

## Financial Strength and Stability Continue

Free Reserve at  
**\$338.1m**

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

Capital remains  
in excess of S&P  
AAA rating levels

Combined  
ratio at  
**107%**

Investment  
Return of  
**6.5%**

Solvency II SCR  
**234% Est.**

### Financial and Rating Strength

The Free Reserve increased by over 10% to its highest ever level of \$338.1m. 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 excellent level of capitalization" and the Club's Solvency II coverage continues to compare favourably with the majority of its peers.

### Investment Performance

The Club maintained its commitment to a conservative asset allocation and generated an exceptionally strong investment return of 6.5%. This strategy has enabled the Club to withstand the volatility in global financial markets post 20 February.

### Operating Performance

The combined ratio improved to 107% for 2019, its best performance in three years with the primary driver being the positive development of Members' claims. In particular, 2018 developed better than expectations from its 12 month point and claims for 2019 were, as forecast, lower than the high levels experienced in the preceding two years with the number of large value claims returning to a more normal level.

Other Clubs' Pool claims were less positive, with 2018 deteriorating beyond expectations and 2019 also suffering from a higher number of notifications and a greater incurred cost than expected. Both years contributed adversely to the Club's operating result.

The Club remains cautious in its expectations of claims developments and continues to increase its reserving strength as it navigates the challenging operating conditions in 2020.

### Renewals

The Club's approach to renewal focussed on redressing rates for Members with adverse records and an overall increase in premium was achieved. At the same time there was increased support from both new and existing Members which has led to an increase in the Club's mutual entry to in excess of GT 100m for the first time.

### Looking Forward

The unprecedented development of the Covid-19 outbreak since 20 February has created a significant amount of uncertainty but the Club's capital strength and investment strategy place the West in a strong position to meet these challenges, allowing the Club to focus on supporting its Membership throughout this difficult period.

The West is also committed to a conservative diversification strategy, working with established partners to ensure the service delivery and products the Club provides continue to evolve to meet the needs and requirements of its Members. Various initiatives resulting from this strategy will be launched during the course of the year.



**Tom Bowsher**  
Group CEO

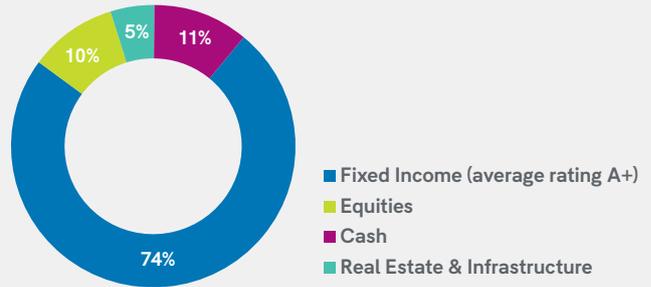
## Free Reserve

Year to 20 February

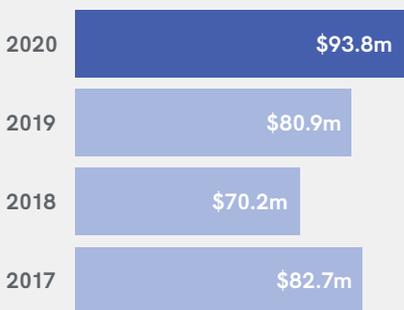


## Asset Allocation

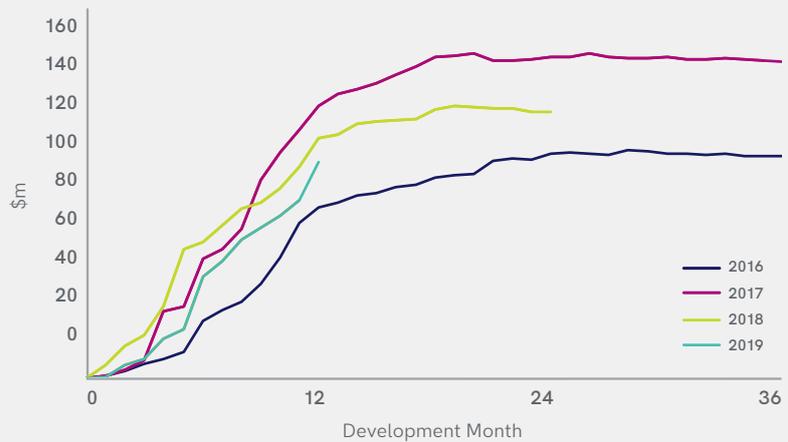
20 February 2020



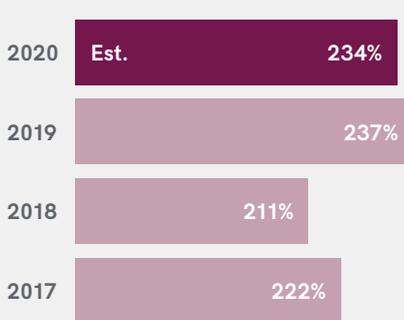
## S&P Model result compared to “AAA” Target



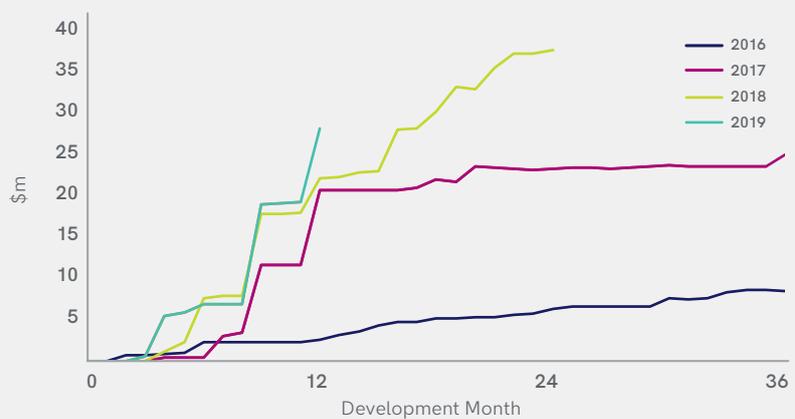
## Members’ Claims Development



## Solvency II SCR



## Pool Development



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