other is down and vice versa: some sort of inherent hedging perhaps?

The first six months of 2016-17 saw a sustained recovery in the markets, despite the geopolitical shocks caused by the UK's Brexit vote. This referendum decision took trillions of dollars off the global equity markets, but these losses were recovered within weeks and provided a field day for those investors who shorted the market during the weeks around the vote. Subsequently further geopolitical issues have impacted the investment market – the Trump victory in the US, the Italian referendum and Austrian election results - but the markets have stayed resilient if short term volatile. The same can be said of exchange rates, where sterling has been under pressure following the Brexit vote and subsequent legal challenges to it. Despite this turmoil, the Clubs look set to a return to net investment income in 2016-17, but there are still 3 months to go.



The above graphic, which tracks annual realised and unrealised losses, demonstrates the club fund managers at work. The unrealised gains and losses in each year broadly track the market movements, whilst the realised gains and losses demonstrate the fund managers' reactions and profit taking.

2016 IN NUMBERS
C) OVERALL RESULT

Record underwriting results were offset by investment and exchange losses, but, nonetheless, the International Group's collective Free Reserve rose by another $238 million, or 5.16%. The recent trend of substantial pension fund top ups eased as North of England experienced a claw back of $14 million, but Skuld aligned themselves with the current international standard accounting policy for pension funds and as a consequence took a $12.5 million hit against their opening Free Reserves which effectively wiped out their 2015-16 overall profit.

GROUP WIDE OVERALL RESULT IN $ MILLIONS

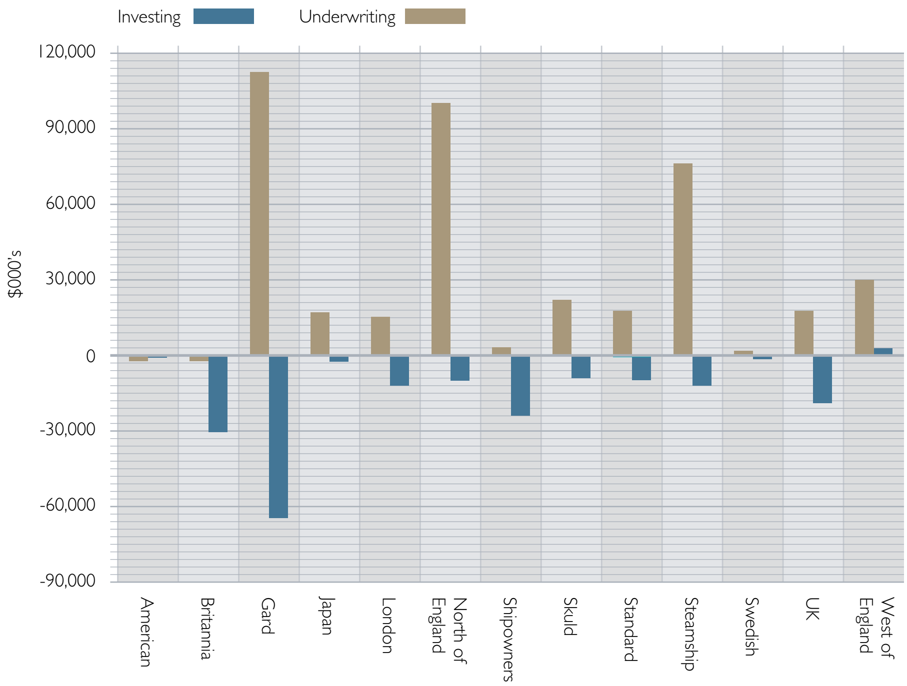
YEAR TO 20 FEB	2016	2015	2014	2013	2012	2011	2010
FY OVERALL RESULT*	+218.1	+269.6	+227.8	+109.2	+112.9	+699.0	+668.3
RESTRUCTURING "GAIN"	+19.9	+48.9	-1.4	-	+32.9	+80.9	-

* Figures include excess call revenue where appropriate

Certain of the above figures have been restated to comply with changes in presentation arising in 2015-16. Free Reserves continue to move inexorably upwards, now reaching $4.85 billion by the end of 2015-16: these are tabulated further in this document in the 2017-renewal section.

During the year, The American Club issued a surplus note which is not repayable until 2040 amounting to $19.5 million. The amount is included herein as Free Reserve and has been accepted by the New York State regulator and S&P as hybrid capital. The note is subordinate to other creditors and bears interest at an over market rate. The note was issued to fund the Club's diversification move into the Hull & Machinery market by acquiring the book of business of the former Hellenic Hull Club.

2016 OVERALL RESULT IN $000's



Subsequent to the 2015-16 year end, various Clubs have reported interim results, as follows:

CLUBS	PERIOD	RESULT
GARD	6m to 20-08-16	Profit $97 million
SHIPOWNERS	6m to 30-06-16	Profit $11.4 million
SKULD	6m to 20-08-16	Profit $29.4 million
STANDARD	Projected 16-17	Breakeven
SWEDISH	6m to 30-06-16	Profit $11.2 million
UNITED KINGDOM	6m to 20-08-16	Profit $24 million
WEST OF ENGLAND	6m to 20-08-16	Profit $22.6 million

Various common factors underlie these interim results, as follows:

- Continuing benign claims experience both within the pool and within the Clubs' own individual retentions;
- The falling cost of reinsurance;
- Continued volatility and the impact of random large claims on individual Clubs' experience;
- A recovery in investment income and a return to positive yields;
- Continued geopolitical instability impacting both investment and forex markets.

GROUP REINSURANCE

The 2014-15 International Group programme reinsurance rates hit their peak with the memories of the "Rena" and "Costa Concordia" still strong in underwriters' minds. The renewal for 2015-16 saw the growth trend reversed for all classes other than passenger and cruise operators, and this declining cost continued into 2016-17 and thence 2017-18 as the claims experience to the programme remained in credit. Across those three renewals, premiums payable for dirty tankers fell by approximately 25%, for clean tankers by 21.5% for dry vessels 21% and for passenger vessels by 12%.

	DIRTY TANKER	CLEAN TANKER	DRY CARGO	PASSENGER
OWNED				
2017-18	$0.5955	$0.2675	$0.4114	$3.3319
2016-17	$0.6567	$0.2816	$0.4537	$3.5073
CHANGE	-$0,0612	-$0.0131	-$0.0423	$0.1754
% CHANGE	-9.32%	-5.00%	-9.32%	-5.00%
% CHANGE HISTORY				
2016-17	-10.25%	-10.26%	-7.18%	-7.19%
2015-16	-8.11%	-8.11%	-6.05%	0.00%
2014-15	+5.26%	+5.24%	+5.28%	+20.00%
2013-14	+16.12%	+15.98%	+38.78%	+125.08%

The primary Individual Club retention remained unchanged at $9 million during 2015-16 but rose to $10 million in respect of 2016-17. The pool retention at $80 million was unchanged between 2014-15 and 2016-17.
In 2017-18 the retention was effectively increased to $100 million as Hydra is to write 100% of the layer between $80 million and $100 million.

Hydra's fundamental role was unchanged but its participation on the primary layer of the reinsurance programme has been in flux between the 2014-15 and 2017-18 renewals. The Hydra retention is set out in the tables that follow. Hydra's participation on the first excess layer of the group programme continues to be protected by the retrocessional programme.

The somewhat convoluted nature of Hydra's participation in the programme over the past few years is in part down to the growth of "private placement" lines of 5% each between $100 million and $1.1 billion, first introduced in 2014-15, and placed on individual fixed premium 3 year deals. The first such arrangement was a 5% participation on the 2014-15 year with Berkshire Hathaway. This placing was renewed for a further 3 years from 20 February 2017 on improved terms. Subsequently further 5% lines were placed with Liberty Mutual (from 2015-16) and Hannover Re (from 2016-17). The Liberty Mutual line was extended for a further 2 years on improved terms at 20 February 2017.

These placements were slightly out of synchronicity with the main programme, presently covering 15% of $ 1billion excess of $100 million, hence straddling the primary, second and third excess layers of the "conventional" placement.

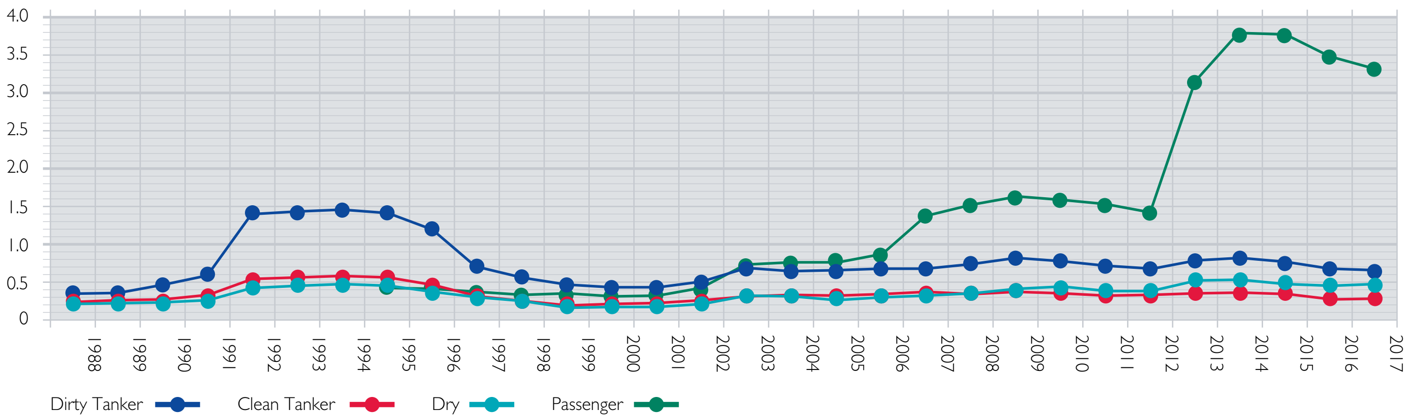
Hydra had previously taken responsibility for the gap between pooling at $80 million and the introduction of these private placement lines at $100 million. In 2017-18 this asynchronicity was removed as Hydra took on 100% of that layer.

Within the pooling structure, various "penalties" have been imposed on individual clubs responsible for pool losses. These take the form of charging the causative club with a percentage of the loss prior to applying the usual pool sharing formulae. For 2016-17 this was amended to being a 7.5% charge to the causing club for the loss between $45 million and $80 million. This would have the effect of doubling the exposure for a pool member such as UK Club or quadrupling it for a smaller club such as the American. In a sense this process penalises those clubs with a smaller pool share more severely than a larger one, and it may be perhaps more logical to double the causing clubs' share rather than giving disproportionate penalties.

Hydra is a multi-cellular captive formed by the International Group as a vehicle to allow the Clubs to accumulate reserves and eventually assume more risk. It has finally started to do this at varying levels during the past 5 years.

Hydra's results themselves, as reflected via Britannia's cell share, have been historically volatile, as one might expect in a vehicle where claims have high severity and low frequency. However, for the last 3 years results have been good, particularly in 2014-15 and 2015-16 where Britannia's cell made a surplus of $26.6 million.

