WEST

Position Strengthened with Successful Renewal

Standard & Poor's
A-
rated security

Combined ratio at
114%
exc Covid claims
101%

Solvency II SCR
163%

Pool contribution reduced from
10.3% to 7.3%

2022 Forecast Premium increased to USD
267.6m

GT 22m
de-risked

Operating Performance

A more favourable technical performance saw the combined ratio improve to 114% for 2021. The incurred cost of our Members' own claims was again heavily impacted by Covid-related claims, with increased numbers of infections with the emergence of the Omicron variant. Without Covid claims the reported combined ratio would have been 101%, demonstrating the improvement in the underlying claims performance.

The IG Pool continues to suffer from record levels of incurred costs - Policy Year 2021 has an incurred cost significantly higher than the 2018-2020 Policy Years at the same development point.

West had no claims large enough to impact on the IG Pool during the year however this, combined with a reduced entry following the de-risking strategy at renewal and a Pool loss ratio below 100%, will result in the Club's Pool share reducing from 10.3% to 7.3% for the current Policy Year. This will be of significant benefit to the Club if Pool claims continue at their recent levels.

Investment Performance

The recovery from the 2020 recession continued with global growth during 2021 and the Club's equity portfolio, illiquid assets investments in real estate, infrastructure and private debt all contributed positively. By contrast, fixed income investments were negatively impacted by a gradual increase in U.S. interest rates and the overall financial investment return was therefore -0.3%.

Financial and Rating Strength

The Free Reserve is USD 251.2m and the Club's overall capital remains stable and strong with the solvency coverage unchanged at 163% and the Club's financial strength rating of A- re-affirmed by rating agency Standard and Poor's.

Renewals

West's Board was determined to show market leadership in addressing the continuing industry underrating of premiums when setting the general increase. They also approved a strategy to actively de-risk the Club's portfolio by selectively choosing not to offer renewal terms to those Members whose operational profile or claims performance did not contribute positively to the Club's financial result.

All the Board's requirements were successfully executed, with a total of 22m GT – having a combined 6-year net loss ratio of 170% - not being offered renewal and the required premium increases and term changes on remaining Members achieved.

Our existing Members continued to show strong support, with vessels totalling nearly 2m GT being transferred from other Clubs at renewal, and a 99% retention rate for those fleets offered renewal terms.

Looking Forward

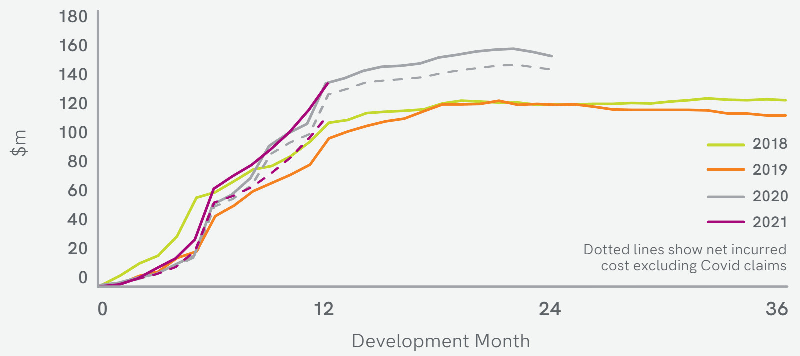
The Club has emerged from the renewal leaner and in a much stronger financial position to meet the challenges ahead, which is especially important where the investment markets can no longer be relied upon to produce returns which are sufficient to subsidise poor operating performance.

West's diversification strategy continues to evolve, with the fixed premium and charterers accounts growing and continued engagement with Members, brokers and third parties about the products offered by the Club's strategic partners Astaara, Qwest and Nordic.

