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## Press Article - Lloyd's List - 05 June 2012

West of England P&I Club and Gard put members first

AS THE P&I results season continues, the West of England P&I club welcomes internal claims figures but berates the external investment market, while Gard has decided to reduce the deferred call for 2011 from 25% to 20% of the advanced call.

West of England said the positive financial progress reported a year ago had continued during 2011 despite a difficult and volatile year for investments that resulted in an overall investment return for the year of just 2%. At the same point in the previous year the figure stood at 8.5%.

The combined ratio for the year has improved to 108.7%, down from 118% a year ago. The club had been working towards a 105% target and managing director Peter Spendlove said he was "quite comfortable" with the 2011 result.

The club said it had experienced the most favourable claims figures from the club's own members in 2011 for 10 years.

"The result vindicates last year's decision not to renew a number of members whose claims experience and risk profiles were persistently adverse. The result also reflects continuing stability in the claims figures for the club's members for all recent policy years before 2011," the club said.

Mr Spendlove said: "Club members' own claims are the most significant thing to any club. We have enjoyed the lowest claims for 10 years and I am not sure if that is comparable with the market as other clubs had quite a significant claims exposure."

The cost of notified pool claims increased sharply for 2011. At the same time, earlier policy year pool claims from other clubs deteriorated unexpectedly, particularly for 2007.

Despite a limited investment return, the positive claims figures for the club's members have resulted in the free reserve remaining broadly unchanged from a year ago at slightly below \$180m.

Meanwhile Gard has decided to return \$15m to the mutual members of the club by reducing the deferred call for 2011 from 25% to 20% of the advanced call.

"Despite the tough market conditions in 2011, Gard delivered a sound result — with a surplus on an ETC basis after tax of \$51m at February 20, 2012," said Gard chief executive Claes Isacson.

"These results, combined with the fact that this is the second consecutive year in which we have reduced the deferred call, are testament to the strength of the business we have built over the last decade."

After the reduction in deferred call, Gard will have \$826m in free reserves.