GROUP REINSURANCE RATE BY TYPE OF VESSEL IN CENTS PER GT



FUTURE GROUP REINSURANCE PROGRAMME 2017-18

CUMULATIVE VALUE	LAYERS		
$6,250m	Uninsured Overspill: Reverts to Pooling approximately $3,150 million.		
$3,100m	Collective Overspill Layer $1,000 million. General Tower only. One Reinstatement.		
$2,100m	3rd Excess Layer $1,000 million. General Tower only. Unlimited Reinstatements.		
$1,100m	2nd Excess Layer $500 million. Towers: General & Oil Polution. Unlimited Reinstatements.		15%* Private Placing
$600m	1st Excess layer $500 million. Towers: General & Oil Polution. Unlimited Reinstatements 55% GXL Placing.	30% Co-insured by Hydra**	
$100m	$20m reinsured by Hydra.		
$80m	Upper Pool $35 million, reinsured by Hydra.	7.5% ICR.	
$45m	Lower Pool (B) $15 million, reinsured by Hydra.		
$30m	Lower Pool (A) $20 million **		
$10m	Individual Club Retention ("ICR") $10 million.		

* Between $100m and $1,100m underwritten on multi-year fixed premium bases by Berkshire Hathaway (2014-2017, renewed 2018-2020), Liberty Mutual (2015-2018, extended to 2020) and Hannover Re (2016-2019) 5% each;

** In respect of Maritime Labour Convention financial security provisions, a separate $190m xs $10m reinsurance cover has been put in place since these risks are not pool-able.

Actual coverage offered with a normal Club entry is modified to tie in with the above structure, and has sub limits as follows:

- As regards oil pollution: $1 billion;
- As regards passenger losses: $2 billion;
- As regards combined passenger and crew losses: $3 billion

THE GROUP REINSURANCE PROGRAMME 2016-17

CUMULATIVE VALUE	LAYERS		
$6,250m	Uninsured Overspill: Reverts to Pooling approximately $3,170 million.		
$3,080m	Collective Overspill Layer $1,000 million. General Tower only. One Reinstatement.		
$2,080m	3rd Excess Layer $1,000 million. General Tower only. Unlimited Reinstatements.		
$1,080m	2nd Excess Layer $500 million. Towers: General & Oil Polution. Unlimited Reinstatements.		15%*
$580m	1st Excess layer $500 million. Towers: General & Oil Polution. Unlimited Reinstatements.	Co-insured by Hydra**	
$80m	Upper Upper Pool $35 million, reinsured by Hydra.	7.5% ICR.	
$45m	Lower Pool (B) $15 million, reinsured by Hydra.		
$30m	Lower Pool (A) $20 million.		
$10m	Individual Club Retention ("ICR") $10 million.		

*15% of the first and second excess layers have been placed on a 3 year fixed premium basis between $100m and $1,100m underwritten by Berkshire Hathaway (2014-2017), Liberty Mutual (2015-2018) and Hannover Re (2016-2019);

** Hydra participation was increased at the 2016-2017 renewal such that it now reinsures 75% of the first $20 million on the 1st Excess layer; 60% on the next $20 million and 30% between $120m and $580m.

Actual coverage offered with a normal Club entry is modified to tie in with the above structure, and has sub limits as follows:

- As regards oil pollution: $1 billion;
- As regards passenger losses: $2 billion;
- As regards combined passenger and crew losses: $3 billion

THE GROUP REINSURANCE PROGRAMME 2015-16

CUMULATIVE VALUE	LAYERS		
$6,250m	Uninsured Overspill: Reverts to Pooling approximately $3,170 million.		
$3,080m	Collective Overspill Layer $1,000 million. General Tower only. One Reinstatement.		
$2,080m	3rd Excess Layer $1,000 million. General Tower only. Unlimited Reinstatements.		
$1,080m	2nd Excess Layer $500 million. Towers: General & Oil Polution. Unlimited Reinstatements.		10%*
$580m	1st Excess layer $500 million. Towers: General & Oil Polution. Unlimited Reinstatements.	Co-insured by Hydra**	
$80m	Upper Upper Pool $20 million, reinsured by Hydra.	5% ICR.	
$60m	Upper Pool $15 million, reinsured by Hydra.	10% ICR.	
$45m	Lower Pool (B) $15 million, reinsured by Hydra.		
$30m	Lower Pool (A) $21 million.		
$9m	Individual Club Retention ("ICR") $9 million.		

*10% of the first and second excess layers have been placed on a 3 year fixed premium basis between $100m and $1,100m underwritten by Berkshire Hathaway (2014-2017) and Liberty Mutual (2015-2018);

** Hydra participation was increased at the 2015-2016 renewal such that it now reinsures 70% of the first $20 million on the 1st Excess layer; 60% on the next $20 million and 30% between $ 120m and $580m.

Actual coverage offered with a normal Club entry is modified to tie in with the above structure, and has sub limits as follows:

- As regards oil pollution: $1 billion;
- As regards passenger losses: $2 billion;
- As regards combined passenger and crew losses: $3 billion

2017 RENEWAL CIRCUMSTANCES

The market generated record levels of underwriting profits in 2015-16 and, although this was offset by reasonably significant investment and exchange losses, the underlying and overpowering message was very much one of claims being benign and so premium increases were inappropriate.

The table opposite sets out the entered tonnages of each Club, both owned and chartered, together with their respective market shares by owned tonnage, and the Free Reserves. In the past a measure of Clubs solvency could be obtained by dividing Free Reserves by owned tonnage or indeed policy year premium income as a measure of relative risk.

However in these days of business diversity and, in some cases, patchy clarity of disclosure, these measures are now of limited to no value. As the Clubs become more commercial, then their comparability becomes less easy until the advent of the full Solvency II disclosures. Such disclosures should be available by this time next year, but not all the Clubs are subject to the regime. Additionally the balance sheets being assessed will be founded on different accounting valuation principles imposed by statute, and it is also far from clear which business entity will be reported on under these disclosures. So, whilst optimistic about having new information to compare, we must sound a note of caution as to its value.

In some cases these Free Reserves have been impacted by deviations from planned call income over the past 7 years, the issuance of subordinated debt and various corporate restructuring. The impact of the 2008 and 2009 excess calls following the November 2008 investment crash has largely faded into history now, and the majority of the deviations from expected call levels have been under calls, particularly announced in the current year, see later table.

Corporate restructuring increasing Free Reserves over the past 7 years include Gard's acquisition of Gard M&E, Standard's restructuring of Standard London, North of England's acquisition of Sunderland Marine and the American Club formation of American Hellenic Hull Insurance.

CLUB	FREE RESERVE $ MILLIONS	OWNED TONNAGE MILLIONS GT	CHARTER TONNAGE MILLION GT	MARKET SHARE BY OWNED GT
AMERICAN	75.9	13.7	0.7	1.22%
BRITANNIA	512.7	108.5	27.0	9.64%
GARD *	1,017.2	209.4	60.0	18.61%
JAPAN	187.1	92.2	12.5	8.20%
LONDON	160.7	43.8	7.5	3.89%
NORTH OF ENGLAND *	428.4	127.0	43.0	11.29%
SHIPOWNERS	279.4	24.0	0.6	2.13%
SKULD *	348.2	87.1	50.0	7.74%
STANDARD	390.1	105.0	30.0	9.33%
STEAMSHIP	440.3	74.3	46.0	6.60%
SWEDISH *	183.1	41.5	22.2	3.69%
UK	546.9	130.0	100.0	11.56%
WEST OF ENGLAND	276.7	68.5	23.0	6.00%

* Free Reserves includes those supporting significant amounts of non P&I business

The table below shows the approximate impact of call deviations for the last 5 years; the first figure is the actual supplementary call, the second is the planned supplementary call and where appropriate the $ figure is the impact on Free Reserves of the deviation. The figures incorporate the decisions made in Autumn 2016 as part of the general increase strategies – not all of the costs associated to these decisions have yet been reflected in the Free Reserves of each Club:

CLUB	2016-17	2015-16	2014-15	2013-14	2012-13
AMERICAN	0%/0%	0%/0%	0%/0%	0%/0%	0%/0%
BRITANNIA	45%/45%	40%/45% ($7.1m)	35%/45% ($ 17.5m)	45%/45%	40%/40%
GARD	25%/25%	15%/25% ($36.9m)	15%/25% ($37.3m)	15%/25% ($34.8m)	15%/25% ($30.70m)
JAPAN	40%/40%	40%/40%	20%/40% ($30.3m)	40%/40%	40%/40%
LONDON	0%/0%	0%/0%	0%/0%	0%/0%	0%/0%
NORTH OF ENGLAND	-5%/0% ($13.0m)	0%/0%	0%/0%	0%/0%	0%/0%
SHIPOWNERS	0%/0%	0%/0%	0%/0%	0%/0%	0%/0%
SKULD*	0%/0%	-2.5%/0% ($5.3m)	0%/0%	0%/0%	0%/0%
STANDARD	-5%/0% ($11.5m)	0%/0%	0%/0%	0%/0%	0%/0%
STEAMSHIP	0%/0%	0%/0%	-10%/0% ($25.3m)	0%/0%	0%/0%
SWEDISH	0%/0%	0%/0%	0%/0%	0%/0%	0%/0%
UK	0%/0%	-3%/0% ($ 10.4m)	-2.5%/0% ($7.3m)	0%/0%	0%/0%
WEST OF ENGLAND	35%/35%	35%/35%	35%/35%	35%/35%	30%/30%

* Skuld have also proposed a 2.5% premium credit for mutual members in respect of 2016-17 to be ratified in May 2017

Following the abandonment of the EU Investigation into the operation of the International Group in August 2012, the Clubs have introduced particular rules in the International Group Agreement which govern the quantum of release calls. These are enshrined in Clause 8.1 and begin with the important "motherhood statement" that the release call percentages "shall reflect its assessment of the risk that the published levels of expected premiums may be exceeded". These are set out opposite:

CLUB	NEXT YEAR PLANNED	CURRENT YEAR	2015-16	2014-15
AMERICAN	20.00%	20.00%	15.00%	12.50%
BRITANNIA	15.00%	15.00%	7.50%	5.00%
GARD	20.00%	20.00%	5.00%	5.00%
JAPAN	5.00%	5.00%	5.00%	5.00%
LONDON	15.00%	15.00%	12.50%	5.00%
NORTH OF ENGLAND	20.00%	15.00%	5.00%	5.00%
SHIPOWNERS	N/A	N/A	N/A	N/A
SKULD	5.00%	4.00%	3.00%	0.00%
STANDARD	OS	7.00%	3.00%	2.00%
STEAMSHIP	12.50%	12.50%	2.50%	0.00%
SWEDISH		15.00%	10.00%	7.50%
UK	15.00%	10.00%	0.00%	0.00%
WEST OF ENGLAND	20.00%	20.00%	10.00%	0.00%

In setting these release calls the Clubs are expected to take into account the following risk factors:

- Premium risk;
- Reserve risk;
- Catastrophe risk;
- Market risk;
- Counterparty default risk;
- Operational risk

In this regard the release calls should be consistent with the outcome of the capital adequacy risk model for Solvency II purposes. Generally the last 12 months has seen the level of release calls continue to fall, but this may be down to the relatively benign claims environment as opposed to a determined general reduction in expectations on the clubs' part.

The strangest anomaly lies in the establishment of the release calls for 2017-18. Remembering that a release call should reflect "the risk that the published levels of expected premiums may be exceeded", how can a Club establish a release call for a year that has not yet started?

