S&P Global Ratings

RatingsDirect®

Research Update:

West Upgraded To 'A-' On Stronger Capital Position; Outlook Stable

July 21, 2026

Primary Contact

Laura Jimenez, CFA
London
44-2071760839
laura.jimenez
@spglobal.com

Secondary Contact

Robert J Greensted
London
44-20-7176-7095
robert.greensted
@spglobal.com

Overview

- The improved performance of The West of England Ship Owners Mutual Insurance Assn. (Luxembourg) (West, or the club) has strengthened its capital position.
- We now expect West to maintain a surplus at the 99.99% confidence level under our capital model.
- We therefore raised our issuer credit and financial strength ratings on West to 'A-' from 'BBB+'.
- The stable outlook reflects our expectation that West will maintain capital adequacy over the 99.99% confidence level while sustaining close to breakeven underwriting performance.

Rating Action

On July 21, 2026, S&P Global Ratings raised its issuer credit and financial strength ratings on The West of England Ship Owners Mutual Insurance Assn. (Luxembourg) (West, or the club) to 'A-' from 'BBB+'. The outlook is stable.

Rationale

The upgrade reflects our view that the club's improved performance over recent years has strengthened its capital position. West now holds a surplus at the 99.99% confidence level under our model, and we expect it to sustain this level as the club balances growth with underwriting discipline. We therefore revised upward our assessment of West's capital and earnings to very strong from strong, and its overall financial risk profile to strong from satisfactory. Under our insurance methodology, West now falls in the 'a-/bbb+' dual anchor; we chose the higher ('a-') anchor to reflect the improved club's underwriting performance compared with peers over recent years, as well as the ability to make unbudgeted calls on its members, which we don't capture in our capital model.

In the financial year ended Feb. 20, 2026, West reported a net combined (loss and expense) ratio of 98.2%, an improvement on the 103.7% the previous year and better than our expectations. Thanks to the derisking efforts and actions implemented since 2022, West has managed to perform in line with, and in many cases outperform, higher-rated peers among International Group of P&I Clubs (IG) over the last five years.

We expect over the next two years West will show sustainable and continued growth, supported by underwriting discipline, and management's commitment to maintaining capital above the 99.99% confidence level under our model. We forecast the club will report around breakeven combined ratios and net income of $20 million-$25 million per year over the next two years, which will help sustain the buffer above the current 99.99% confidence level under the S&P Global Ratings capital model.

Outlook

The stable outlook reflects our expectation that the club will maintain capital adequacy in line with our 99.99% confidence level under our model and sustain close to breakeven underwriting results in the next two years.

Downside scenario

We could take a negative rating action in the next two years if the club does not maintain excess capital above our 99.99% confidence level over the two fiscal years ending Feb. 20, 2028, or if the club does not report underwriting performance at least in line with the average of its IG peers.

Upside scenario

While unlikely at this stage, we could consider a positive rating action if we view West's competitive position as comparable with higher rated peers. This could come as a result of increased scale and diversification while maintaining operating performance at or better than the IG peers' average and capital adequacy sustainably above the 99.99% confidence level under our model.

Rating Component Scores	To	From
Business Risk Profile	**Satisfactory**	**Satisfactory**
Competitive position	Satisfactory	Satisfactory
IICRA	Intermediate risk	Intermediate risk
Financial Risk Profile	**Strong**	**Satisfactory**
Capital and earnings	Very Strong	Strong
Risk exposure	Moderately high	Moderately high
Funding structure	Neutral	Neutral
Anchor	**a-**	**bbb+**
Modifiers		
Governance	Neutral	Neutral
Liquidity	Adequate	Adequate
Comparable rating analysis	0	0
Current Credit Rating		
Local currency financial strength rating	A-/Stable/--	BBB+/Positive/--
Foreign currency financial strength rating	--	--
Local currency issuer credit rating	A-/Stable/--	BBB+/Positive/--
Foreign currency issuer credit rating	--	--

Related Criteria

- Criteria | Insurance | General: Insurer Risk-Based Capital Adequacy--Methodology And Assumptions, Nov. 15, 2023
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- Criteria | Insurance | General: Insurers Rating Methodology, July 1, 2019
- General Criteria: Group Rating Methodology, July 1, 2019
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

West of England Ship Owners Outlook Revised To Positive On Improved Capital; 'BBB+' Ratings Affirmed. Sept. 11, 2025

Ratings List

Ratings List		
Upgraded; Outlook Action		
	To	**From**
West of England Ship Owners Mutual Insurance Association (Luxembourg)		
Issuer Credit Rating		
Local Currency	A-/Stable/--	BBB+/Positive/--
Financial Strength Rating		

Ratings List

Local Currency	A-/Stable/--	BBB+/Positive/--