

# Strong financial performance continues

## Mid-year Update

### Free Reserve

2020 forecast to increase to

# \$312m

### Standard & Poor's

# A-

rated security

Capital significantly in excess of S&P AAA rating levels

### Combined ratio

2020 forecast

# 111%

### Investment Return of

# 3.9%

### Financial and Rating Strength

**The Club's capital has remained stable over the first half of 2019, with the Free Reserve forecast to increase to US\$312 million.**

This strong financial performance has been reaffirmed by rating agency Standard and Poor's ("S&P") recently, confirming the Club's financial strength rating of A-, with a stable outlook. S&P commented that "the Club remains very well capitalised and that this excellent capitalisation will continue to be sustained".

### Investment Performance

The investment return for the first six months is 3.9%. The Club's commitment to a conservative asset allocation has been maintained.

### Claims

Whilst the projected claims figures for 2019 show the expected improvement compared to 2017 and 2018, which were particularly impacted by adverse large claims experience, the year is expected to produce an underwriting deficit.

Much of this is due to adverse Pool performance in the first 6 months,

with Pool claims running at a similar level to 2018, which is the worst in recent years. As a result, the year is forecast to produce a combined ratio of 111%.

### Looking Forward

The Club remains committed to maintaining its capital position, by addressing the premium and claims imbalance and reducing the reliance upon investment return. This will be the focus as we enter the 2020 renewal season.

The Club has strengthened its fixed premium cover and offshore facility and we will continue to respond to the changing insurance requirements of the Membership. This will ensure that we are well positioned to meet the challenges of the market whilst providing cost effective cover for the Membership combined with high quality service.



**Tom Bowsher**

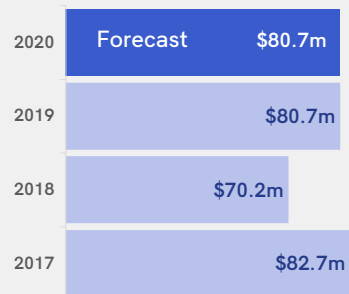
Group CEO

## Free Reserve

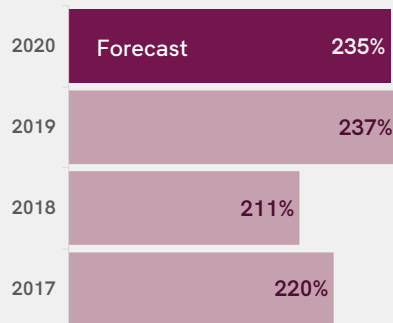
Year to 20 February



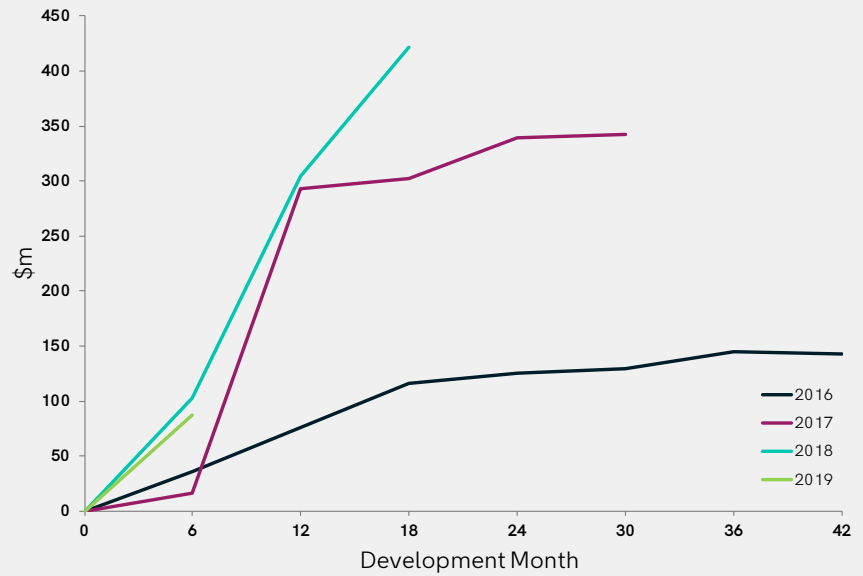
## S&P Model result compared to "AAA" Target



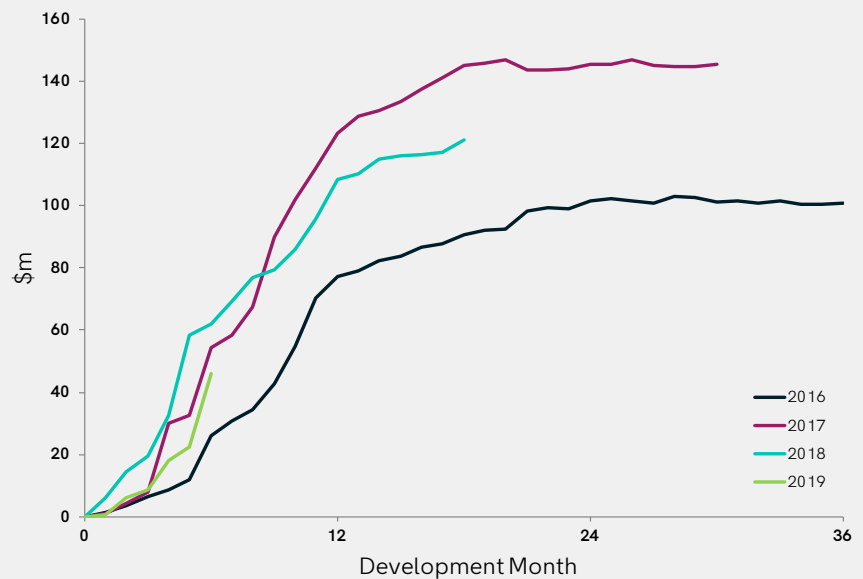
## Solvency Coverage



## Pool Development



## Members' Claims Development



### Registered office

31 Grand-Rue  
L-1661 Luxembourg  
G.D. Luxembourg  
T +352 4700671

### UK (London)

One Creechurch Place  
Creechurch Lane  
London EC3A 5AF  
T +44 207 716 6000

### Greece (Piraeus)

Akti Miaouli 95  
1st Floor  
185 38 Piraeus  
T +30 210 4531969

### Hong Kong

1302 China Evergrande Centre  
38 Gloucester Road  
Wanchai, Hong Kong  
T +852 2529 5724

### Singapore

77 Robinson Road  
Level 15-01, Robinson 77  
Singapore 068896  
T +65 6403 3885

### USA (New York)

1350 Avenue of the Americas  
New York  
NY 10019  
T +1 917 733 2584



The West of England Ship Owners Mutual Insurance Association (Luxembourg)  
Email [mail@westpandi.com](mailto:mail@westpandi.com) [www.westpandi.com](http://www.westpandi.com)

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