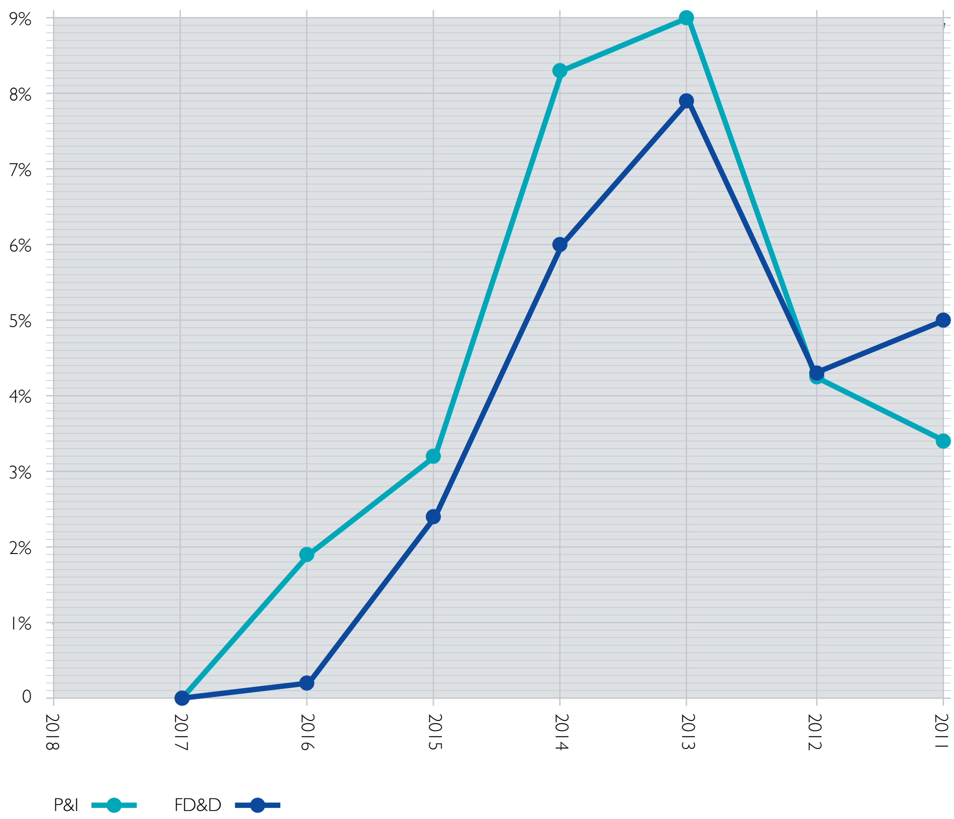
lThe renewal for 2017-18 is unique in that no club is to charge any general increase on either the P&I or FD&D classes. Additionally, the majority of the clubs have recognised that the improved developed out claims experience, coupled with continuing benign claims conditions, justify a return to members.

The total of these returns granted in calendar year 2016 is more or less $145 million, including the reduction of Gard's deferred call and Skuld's premium credit, both of which were established earlier in the year. These latter two decisions are already reflected in the 2015-16 Free Reserve figure, as is, after a fashion, the intended reduced deferred call at the Japan Club. In the latter case the deferred call that has been reduced has not been accrued, and so was never in the Free Reserve figure to start with.

Thus the impact on reported 2015-16 Free Reserves of the reduced calls is limited to some $70 to 75 million: around 1.5% of that Free Reserve. It is also intriguing to note that different clubs have attributed the return premiums to different policy years – Steamship has allocated the return against its oldest open 2014-15 policy year. Conversely Standard and North of England have allocated the return to the current open 2016-17 policy year. Britannia has split the return across 2 policy years. Can anything be read into the differences in strategy – perhaps not, but certainly there is an inference that those clubs allocating to older years are recognising the performance of those older years, and so have perhaps got more to give on those more recent years which have yet to see refunds.

The question remains, however, as to whether owners would rather see reductions in historic premiums recognised after the event, or a reduction in current operating costs to reflect the better underwriting conditions. The Clubs would clearly like to maintain premium ratings so that if and when claims begin to spiral upwards again, they will not have to return to double digit general increases. Conversely there is a plausible argument that, since premiums seem to be too high, and are based on historically overstated claims experience, they should be reduced as opposed to maintained at the same level. Historically general decreases have not been seen with any regularity but maybe this is now the time.

2017 RENEWAL CIRCUMSTANCES



The following table summarises the General Increases and Call Changes for 2017-18:

CLUBS	P&I	FD&D	RETURNS OF PREMIUM (P&I)	VALUE
AMERICAN	0.0%	0.0%		
BRITANNIA	0.0%	0.0%	2013-14: 2.5%; 2014-15: 5%	$11.5 million
GARD (1)	0.0%	0.0%	2015-16: 10% (announced May)	$36.9 million
JAPAN (3)	0.0%	0.0%	2014-15: 20% (provisional)	$30.3 million
LONDON	0.0%	0.0%		
NORTH OF ENGLAND	0.0%	0.0%	2016-17: 5%	$13.0 million
SHIPOWNERS	0.0%	0.0%		
SKULD (2)	N/A	N/A	2015-16: 2.5% Premium Credit	$5.3 million
STANDARD	0.0%	0.0%	2016-17: 5%	$12.0 million
STEAMSHIP	0.0%	0.0%	2014-15: 10%	$25.3 million
SWEDISH				
UK / UKDC	0.0%	0.0%	2015-16: 3%	$10.4 million
WEST OF ENGLAND	0.0%	0.0%		

Notes:

(1) Gard P&I figure is an increase designed to achieve a 102.5% Combined Ratio Net;

(2) Skuld once again eschew the concept of a general increase;

(3) Japan Club has reduced expected deferred call by 20% but not yet closed the 2014-15 year.

In all cases, apart from the Shipowners Club, the incremental cost of the Group Reinsurance programme will be passed on to members. In all probability this will represent a further reduction in premium in 2017-18.

The renewal for 2017-18 is unique in that no club is to charge any general increase on either the P&I or FD&D classes. Additionally, the majority of the clubs have recognised that the improved

INDIVIDUAL CLUBS

The following pages show data relating to individual clubs. Policy year data is at the most recent development point and so will change as the year of account matures.The premium data will include deviations from the predicted call levels to the extent that the most recent financial statements reflect those call decisions - i.e. generally call decisions made before June of the current year.

The deferred call data table will show the most recent estimate of the deferred call for the given year. On the policy year premium data table, a cell shaded red indicates that an excess call was levied and included in the figure; a blue shaded cell indicates that an under call/return of call was ordered and has been included in the figure.
A green shaded cell indicates that, whilst a call deviation has been announced, the figure does not yet incorporate the financial impact of that decision since the decision was made after the finalisation of the financial statements at February 2016.

Release call data is current at time of going to print, 13 December 2016.

APPENDIX 4.1

American Steamship Owners Mutual Protection and Indemnity Association, Inc

www.american-club.com

IN A SNAPSHOT

Owners GT
13.7m GT

Market Share by GT
1.22%

2017-18 General Increase
0%

Free Reserve
$75.9m

Annual Premium Income
$87.4m

S & P Rating
BBB-

Underwriting Offices:
New York, Houston, London, Piraeus, Shanghai, Hong Kong

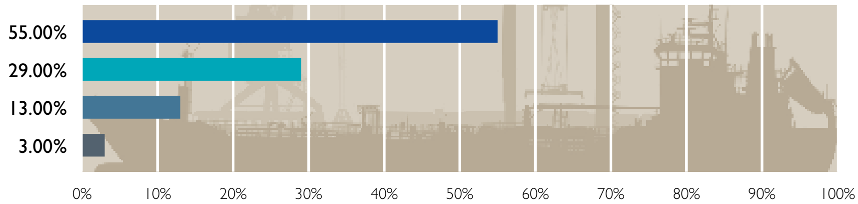
Figures include the Surplus Note capital issue in 2015 as part of the Club's Free Reserve notwithstanding its status as being theoretically repayable to the providers of capital.

CALLS

	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12
ORIGINAL	0%	0%	0%	0%	0%	0%	25%
LATEST	0%	0%	0%	0%	0%	0%	25%
RELEASE	20%	20%	15%	12.5%	-	-	-

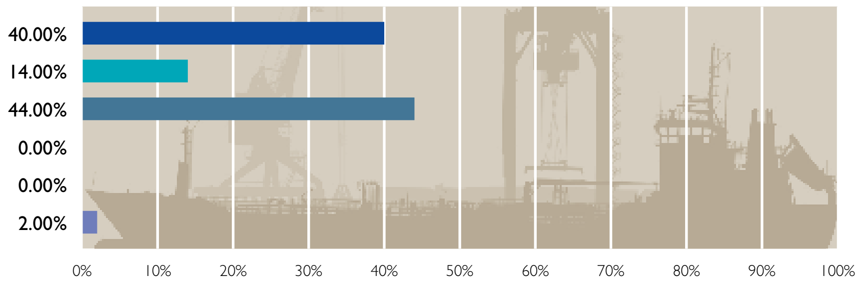
GEOGRAPHY

EUROPE ASIA PACIFIC AMERICAS AFRICA - MIDDLE EAST - INDIA



VESSEL TYPE

TANKER/GAS CARRIER CONTAINER/GENERAL CARGO BULKER
PASSENGER FERRY OFFSHORE OTHER



SUMMARY FINANCIAL PERFORMANCE IN $000,000's

YEAR TO 31 DEC	2015	2014	2013	2012	2011	2010	2009
PY PREMIUM *	72.4	101.4	99.7	97.7	103.7	107.2	100.2
PY CLAIMS	44.8	69.2	66.6	65.1	68.8	65.3	78.2
PY RESULT	-5.6	-10.4	-4.3	-5.2	+3.5	+13.9	-7.4
FY UW RESULT	-2.0	-6.5	-10.9	-21.7	-10.4	+1.4	-7.9
FY INVEST RESULT	-0.2	+7.8	+14.0	+15.7	+7.0	+13.9	+20.8
FY OVERALL RESULT	-2.2	+1.3	+3.1	-6.0	-3.4	+15.3	+12.7
CLAIMS O/S	171.9	182.5	181.1	207.6	206.2	200.7	188.0
FREE RESERVE	56.4	58.6	57.3	54.2	60.2	63.6	48.3
CAPITAL ISSUE	19.5	-	-	-	-	-	-
TOTAL FUNDS	269.1	280.1	284.3	303.1	301.2	291.0	265.0

* full annual estimated at $87.4 million for 2015-16

APPENDIX 4.2

The Britannia Steam Ship Insurance Association Limited
www.britanniapandi.com

IN A SNAPSHOT

Owners GT
108.5m GT

Market Share by GT
9.61%

2017-18 General Increase
0.0%

Free Reserve
$512.7m

Annual Premium Income
$253.9m

S & P Rating
A

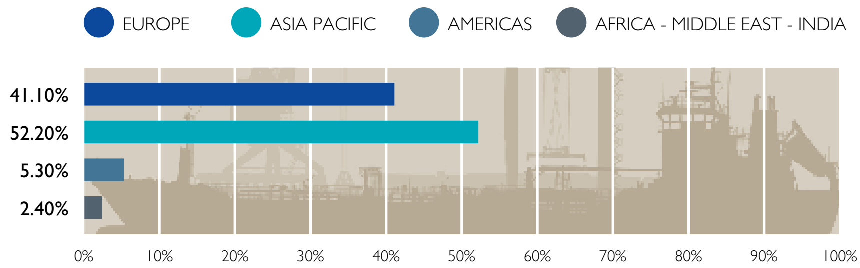
Underwriting Offices:
London, Hong Kong, Tokyo

Figures include the net assets of Boudicca Insurance Company Limited as part of the Club's Free Reserve notwithstanding their existence in a separate legal entity under common ownership. At 20 February 2016 this amounted to $166.3 million.

