

No. 2 2019/2020 - Class 1 and Class 2 Policy Year Balances and Financial Position 20 February 2019

May 2019

Dear Sirs,

CLASS 1 AND CLASS 2 POLICY YEAR BALANCES AND FINANCIAL POSITION 20 FEBRUARY 2019

The Board met on 22 May 2019 to approve the Report and Accounts for the year ending 20 February 2019 for The West of England Ship Owners Mutual Insurance Association (Luxembourg) and are pleased to report another strong result.

You can view our **Financial Highlights Flyer** [here](#). The Report and Accounts 2019 will be published shortly.

FINANCIAL POSITION

The overall net investment return was a positive 3.9% generating \$28.6 million. Despite the Club's claims in general developing better than expectations, the technical result was impacted by the industry-wide erosion in premium, a small number of large value claims and a higher than expected contribution towards other Clubs' Pool claims following a number of notifications in the latter part of the year. This is reflected in a combined ratio of 114%.

Notwithstanding the adverse operating environment the Club's overall financial position and capital strength remained robust and has continued to strengthen. The free reserve is \$306.4m and the Club remains considerably in excess of the "AAA" capital strength requirement under Standard & Poor's model reflected in the Club's re-affirmed financial strength rating of A-.

This capital strength positions the Club well to meet the challenges of the market whilst continuing to provide cost effective cover for its Members combined with high quality service.

POLICY YEARS AND RELEASE CALLS

In setting the level of release call percentages for each open policy year for Class 1 and Class 2, the Board has taken into account the Club's overall capital position and all the factors that are set out in Clause 8 of the International Group Agreement.

Class 1 (P&I)

2016/17 – Closed in surplus without further call
2017/18 – Release call reduced to 0% of the advance call
2018/19 – Release call reduced to 7.5% of the estimated total mutual call
2019/20 – Release call maintained at 15% of the estimated total mutual call

Class 2 (FD&D)

2015/16 – Closed in surplus without further call
2016/17 – Release call maintained at 0% of the advance call
2017/18 – Release call reduced to 0% of the advance call
2018/19 – Release call reduced to 7.5% of the estimated total mutual call
2019/20 – Release call maintained at 15% of the estimated total mutual call

Yours faithfully

For: **West of England Insurance Services**
(Luxembourg) S.A.
(As Managers)

T J Bowsher
Managing Director