



# WEST.

## Financial Highlights 20 February 2019

Free Reserve at  
**\$306.4m**

Standard  
& Poor's  
**A-**  
rated security

Capital remains  
in excess of **S&P  
AAA** rating levels

Combined  
ratio at  
**114%**

Investment  
Return of  
**3.9%**

### Financial and Rating Strength

The Club's capital has strengthened at 20 February 2019. The Free Reserve has been maintained in excess of \$300m at \$306.4m and rating agency Standard and Poor's ("S&P") re-affirmed the Club's financial strength rating of A- reflecting their view that the Club will sustain its "extremely strong" capitalisation. They also acknowledged capital, as measured by their model, is near its highest ever level and under the more rigorous requirements of Solvency II the Club is at its greatest level of coverage.

### Investment Performance

The Club maintained its commitment to a conservative asset allocation and generated a positive investment return, for the tenth consecutive year, of 3.9%. The proceeds from the sale of Tower Bridge Court have been invested increasing the diversification and expected return of the Club's investment portfolio in the future.

### Claims

Members' claims have in general again developed within the Club's expectations. However, 2018, like 2017, suffered from adverse large claims experience and, although severe claims were fewer in number than 2017 (six in excess of USD 3m in 2018 compared to 10 in 2017 at the same stage), they were higher in magnitude. The Club's reinsurance programme responded so

that any deterioration of these larger losses will not be to the detriment of the Club's balance sheet. The Pool also suffered from a greater frequency of incidents than expected following a number of notifications in the latter part of the year.

This isolated large claims' experience has produced a combined ratio of 114% for 2018. The Club remains cautious in its expectations of claims developments and has increased its reserving strength on the balance sheet.

### Looking Forward

The Club took a measured approach to renewal seeking to redress rates for Members with poorer records and maintained a conservative growth strategy in light of the unsustainable premium levels prevalent throughout the market. Continued support from new and existing Members nevertheless led to modest growth in the Club's mutual entry to in excess of 90m GT.

Despite those rating pressures the Club is aware of its responsibility as a mutual Association and remains committed to maintaining its exceptional capital position whilst addressing the premium and claims imbalance.

The Club will continue to respond to the changing insurance requirements of the Membership through development of new products and on-going investment in our teams and is well positioned to meet the challenges of the market whilst providing cost effective cover for its Members combined with high quality service.

## Free Reserve

Year to 20 February

2019	306.4 \$m
2018	308.5 \$m
2017	306.5 \$m
2016	276.7 \$m

## S&P Model result compared to "AAA" Target

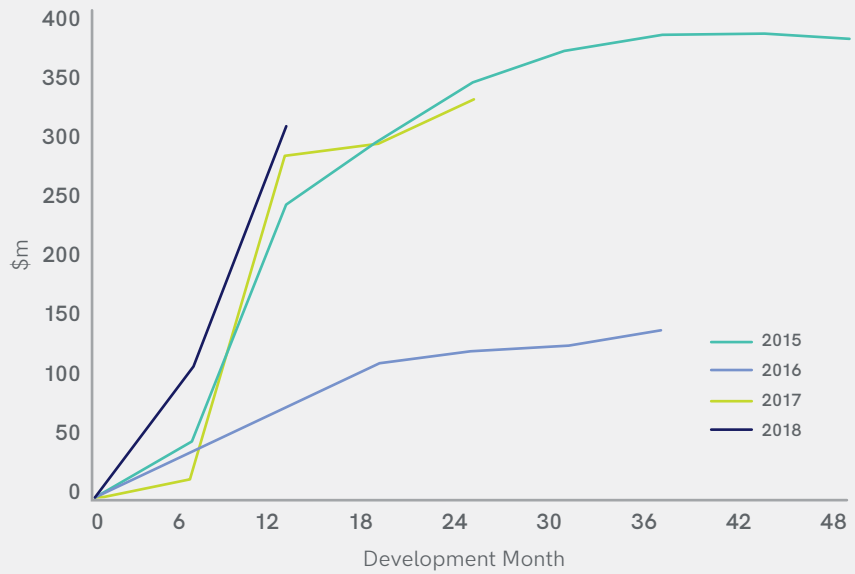
2019	80.7 \$m
2018	70.2 \$m
2017	82.7 \$m
2016	45.8 \$m

## 3 Year Average Combined Ratio

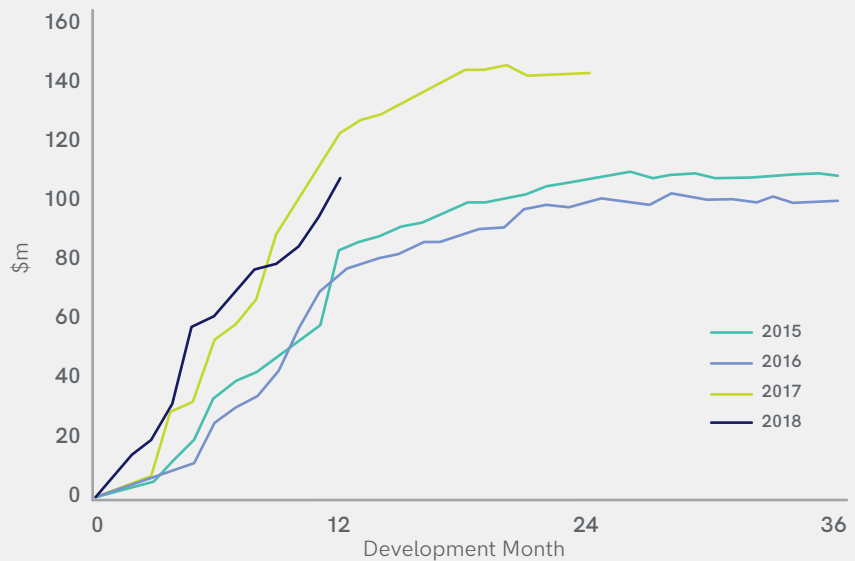
Year to 20 February

2019	105.9%
2018	95.6%
2017	89.4%
2016	93.9%

## Pool Development



## Members' Claims Development



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