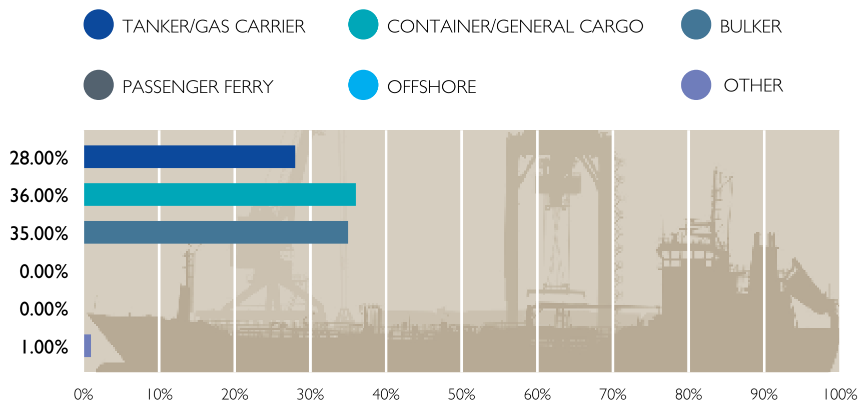
CALLS

	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12
ORIGINAL	45%	45%	45%	45%	45%	40%	40%
LATEST	45%	45%	40%	35%	45%	40%	40%
RELEASE	15%	15%	7.5%	5%	-	-	-

GEOGRAPHY



VESSEL TYPE



SUMMARY FINANCIAL PERFORMANCE IN $000,000's

YEAR TO 20 FEB	2016	2015	2014	2013	2012	2011	2010
PY PREMIUM *	253.9	258.9	274.8	284.2	282.7	282.6	270.7
PY CLAIMS	225.6	187.5	225.0	231.0	230.1	204.1	182.3
PY RESULT	-26.3	-6.9	-30.7	-19.6	-17.3	+1.7	+10.8
FY UW RESULT	-2.4	+15.3	-13.3	-61.8	-20.9	-5.7	-39.8
FY INVEST RESULT	-30.5	+3.0	+47.2	+38.8	+36.7	+59.0	+68.2
FY OVERALL RESULT	-32.9	+18.3	+33.9	-23.0	+15.8	+52.8	+30.6
CLAIMS O/S	781.7	796.9	813.3	807.4	815.1	755.5	688.8
FREE RESERVE	346.4	371.3	353.0	326.8	290.7	274.9	222.1
TOTAL FUNDS	1,157.2	1,192.1	1,190.3	1,159.3	1,131.0	1,055.6	945.7
BOUDICCA	166.3	174.3	118.9	111.2	170.3	179.2	153.8

* 2015 premium includes 7.5% reduction in deferred call; a further 2.5% ordered in October 2016 is not reflected in this figure

APPENDIX 4.3

Assuranceforeningen Gard - gjensidig

www.gard.no

IN A SNAPSHOT

Owners GT
209.4m GT

Market Share by GT
18.56%

2017-18 General Increase
0%

Free Reserve
$1,017.2m

Annual Premium Income
$601.5m

S & P Rating
A+

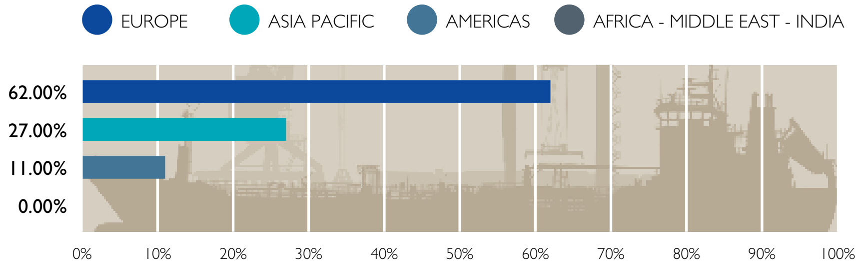
Underwriting Offices:
Arendal, Bergen, Oslo, Gothenburg, Helsinki, Piraeus, London, New York, Tokyo, Hong Kong, Singapore, Rio de Janeiro, Imabari

With the exception of policy year data, figures set out below for 2011 onwards are group figures and include the results and the Free Reserves applicable to the Marine & Energy business portfolio. Results for the latest 4 years reflect a change in accounting policy for pension contributions.

CALLS

	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12
ORIGINAL	25%	25%	25%	25%	25%	25%	25%
LATEST	25%	25%	15%	15%	15%	15%	20%
RELEASE	20%	20%	5%	5%	-	-	-

GEOGRAPHY



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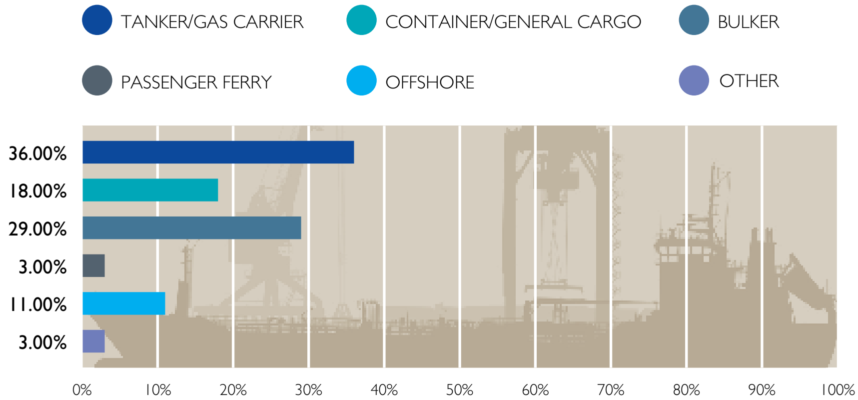


SUMMARY FINANCIAL PERFORMANCE IN $000,000's

YEAR TO 20 FEB	2016	2015	2014	2013	2012	2011	2010
PY PREMIUM	601.5	629.0	587.1	532.6	502.3	464.7	453.8
PY CLAIMS	457.4	418.0	378.2	508.2	393.3	350.4	269.7
PY RESULT	-34.9	+18.9	+21.4	-169.7	-24.6	-7.0	+17.9
FY UW RESULT	+112.7	+37.6	-24.8	-61.4	-3.3	+15.7	-11.4
FY INVEST RESULT	-64.6	+11.9	+69.1	+110.6	+39.2	+151.8	+183.0
FY OVERALL RESULT	48.1	+49.5	+44.3	+49.2	+35.9	+151.7	+163.4
CLAIMS O/S	1,245.3	1,250.9	1,215.9	1,113.2	1,164.0	1,116.1	729.8
FREE RESERVE	1,017.2	969.1	919.6	875.3	826.1	790.2	557.5
TOTAL FUNDS	2,547.6	2,567.7	2,478.2	2,300.4	2,288.0	2,190.5	1,359.1

APPENDIX 4.4

The Japan Ship Owners' Mutual Protection & Indemnity Association

www.piclub.or.jp

IN A SNAPSHOT

Owners GT
92.2m GT

Market Share by GT
8.17%

2017-18 General Increase
0%

Free Reserve
$187.1m

Annual Premium Income
$250.6m

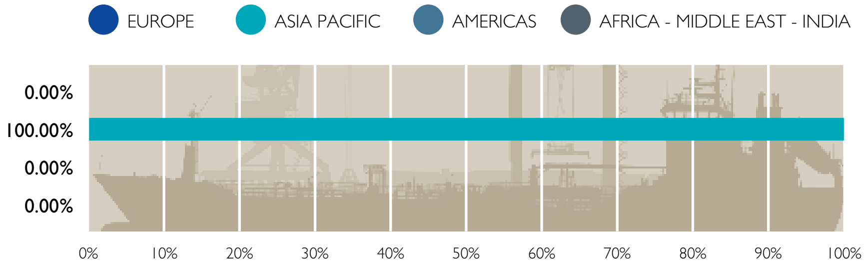
S & P Rating
BBB+

Underwriting Offices:
Tokyo, Kobe, Fukuoka, Imabari, Singapore, London (liaison)

CALLS

	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12
ORIGINAL	40%	40%	40%	40%	40%	40%	40%
LATEST	40%	40%	40%	20%	40%	40%	40%
RELEASE	5%	5%	5%	5%	-	-	-

GEOGRAPHY



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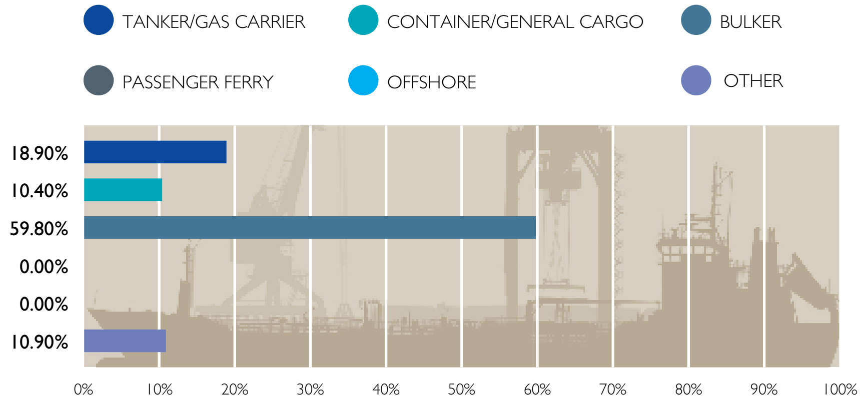


SUMMARY FINANCIAL PERFORMANCE IN $000,000's

YEAR TO 31 MAR	2016	2015	2014	2013	2012	2011	2010
PY PREMIUM *	193.6	212.3	226.7	179.9	216.0	249.8	269.5
PY CLAIMS	132.0	111.3	156.6	128.9	161.5	166.8	152.9
PY RESULT	-11.1	+26.4	+16.4	+19.2	-0.8	+15.9	+40.0
FY UW RESULT	+17.1	+0.7	+13.3	-26.8	+4.0	+20.9	-0.9
FY INVEST RESULT	-2.4	+15.7	-14.8	+17.4	+5.1	+5.3	+6.9
FY OVERALL RESULT	+14.7	+16.4	-1.5	-9.4	+9.1	+23.5	+10.3
CLAIMS O/S	278.5	255.9	273.3	284.3	294.7	275.1	220.5
FREE RESERVE	187.1	172.4	156.0	157.5	166.9	157.8	134.4
TOTAL FUNDS	584.3	557.3	561.6	560.4	557.5	534.2	446.5

* full annual estimated at $250.6 million for 2015-16

APPENDIX 4.5

The London Steam-Ship Owners Mutual Insurance Association Limited
www.londonpandi.com

IN A SNAPSHOT

Owners GT
43.8m GT

Market Share by GT
3.88%

2017-18 General Increase
0%

Free Reserve
$160.7m

Annual Premium Income
$98.7m

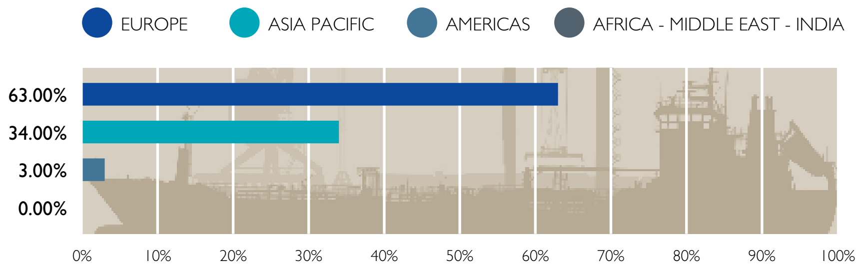
S & P Rating
BBB

Underwriting Offices:
London, Piraeus, Hong Kong

CALLS

	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12
ORIGINAL	0%	0%	0%	0%	0%	0%	0%
LATEST	0%	0%	0%	0%	0%	0%	0%
RELEASE	15%	15%	12.5%	5%	-	-	-

