



# Mid year review 2010



## Highlights

- **No change to calls or releases**
- **Half year investment return of 4%**
- **Mutual tonnage up by 4% since 20 February**
- **Stable claims on prior years**
- **Enhanced service; WestNet launched**

## Overview

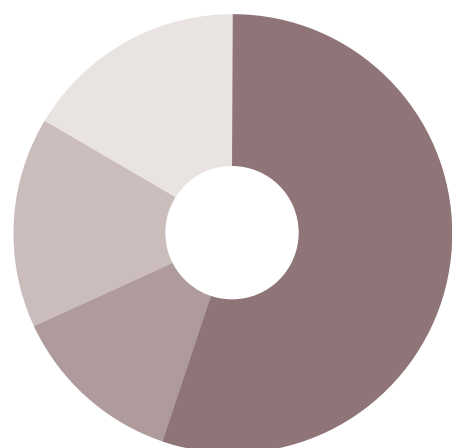
The Club has seen steady operating performance in the first half of 2010 linked to a continuing and encouraging reduction in the frequency of claims when compared to the numbers experienced two years ago. The stable claims results on prior years is an indicator of the strength of the Club's projections set in February and left unchanged at mid-year.

Investments have performed well, exceeding their benchmarks with a return on liquid investments of 4% (\$21 million) earned so far. Markets remain volatile and the macro-economic outlook is unclear but the fact that the first 6 months of the year have yielded an investment result ahead of the Club's investment objective supports the Board's decision earlier this year to maintain the existing strategic allocation policy. Mutual tonnage growth of just over 2 million GT for the year to date is in line with the Club's current conservative business development targets.

Claims numbers in 2010 so far are similar to 2009 with fewer claims than in the past, but with a higher frequency of larger claims. Levels of Pool claims reported so far appear comparatively high at this early stage of

development. Projected claims for the first half of 2010 are therefore higher overall than at the mid-year position for 2009. It is of course too early in the course of the current policy year to forecast the claims outcome with certainty and as reported in other recent publications, including the Report and Accounts, the Club has still to reach its objective of underwriting breakeven.

Investments by asset type at 20 August 2010



Fixed Income
  Equities  
 Absolute Return
  Cash

However, taking account of claims and investment performance together the latest results confirm the strength and stability of the Club's overall financial position. Accordingly the Board decided in September to maintain the current levels of additional calls and releases for all open policy years. Details of the latest policy year positions are contained in our September Notice to Members.

## Underwriting

Achieving a break-even underwriting result in 2011 and maintaining it in the longer term continues to be a key objective for the Club. Looking forward to the renewal in February 2011, each Member's rates and terms will be adjusted as required to ensure that such break-even is achieved.

As part of this process, the Managers have completed a detailed mid-year review of both individual Members' performance and Club-wide claims trends which will be the basis of a robust programme to achieve and maintain the required underwriting results for the next policy year.

Further details will be provided in the Club's Class 1 and 2 Renewals Notice which will be issued in November.

Work is also underway to increase the focus both of the Club's business development generally and to develop new products and refine existing products in and around the umbrella of P&I cover.

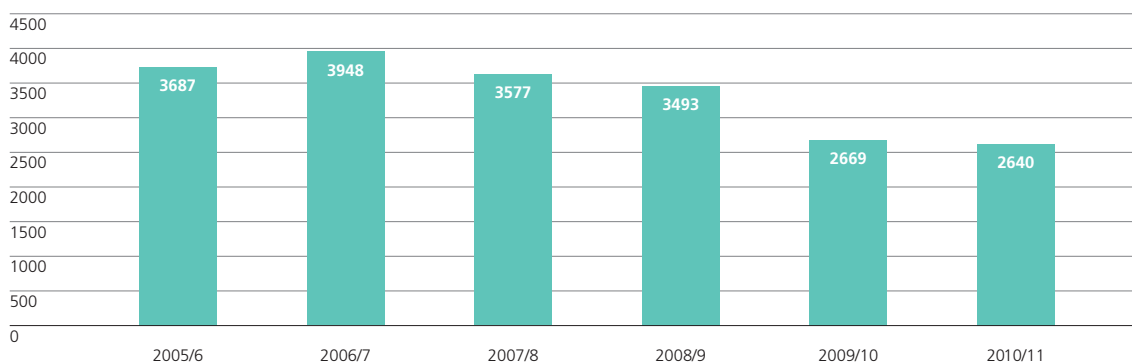
## Claims handling and services

Further steps have been taken in the first part of this year to strengthen the operational structure in claims handling in the offices in London, Greece and Hong Kong and to improve Member service.

A new claims handling IT system was put in place in September and a number of additional claims handlers have joined our claims teams.

To reflect our continued commitment to provide an excellent level of service, we have improved the Club's website and launched an extranet site. The site, WestNet, provides real time access for Members and brokers to data such as claims listings and triangulations, vessel details, loss ratios and statements. Further information can be found at [www.westpandi.com](http://www.westpandi.com).

### Number of Members' claims at 6 month development (P&I only)



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