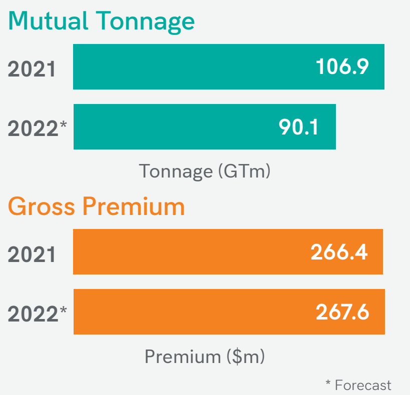
Tom Bowsher
Group CEO

Financial Highlights 05|22

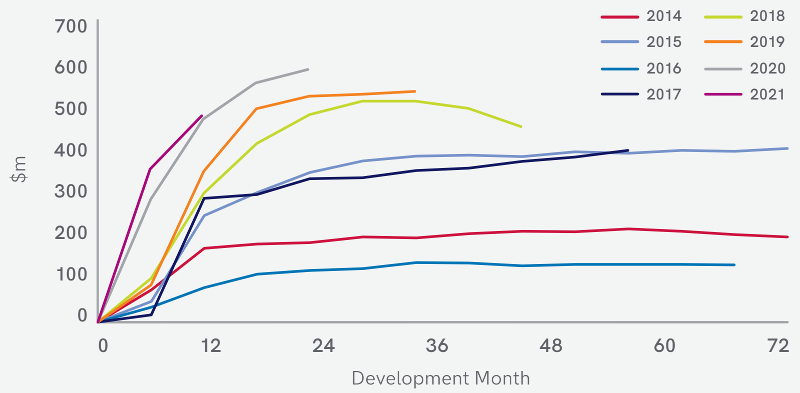
Development of Members' Net Incurred Claims Policy Years 2018 to 2021



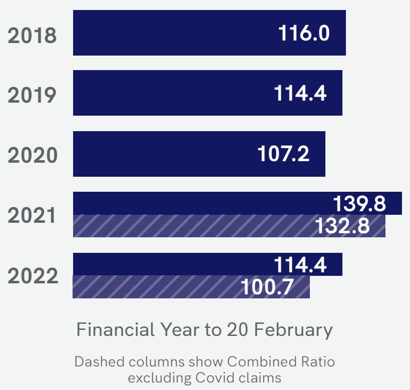
De-risking Strategy Executed



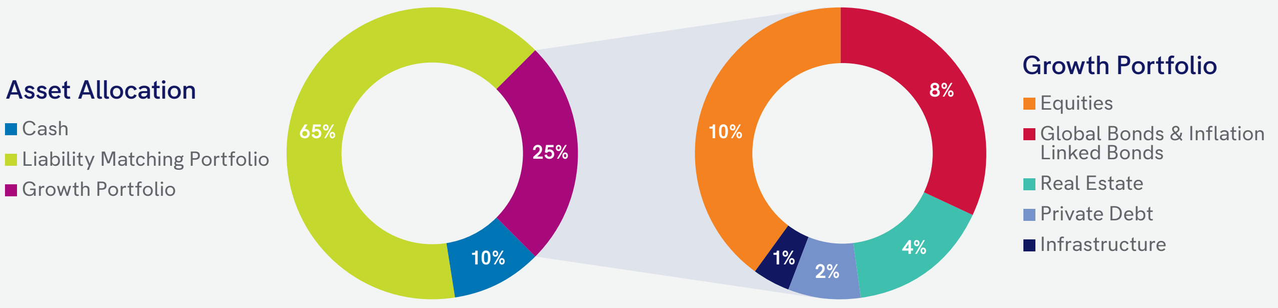
Pool Gross Incurred



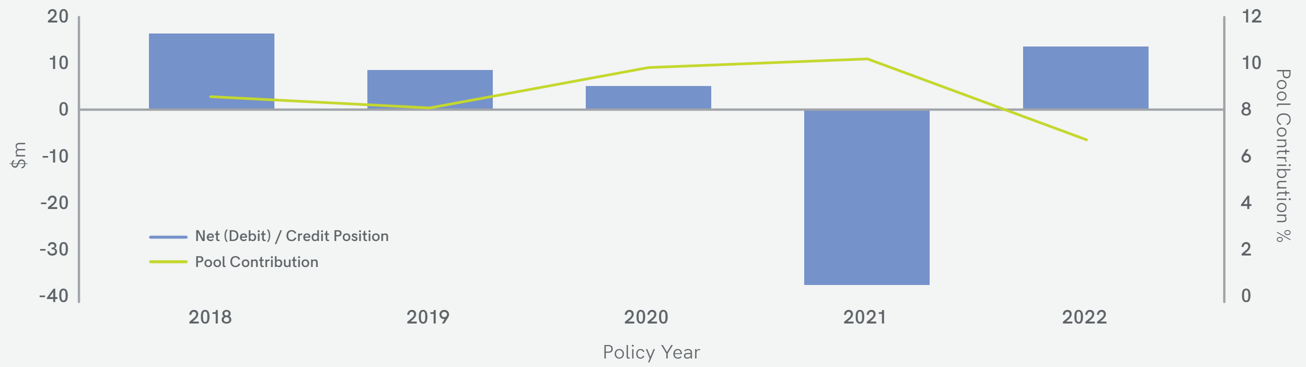
Combined Ratio %



Asset Allocation at 20th February 2022



Pool Position and Contribution %



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The West of England Ship Owners Mutual Insurance Association (Luxembourg)
Email mail@westpandi.com www.westpandi.com

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