GEOGRAPHY



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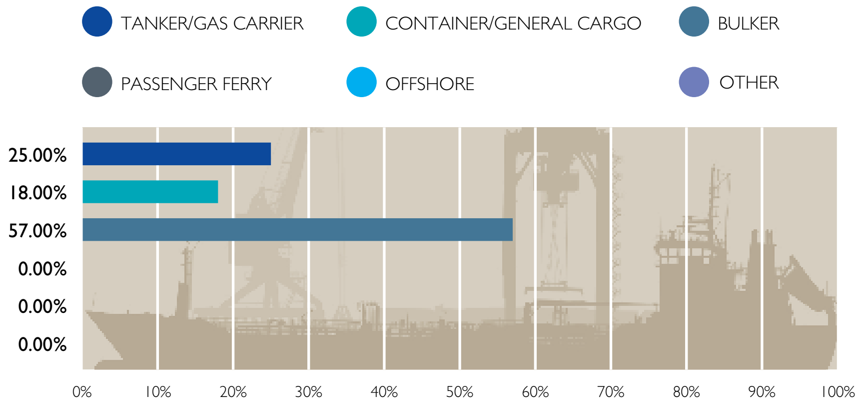


SUMMARY FINANCIAL PERFORMANCE IN $000,000's

YEAR TO 20 FEB	2016	2015	2014	2013	2012	2011	2010
PY PREMIUM	98.7	100.0	96.6	91.5	98.5	101.7	109.4
PY CLAIMS	73.6	97.8	84.6	87.4	80.9	100.8	89.4
PY RESULT	+10.4	-18.4	+3.0	-24.8	+1.7	-2.9	-6.6
FY UW RESULT	+15.3	-29.9	-18.7	-14.4	-16.7	-21.5	-16.5
FY INVEST RESULT	-12.0	+26.7	+25.3	+23.7	+16.3	+24.8	+42.7
FY OVERALL RESULT	+3.3	-3.2	+6.6	+9.3	-0.4	+3.6	+25.9
CLAIMS O/S	224.6	240.7	230.9	236.8	251.3	264.0	253.6
FREE RESERVE	160.7	157.4	160.6	154.0	144.7	145.1	141.5
TOTAL FUNDS	393.4	404.9	399.2	398.0	402.4	422.3	415.4

APPENDIX 4.6

North of England P&I Association Limited

www.nepia.com

IN A SNAPSHOT

Owners GT
127.0m GT

Market Share by GT
11.26%

2017-18 General Increase
0%

Free Reserve
$428.4m

Annual Premium Income
$365.0m

S & P Rating
A

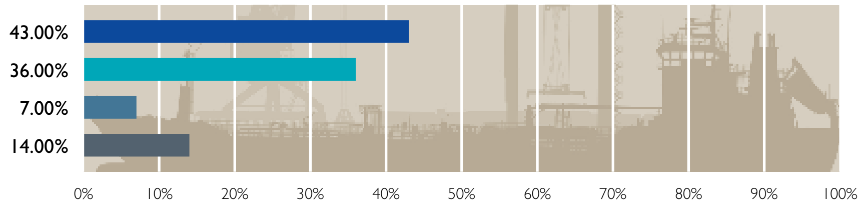
Underwriting Offices:
Newcastle, Piraeus, Hong Kong, Singapore, Tokyo

CALLS

	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12
ORIGINAL	0%	0%	0%	0%	0%	0%	0%
LATEST	0%	-5%	0%	0%	0%	0%	0%
RELEASE	20%	15%	5%	5%	-	-	-

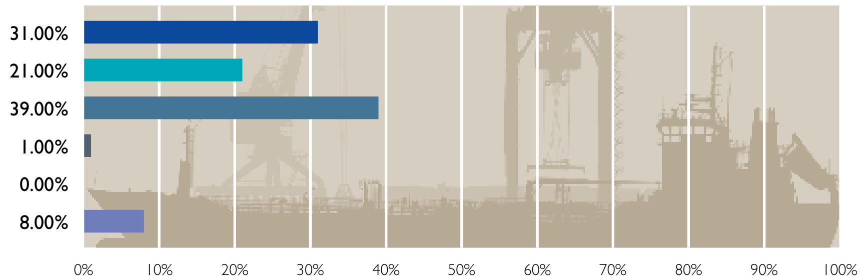
GEOGRAPHY

EUROPE ASIA PACIFIC AMERICAS AFRICA - MIDDLE EAST - INDIA



VESSEL TYPE

TANKER/GAS CARRIER CONTAINER/GENERAL CARGO BULKER PASSENGER FERRY OFFSHORE OTHER



SUMMARY FINANCIAL PERFORMANCE IN $000,000's

YEAR TO 20 FEB	2016	2015	2014	2013	2012	2011	2010
PY PREMIUM	311.1	366.6	346.3	325.1	318.1	277.8	250.0
PY CLAIMS	176.6	251.4	215.4	246.5	237.6	156.7	182.7
PY RESULT	+29.1	+0.6	+21.5	-19.2	-10.2	+56.7	+16.2
FY UW RESULT	+100.3	-59.8	+17.5	-9.8	-6.8	+54.8	+11.2
FY INVEST RESULT	-10.0	+37.1	+17.6	+8.0	+8.4	+15.0	+8.5
FY OVERALL RESULT	+90.3	-22.7	+0.1	-1.8	+1.6	+72.2	+29.2
CLAIMS O/S	622.5	703.3	623.5	605.5	582.2	498.0	466.4
FREE RESERVE	428.4	338.1	312.3	312.2	314.0	312.4	240.3
TOTAL FUNDS	1,238.4	1,237.9	1,020.6	974.1	935.5	831.1	723.2

APPENDIX 4.7

The Shipowners' Mutual Protection and Indemnity Association (Luxembourg)

www.shipownersclub.com

IN A SNAPSHOT

Owners GT
24.0m GT

Market Share by GT
2.13%

2017-18 General Increase
0%

Free Reserve
$279.4m

Annual Premium Income
$243.3m

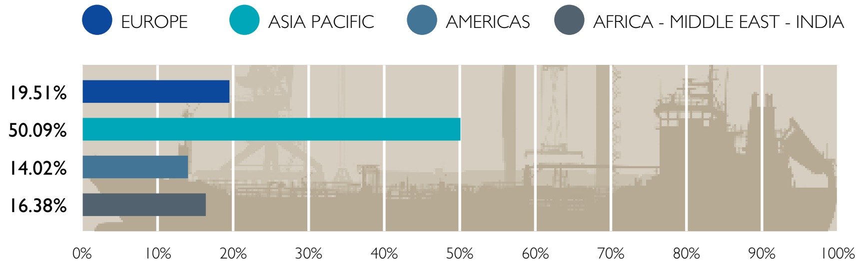
S & P Rating
A

Underwriting Offices:
London, Singapore, Hong Kong

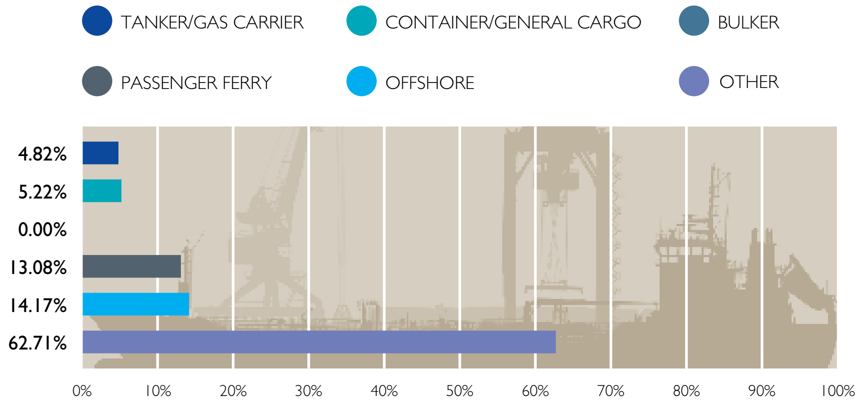
CALLS

	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12
ORIGINAL	0%	0%	0%	0%	0%	0%	0%
LATEST	0%	0%	0%	0%	0%	0%	0%
RELEASE	-	-	-	-	-	-	-

GEOGRAPHY



VESSEL TYPE



SUMMARY FINANCIAL PERFORMANCE IN $000,000's

YEAR TO 31 DEC	2015*	2015**	2014	2013	2012	2011	2010
PY PREMIUM	243.3	247.0	243.5	222.2	208.7	197.6	174.3
PY CLAIMS	167.4	165.6	140.3	150.2	136.3	109.6	104.1
PY RESULT	-4.1	-4.5	+21.6	-0.5	+7.9	+24.5	+12.8
FY UW RESULT	+3.2	+11.4	+2.3	+8.9	+28.6	+26.2	-2.2
FY INVEST RESULT	-24.1	-10.0	+20.9	-32.0	+18.0	+20.5	+35.9
FY OVERALL RESULT	-20.9	+1.4	+23.2	+40.9	+46.6	+52.9	+39.5
CLAIMS O/S	319.9	309.9	319.9	289.9	267.5	242.8	232.6
FREE RESERVE	279.4	300.3	298.9	275.7	234.8	188.2	135.3
TOTAL FUNDS	685.0	683.9	685.0	625.0	553.5	478.1	408.2

* FY figures at December 31 2015, but PY figures are at February 20 2016
** All figures at February 20 2015; year-end changed to December 31 thereafter

APPENDIX 4.8

Assuranceforeningen Skuld (Gjensidig)
www.skuld.com

IN A SNAPSHOT

Owners GT
87.1m GT

Market Share by GT
7.72%

2017-18 General Increase
n/a

Free Reserve
$348.2m

Annual Premium Income
$320.0m

S & P Rating
A

Underwriting Offices:
Oslo, Bergen, Piraeus, Copenhagen, Hamburg, Hong Kong, Singapore, New York, London

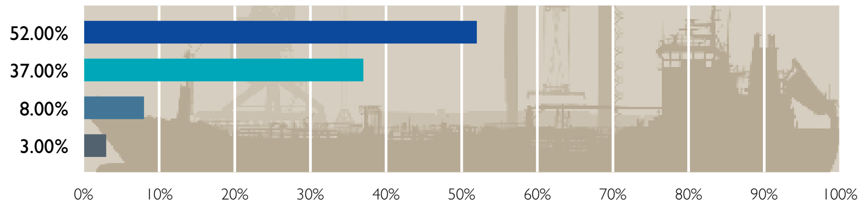
CALLS

	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12
ORIGINAL	0%*	0%	0%	0%	0%	0%	0%
LATEST	0%	0%	0%	0%	0%	0%	0%
RELEASE	5%	4%	3%	-	-	-	-

* premium credit of 2.5% approved by Board relating to YOA

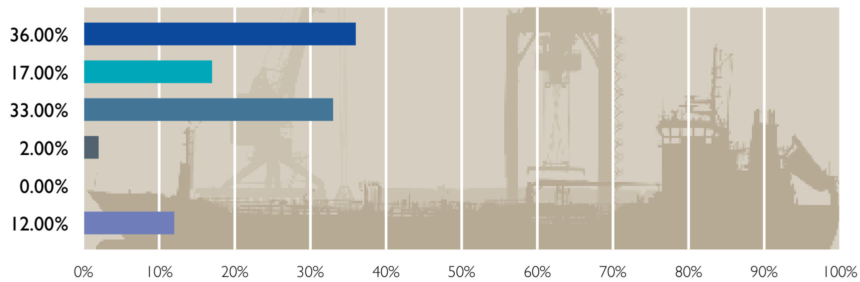
GEOGRAPHY

EUROPE   ASIA PACIFIC   AMERICAS   AFRICA - MIDDLE EAST - INDIA



VESSEL TYPE

TANKER/GAS CARRIER   CONTAINER/GENERAL CARGO   BULKER
PASSENGER FERRY   OFFSHORE   OTHER



SUMMARY FINANCIAL PERFORMANCE IN $000,000's

YEAR TO 20 FEB	2016	2015	2014	2013	2012	2011	2010
PY PREMIUM	277.2	307.7	308.3	271.9	263.0	256.5	241.5
PY CLAIMS	196.1	193.3	192.3	190.5	181.4	172.1	129.4
PY RESULT	-24.6	+20.6	+35.7	+11.8	+10.9	+46.3	+92.9
FY UW RESULT	+22.1	-11.7	+4.0	+1.0	+11.7	+30.6	+10.6
FY INVEST RESULT	-9.1	+12.4	+22.1	+16.0	+13.3	+28.1	+54.9
FY OVERALL RESULT	+13.0	+0.7	+26.1	+17.0	+25.0	+64.9	+57.5
CLAIMS O/S	511.5	497.6	470.2	412.1	402.2	367.5	333.2
FREE RESERVE	348.2	335.2	334.5	308.4	291.4	266.4	201.5
TOTAL FUNDS	918.6	903.7	856.0	757.9	722.7	671.1	567.3

APPENDIX 4.9

The Standard Club
www.standard-club.com

IN A SNAPSHOT

Owners GT
105.0m GT

Market Share by GT
9.31%

2017-18 General Increase
0%

Free Reserve
$390.1m

Annual Premium Income
$339.4m

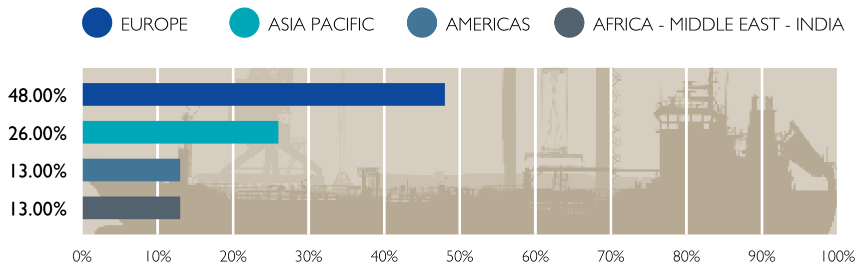
S & P Rating
A

Underwriting Offices:
London, Piraeus, New York, Tokyo, Singapore, Hong Kong, Rio de Janeiro

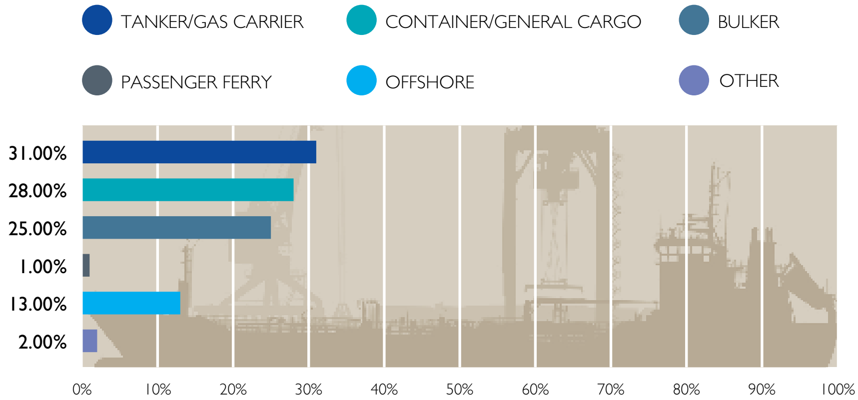
CALLS

	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12
ORIGINAL	0%	0%	0%	0%	0%	0%	0%
LATEST	0%	-5%	0%	0%	0%	0%	0%
RELEASE	o/s	7%	3%	2%	-	-	-

GEOGRAPHY



VESSEL TYPE



SUMMARY FINANCIAL PERFORMANCE IN $000,000's

YEAR TO 20 FEB	2016	2015	2014	2013	2012	2011	2010
PY PREMIUM	339.4	343.4	326.2	286.8	276.8	267.6	251.6
PY CLAIMS	229.7	209.8	259.2	195.9	209.5	177.7	145.5
PY RESULT	-32.9	+14.1	-42.5	+24.4	+10.8	+58.6	+88.7
FY UW RESULT	17.7	-0.4	-4.2	-39.6	+44.1	+17.8	+1.3
FY INVEST RESULT	-7.9	+12.2	+10.1	+49.6	+47.0	+59.0	+62.9
FY OVERALL RESULT	+9.8	+11.8	+5.9	+10.0	+2.9	+74.0	+67.1
CLAIMS O/S	582.7	576.2	565.7	553.4	523.0	452.9	427.6
FREE RESERVE	390.1	380.3	368.5	362.6	352.6	316.8	242.8
TOTAL FUNDS	1,033.1	1,025.4	989.7	977.9	923.9	805.8	760.2

APPENDIX 4.10

The Steamship Mutual Underwriting Association (Bermuda) Limited

www.simsl.com

IN A SNAPSHOT

Owners GT
74.3m GT

Market Share by GT
6.59%

2017-18 General Increase
0%

Free Reserve
$440.3m

Annual Premium Income
$315.4m

S & P Rating
A

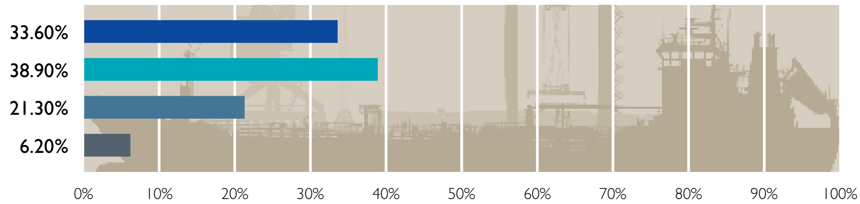
Underwriting Offices:
London, Hong Kong
Rio de Janeiro,
Piraeus,

CALLS

	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12
ORIGINAL	0%	0%	0%	0%	0%	0%	0%
LATEST	0%	0%	0%	-10%	0%	0%	0%
RELEASE	TBA	12.5%	2.5%	0%	-	-	-

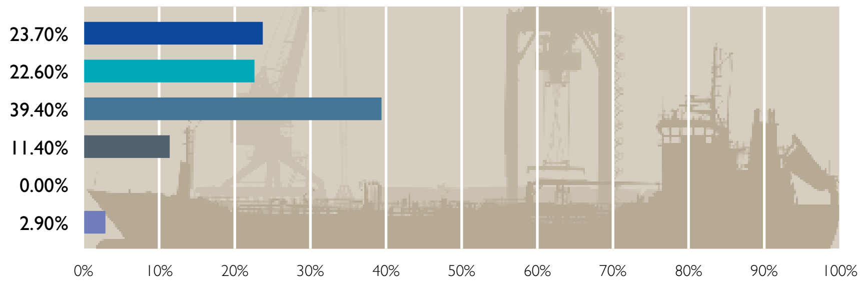
GEOGRAPHY

EUROPE · ASIA PACIFIC · AMERICAS · AFRICA - MIDDLE EAST - INDIA



VESSEL TYPE

TANKER/GAS CARRIER · CONTAINER/GENERAL CARGO · BULKER · PASSENGER FERRY · OFFSHORE · OTHER



SUMMARY FINANCIAL PERFORMANCE IN $000,000's

YEAR TO 20 FEB	2016	2015	2014	2013	2012	2011	2010
PY PREMIUM	315.4	327.5	304.5	279.7	289.4	270.5	270.7
PY CLAIMS	233.8	196.3	209.3	234.6	210.3	193.1	169.3
PY RESULT	+13.4	+28.4	+21.5	+28.0	+18.8	+11.7	+35.6
FY UW RESULT	+76.2	+63.3	+9.3	-33.8	-40.9	+21.1	+21.1
FY INVEST RESULT	-12.1	+11.7	+5.7	+24.2	+33.4	+27.9	+33.6
FY OVERALL RESULT	+64.1	+75.0	+15.0	-9.6	-7.5	+51.7	+63.9
CLAIMS O/S	613.0	651.2	684.5	655.2	616.1	534.6	502.8
FREE RESERVE	440.3	376.2	301.2	286.2	295.8	303.3	251.6
TOTAL FUNDS	1,077.5	1,058.7	1,012.3	974.0	948.5	871.5	796.8

APPENDIX 4.11

Sverigies Angfartygs Assurans Forening (The Swedish Club)

www.swedishclub.com

IN A SNAPSHOT

Owners GT
41.5m GT

Market Share by GT
3.68%

2017-18 General Increase
0%

Free Reserve
$183.1m

Annual Premium Income
$110.0m

S & P Rating
BBB+

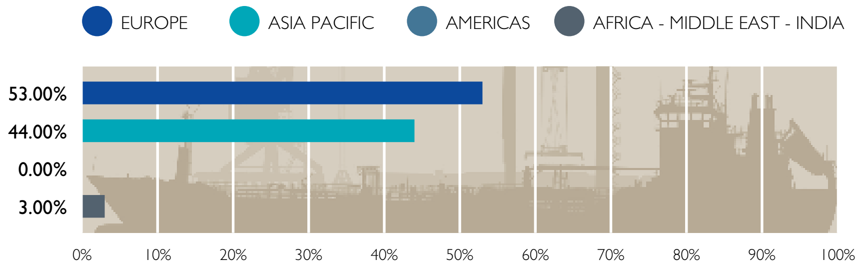
Underwriting Offices:
Gothenburg, Piraeus, Oslo, London, Tokyo, Hong Kong

With the exception of policy year data, figures set out opposite are group figures and include the results and the Free Reserves applicable to the Hull and Energy business portfolio.

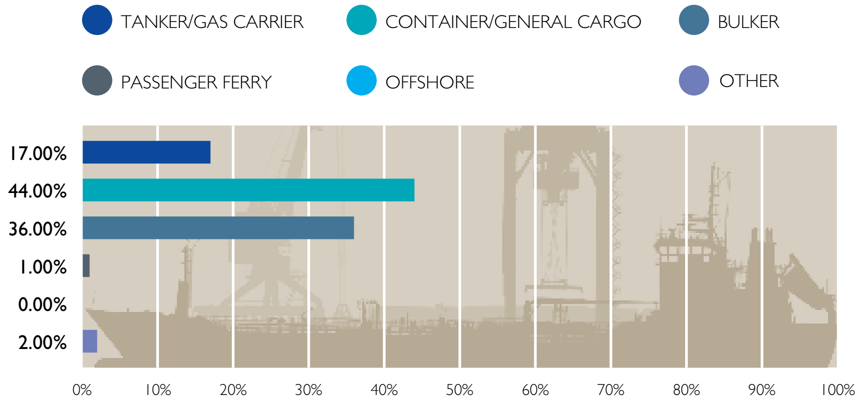
CALLS

	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12
ORIGINAL	0%	0%	0%	0%	0%	0%	0%
LATEST	0%	0%	0%	0%	0%	0%	0%
RELEASE	15%	15%	10%	7.5%	-	-	-

GEOGRAPHY



VESSEL TYPE



SUMMARY FINANCIAL PERFORMANCE IN $000,000's

YEAR TO 31 DEC	2015	2014	2013	2012	2011	2010	2009
PY PREMIUM	110.0	106.0	100.0	91.7	91.4	85.3	78.7
PY CLAIMS	75.1	62.1	70.7	78.5	68.3	52.1	54.5
PY RESULT	-10.3	+1.4	-9.3	-6.6	-5.8	+14.0	+8.1
FY UW RESULT	+0.2	+18.7	+8.1	-13.4	+12.9	+16.0	+5.7
FY INVEST RESULT	-1.3	+0.7	+8.4	+19.8	+4.5	+13.2	+8.6
FY OVERALL RESULT	-1.1	+19.4	+16.5	+6.4	-8.4	+28.9	+15.5
CLAIMS O/S	192.2	180.8	137.1	182.8	177.8	155.5	134.7
FREE RESERVE	183.1	184.2	164.8	148.3	141.9	150.3	121.4
TOTAL FUNDS	465.0	444.9	365.5	394.3	377.0	352.4	296.2

APPENDIX 4.12

The United Kingdom Mutual Steam Ship Assurance Association (Bermuda) Limited

www.ukpandi.com

IN A SNAPSHOT

Owners GT
130.0m GT

Market Share by GT
11.52%

2017-18 General Increase
0%

Free Reserve
$546.9m

Annual Premium Income
$400.0m

S & P Rating
A

Underwriting Offices:
London, Piraeus, Jersey City, San Francisco, Tokyo, Hong Kong, Imbari, Singapore, Shanghai

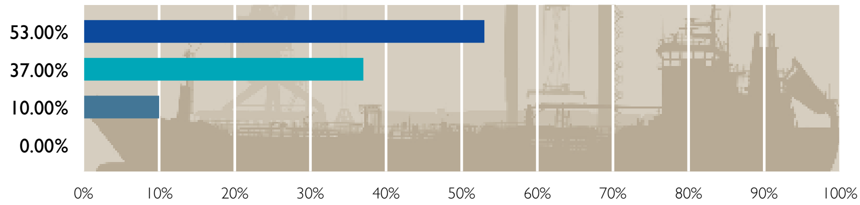
Figures include the subordinated loan capital issue in 2013 as part of the Club's Free Reserve notwithstanding its status as being theoretically repayable to the providers of capital – predominantly Club members.

CALLS

	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12
ORIGINAL	0%	0%	0%	0%	0%	0%	0%
LATEST	0%	0%	-3%	-2.5%	0%	0%	-2.5%
RELEASE	15%	10%	0%	0%	-	-	-

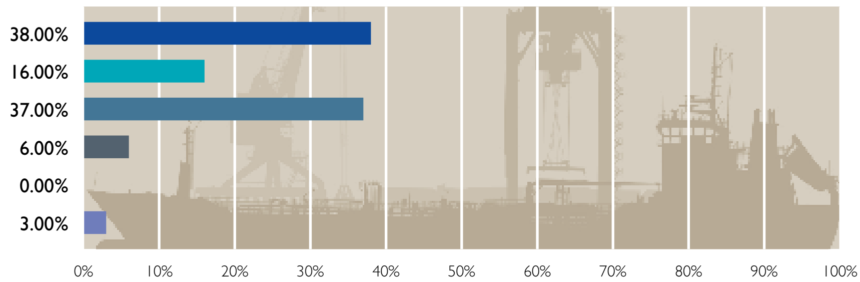
GEOGRAPHY

EUROPE
ASIA PACIFIC
AMERICAS
AFRICA - MIDDLE EAST - INDIA



VESSEL TYPE

TANKER/GAS CARRIER
CONTAINER/GENERAL CARGO
BULKER
PASSENGER FERRY
OFFSHORE
OTHER



SUMMARY FINANCIAL PERFORMANCE IN $000,000's

YEAR TO 20 FEB	2016	2015	2014	2013	2012	2011	2010
PY PREMIUM	391.9	397.1	399.2	357.2	357.2	364.4	385.7
PY CLAIMS	268.3	264.0	307.4	291.3	228.5	277.6	254.5
PY RESULT	-3.7	+5.6	-23.0	-24.0	+29.7	-3.4	+55.4
FY UW RESULT	17.8	-14.8	-7.1	-20.1	+4.5	+3.5	+7.2
FY INVEST RESULT	-18.7	+33.9	+41.5	+28.1	+3.4	+53.9	+56.9
FY OVERALL RESULT	-0.9	+19.1	34.4	+8.1	+7.9	+68.5	+75.2
CLAIMS O/S	700.7	714.4	762.0	755.1	778.9	808.7	797.7
FREE RESERVE	447.8	449.1	430.0	394.1	386.5	379.0	310.9
CAPITAL ISSUE	99.1	98.7	98.3	99.8	99.3	98.9	98.4
TOTAL FUNDS	1,278.6	1,290.2	1,320.7	1,271.7	1,289.5	1,313.4	1,228.8

APPENDIX 4.13

The West of England Ship Owners Mutual Insurance Association (Luxembourg)

www.westpandi.com

IN A SNAPSHOT

Owners GT
68.5m GT

Market Share by GT
6.07%

2017-18 General Increase
0%

Free Reserve
$276.7m

Annual Premium Income
$214.8m

S & P Rating
A-

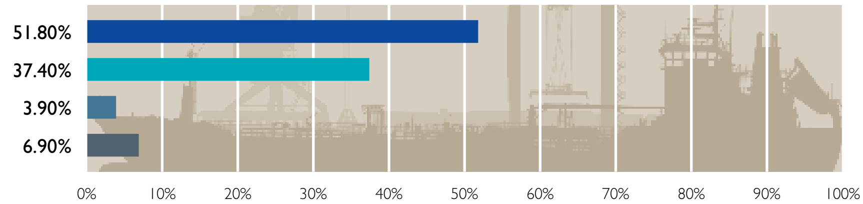
Underwriting Offices:
London, Piraeus, Hong Kong

CALLS

	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12
ORIGINAL	35%	35%	35%	35%	35%	30%	30%
LATEST	35%	35%	35%	35%	35%	30%	30%
RELEASE	20%	20%	10%	0%	-	-	-

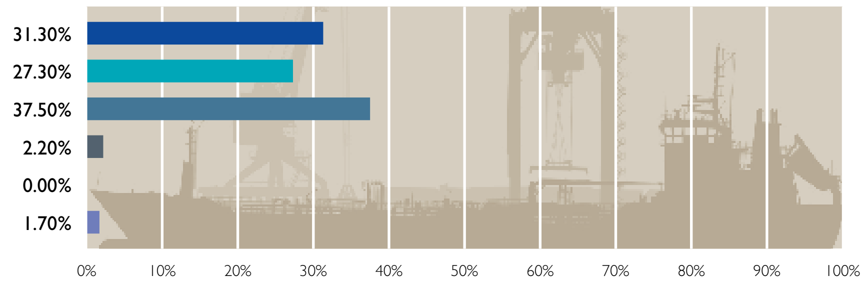
GEOGRAPHY

EUROPE · ASIA PACIFIC · AMERICAS · AFRICA - MIDDLE EAST - INDIA



VESSEL TYPE

TANKER/GAS CARRIER · CONTAINER/GENERAL CARGO · BULKER · PASSENGER FERRY · OFFSHORE · OTHER



SUMMARY FINANCIAL PERFORMANCE IN $000,000's

YEAR TO 20 FEB	2016	2015	2014	2013	2012	2011	2010
PY PREMIUM *	214.8	207.5	195.9	185.3	197.1	238.0	235.1
PY CLAIMS	151.6	123.6	147.3	152.3	146.4	195.1	171.0
PY RESULT	-7.7	+15.8	+1.6	0.1	+3.8	0.0	+10.5
FY UW RESULT	+30.1	+4.5	-1.4	-4.2	-15.5	-36.7	-55.7
FY INVEST RESULT	+2.9	+23.0	+20.2	+22.2	+12.2	+48.2	+63.2
FY OVERALL RESULT	+33.0	+27.5	+18.8	+18.0	-3.3	+13.6	+8.3
CLAIMS O/S	403.5	410.3	421.8	428.6	492.3	510.8	456.3
FREE RESERVE	276.7	243.7	216.2	197.4	179.4	182.7	169.1
TOTAL FUNDS	716.2	686.9	663.3	647.4	691.6	726.5	656.2

ALTERNATIVE FACILITIES, INCLUDING FIXED PREMIUM OPTIONS

The bluewater P&I insurance market is dominated by the International Group of P&I Clubs, but there are, nonetheless, other facilities which offer alternative coverage aimed at specific types of vessel operator. Many of these are situated in local ports, but we will here focus on those facilities, predominantly fixed, which are generally accessed via London brokers.

As discussed above, these facilities tend to target niche owners and smaller, short trade vessels, principally operating in coastal or inland waters. The primary plus points of insuring with these facilities is that they offer certainty of cost and also can offer a lower limit of liability, each of which may be more appropriate to particular owners' needs.

The facilities mentioned below offer various limits of liability, but additionally excess protections can be obtained in the commercial market via specific facilities, in the event that these are required. These limits, when combined with the additional protections, now add up to as much as $1 billion in a number of the alternative facilities. With the continually toughening regulatory environment in which shipowners operate requiring these ever higher limits, this advantage for the alternative market continues to decline in relevance.

Whilst there have been no major stand-alone entrants in the market for a couple of years, since Carina, it remains considered opinion that the small vessel sector has become saturated with over capacity, and we have yet to see any substantive market exits. The Group Clubs continue to focus on developing this area of the business, whether via stand-alone facilities or within the core of the main club, with the London Club being the latest, and final, Club to court the smaller vessel owner. Somewhat counter intuitively, it remains the case that the IG Clubs insure a greater share of "smaller vessels" than are insured by the alternatives.

The gradual homogenisation of the market has continued as the International Group Clubs and the alternative facilities continue to move closer together by emulating one another. The Clubs have become more open to fixing their premiums, and the alternatives continue to offer higher limits and look at bigger and more diverse vessel sizes.

Consolidation has long been the talk of the International Group, although nothing has manifested itself, despite the better efforts of the Britannia and UK Club managers. We have seen cross fertilisation with Thomas Miller, managers of the UK Club, acquiring a controlling interest in the Osprey fixed premium facility last year, but this has not been emulated elsewhere.

In the medium term this represents good news for the owner, with rates in the alternative sector falling by an average 3% in response to over-supply of capacity. Whether this remains true in the longer term is more questionable, as, like the hull market, where excess capacity frequently chases a finite pool of business, the longer term bond between an owner and his insurer gets sacrificed in pursuit of immediate return.

With global interest rates remaining low, capital continues to be attracted to the sector, which promises yields in excess of simple interest – but for how long? With further interest rate rises expected in the US, notwithstanding EU rates remaining artificially low in order to stimulate its economy, the hopes of a reduction of available cheap capital to the market persist.

We did see the surprise, and somewhat mysterious, exit of the British European and Overseas facility in the last 12 months, which has led to a number of ships suddenly having no insurance, and a number of others having questionable receivables in respect of claims. However we have yet to see a voluntary exit in many years. It seems that adverse results will not drive capital from the markets, and it is also clear that premium rates are still falling thus making the pain of staying in the market harder to bear. Ultimately it may be an upwards shift in claims levels that will be the straw that breaks the camel's back.

QBE INSURANCE (EUROPE) LTD T/A "BRITISH MARINE"

Estimated Premium Income: $105 million
P&I Tonnage: 12.5 million GT
S&P: A+ (rated as core QBE company)

British Marine is now but a trading style, with the company itself having been integrated into the Australian QBE Insurance Group. For many years it was itself a mutual, but outside the International Group, until demutualization in 2000.

Its roots are in coastal trade, which remains its main target business, looking to underwrite vessels of up to 10,000 GT whilst avoiding passenger vessels, dirty tankers and reefers. British Marine seeks to avoid vessels trading to the USA and vessels plying transatlantic or transpacific routes, and no longer accepts Turkish business. Maximum limit $1 billion. It also offers Hull and FD&D risks.

NAVIGATORS MANAGEMENT (UK) LTD

Estimated P&I Premium Income: $18.8 million
P&I Tonnage: 2.0 million GT
S&P: A (Navigators Group inc)

London based subsidiary of US insurance company, underwriting risks on behalf of its parent, Navigators Group. Limit has increased from $500 million to $1 billion CSL, looking at vessels smaller than 10,000 GT although larger vessels are acceptable as part of a fleet. Navigators avoid passenger vessels, and those trading to USA or plying transatlantic or transpacific routes. After a number of years in the doldrums, the facility seems to be gearing up for an upsurge in growth.

THOMAS MILLER SPECIALTY: OSPREY (FORMERLY OSPREY UNDERWRITING AGENCY LTD)

Estimated P&I Premium Income: $25.0 million
P&I Volume: 1,425 vessels
S&P: A+ (Lloyd's syndicates)

London based agency underwriting under a Lloyd's binding authority. Control of the facility was acquired by Thomas Miller Group in 2015.

P&I coverage limits generally $1 million for US business and up to $500 million for the rest of the world. Maximum vessel size: 25,000 GT for dry cargo, 10,000 GT otherwise. Also offers crew only, MEL, MGL and various other liability coverage as well as hull and machinery. Osprey Special Risks offers yacht hull and liability insurance which is underwritten on behalf of Great Lakes Reinsurance (UK) plc as regards the primary $1 million and Lloyd's as regards $9 million excess liability.

ALTERNATIVE FACILITIES, INCLUDING FIXED PREMIUM OPTIONS

AMLIN EUROPE NV/RAETSMARINE BV

Owners P&I: Estimated Premium Income:
$52.3 million. Tonnage - 15.6 million GT
Charterers P&I Estimated Premium Income:
$25.8 million. 21,000 vessels
S&P: A+ (Amlin Europe NV)

This facility has its roots in the consolidation and rebranding of the former Raets Club (Charterers P&I) and Intercoastal (Owners P&I) facilities. In March 2013 the facility was acquired by Amlin Corporate Insurance NV and the combined operations are being streamlined into centres of excellence. Amlin was acquired by Mitsui Sumitomo earlier this year.

Maximum size of vessel up to 40,000 GT for owners P&I, whilst avoids passenger vessels, dirty tankers and reefers. Trading limits are restricted to non USA and no vessels plying transatlantic or transpacific routes: business being predominantly European dry cargo vessels. Maximum limit increased from $500 million to $1 billion this year (P&I) and $2 million (FD&D).

EAGLE OCEAN MARINE

Estimated Premium Income: $6.7 million
P&I Tonnage: 1.4 million GT
S&P: BBB- (The American Club)

The facility started underwriting in October 2010, focussing on smaller ships involved in regional trade. It offers a total limits of $500 million for P&I. The facility is managed by a sister company to that of the Manager of The American Club and so can access their network of correspondents and claims servicing staff. Security is the American Club, which itself has a quota share reinsurance arrangement with various Lloyd's syndicates in respect of these risks.

HYDOR AS

Estimated Premium Income: $15.0 million
P&I Tonnage: 1.8 million GT
S&P: A+ (Lloyd's syndicate 2987 and ANV 1861)

The facility started underwriting in 2010, and is based in Oslo. It underwrites Owners' and Charterers' P&I business, up to $1 billion limit, and also Hull & Machinery business with a Euro 5 million limit. It also targets smaller vessels up to 10,000 GT. The facility was founded by former Skuld business development director Johannes Gjernes. The facility is looking to attract larger vessels with a new facility with ANV and Hydor has recently formed a joint venture with Standard to act as a coverholder for the Standard Lloyd's syndicate.

ROSGOSSTRAKH LIMITED

Estimated P&I Premium Income: $5.2 million
P&I Tonnage: 1.7 million GT
S&P Rating: BB-

Marine P&I division which was formed in 2008 with the arrival of ex Ingosstrakh team, the company offers $500 million cover to predominantly Russian companies which make up 86% of the portfolio. The company is also open to underwriting selective international business. Maximum vessel size 25,000 GT (8,500 GT for tankers) predominantly coastal and inland vessels.

INGOSSTRAKH INSURANCE CO

Estimated P&I Premium Income: $16.0 million
P&I Tonnage: 4.6 million GT
S&P Rating: BBB-

The company was founded in 1947 and, whilst it has an international; portfolio, the majority of its business is derived from Russia, the FSU countries and Eastern Europe. Limits offered are $1 billion P&I and $1 million FD&D. No theoretical vessel size restriction is imposed but typically vessels range from small coastal up to 10,000 GT. Tankers, cruise vessels and US based business are avoided.

HANSEATIC UNDERWRITERS (MANAGED BY ZELLER ASSOCIATES)

Estimated Premium Income: $20.6 million
P&I Tonnage: 3.0 million GT
S&P Rating: A+ Lloyd's

The Hamburg managed Hanseatic Underwriters is now firmly established in London and celebrated its 10th anniversary this year. Its underwriting security comprises a primary P&I limit of $50 million for owners and charterers P&I underwritten by 6 Lloyd's syndicates. A further $450 million excess cover is available via Lloyd's and Allianz Global. FD&D cover to a limit of $2 million is also available with Lloyd's security.

LODESTAR MARINE LIMITED

Estimated Premium Income: $29.0 million
P&I Tonnage: 4.1million GT
S&P Rating: A (RSA)

The manager was formed as a breakaway from British Marine and started trading in mid 2012. Primary capacity of $100 million is provided by RSA with a further $900 million available underwritten by Lloyd's and London companies. As well as P&I and FD&D, the facility can offer salvors liability, SOL to cargo, contractors liability and war risks covers. Vessels limits typically up to 10,000 GT for tankers and 40,000 GT for bulkers.

CARINA (MANAGED BY TINDALL RILEY MARINE LTD T/A CARINA MANAGERS)

Estimated Premium Income: $12.3 million
P&I Tonnage: 4.0 million GT
S&P Rating: A+ (Lloyd's)

This facility started in 2013 and is focussed on owned and chartered small craft of under 5,000 GT. Security for the primary $50 million limit is provided by a consortium of Lloyd's underwriters and a further $450 million limit is available for owners entries only. Additionally Defence cover is available.

KOREA SHIPOWNERS MUTUAL P&I ASSOCIATION

Estimated Premium Income: $31.6 million
P&I Tonnage: 22.8 million GT
AM Best: A-

The Club was established in 2000 offering a basic limit of liability of $300 million (up to $1 billion with reinsurance from Lloyd's, Korean Re and ACR). The Club attracts large tonnage up to 100,000 GT for dry cargo but limits itself to just 10,000 GT for tankers. The vast majority of its business is Korean, but it has recently expanded into other far Eastern countries as well as by "sponsoring" a fledgling Indonesian P&I facility, Proteksi Maritim Indonesia (Promindo). KPI recently entered into a collaboration agreement with the Standard Club aimed at developing Korean smaller vessel business.

COASTAL MARINE SERVICES LIMITED

Estimated Premium Income: $6.0 million
P&I Tonnage: 1.15 million GT
S&P: A+ (Chaucer Syndicate 1084 & Amlin Syndicate 2001)

The facility was launched in 2011 with the formation of a coverholder partnership between Coastal and Chaucer to underwrite P&I and Hull and machinery risks on behalf of the latter. It restricts itself to vessels of up to 5,000 GT (no US FOM) and offers a standard limit of $50 million.

CHARTERERS P&I CLUB

Estimated Premium Income: $29.5 million
No of vessels: 12,000
S&P: AA- (Great Lakes/Munich Re)

A facility managed by Michael Else & Co, offering with underwriting security having changed from Lloyd's to Great Lakes in 2009. Charterers Club was formerly a mutual facility, but demutualised and became a fixed premium facility in 2000. As its name suggests, it underwrites charterers risks only, offering a limit of up to $50 million, but with options to $500 million. The facility also offers FD&D protection to a $2 million limit.

CHARTERAMA

Estimated Premium Income: $11.0 million
No of vessels: 11,000
S&P: A

Charterama is a charterers risks only facility based in Rotterdam, which was started in March 2009 by staff formerly with Raets Marine. Limits offered have recently been increased and are up to $350 million for Charterers Liability and Cargo Owners Legal Liability and $2 million for Charterers FD&D. Capacity is provided by RSA from November 2012, having previously been provided by REAAL Schadeverzekeringen NV.

NORWEIGAN HULL CLUB PIDEF

Estimated Premium Income: $8.5 million
No. of vessels: 1,200
S&P: A

The above figures relate purely to the Charterers Liability book of business in the Club, which is predominantly a Hull mutual association. It began to underwrite this class of business in 2008. It offers a limit of liability of $200 million in respect of Charterers P&I, FD&D and damage to hull risks with a further $300 million xs 200 million being available.

CONTACT US

BROKING TEAM

Andrew Hills
Managing Director
Tel No: +44 207 398 1700
Mob No: +44 7801 442 073
Email: andrew.hills@lpib.co.uk

Roy Bearman
Tel No: +44 207 398 1700
Mob No: +44 7786 264 754
Email: roy.bearman@lpib.co.uk

James Burt
Tel No: +44 207 398 1700
Mob No: +44 7779 586 090
Email: james.burt@lpib.co.uk

Jack Carruthers
Tel No: +44 207 398 1700
Mob No: +44 7769 901 241
Email: jack.carruthers@lpib.co.uk

Martin Field
Tel No: +44 207 398 1700
Mob No: +44 7552 161 612
Email: martin.field@lpib.co.uk

Rodrigo Guirao
Tel No: +44 207 398 1700
Mob No: +44 7342 884 469
Email: rodrigo.guirao@lpib.co.uk

BROKING TEAM

Stephen Horsfield
Tel No: +44 207 398 1700
Mob No: +44 7879 558 087
Email: stephen.horsfield@lpib.co.uk

Robert Hubbard
Tel No: +44 207 398 1700
Mob No: +44 7979 505 216
Email: robert.hubbard@lpib.co.uk

David Jackson
Tel No: +44 207 398 1700
Mob No: +44 7802 417 995
Email: david.jackson@lpib.co.uk

Anthony Leng
Tel No: +44 207 398 1700
Mob No: +44 7786 983 804
Email: anthony.leng@lpib.co.uk

Dean Longley
Tel No: +44 207 398 1700
Mob No: +44 7836 726 412
Email: dean.longley@lpib.co.uk

CLAIMS TEAM

Lee Mould
Claims Director
Tel No: +44 207 398 1700
Mob No: +44 7803 928 982
Email: lee.mould@lpib.co.uk

Melvin Free
Tel No: +44 207 398 1700
Mob No: +44 7795 293 856
Email: melvin.free@lpib.co.uk

Jonathan Hawkins
Tel No: +44 207 398 1700
Mob No: +44 7786 705 618
Email: jonathan.hawkins@lpib.co.uk

Jason Roff
Tel No: +44 207 398 1700
Mob No: +44 7584 055 897
Email: jason.roff@lpib.co.uk

Prepared by:

LOCHAIN PATRICK
INSURANCE BROKERS

Number One Minster Court
Mincing Lane
London EC3R 7AA
Telephone: +44 (0)207 398 1700
email: enquiries@lpib.co.uk
www.lpib.co.uk