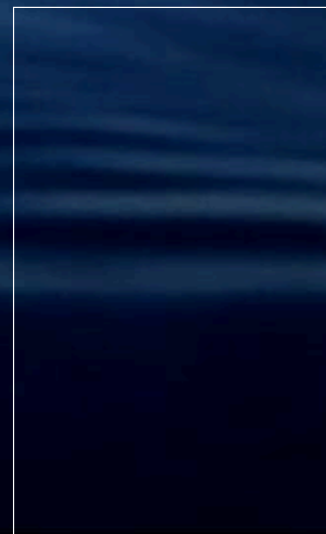


WEST.

# Report & Accounts 2023





# Financial Highlights





# Financial Highlights

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Combined ratio at

**96.7%**

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Solvency II SCR

**176%**

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Investment return

**-3.6%**

## Strong progress with combined ratio of 96.7%

The Club's operating performance improved significantly compared to the previous 12 months. There were three drivers for this improvement. The first is that the Club had a successful renewal in February 2022 so began the year in a much stronger position than recent years. Rating levels have increased, and the Club's risk profile has improved.



Secondly, Covid related claims abated which meant that Members' own claims performance in 2022 was better than forecast despite evidence of inflation impacting claims costs. Back year claims also developed more favourably than expected.

Thirdly, the cost of IG Pool claims for Policy Year 2022 was far lower than anticipated. Only five claims have been notified to the IG in Policy Year 2022 and West was again fortunate enough to not notify any Pool claims of its own. This has a positive impact on our Pool share and the incurred cost of Pool claims to West was much lower than in recent years. This had a favourable impact on the Club's operating performance but there was a marked deterioration in the cost of IG claims in prior Policy Years which offset much of this benefit.

The improvement in the Club's technical performance has resulted in a combined ratio of 96.7%, the best result since 2017.

Investment markets were difficult and high inflation and the consequent monetary tightening meant interest rate rises resulted in losses for fixed income investments. Equity holdings also suffered during the year but the Club's real asset portfolios made a positive return. Overall, the Club's investment portfolio returned a negative 3.6%.

The Free Reserve reduced to USD 230.8m but the Club's capital position improved with the solvency coverage increasing to 176%, the highest it has been since February 2020.





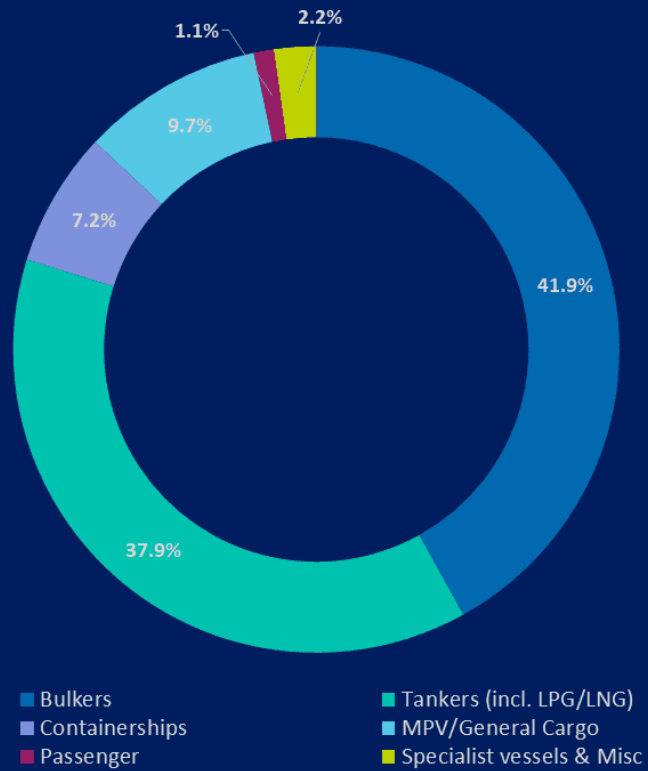
# Looking Forward



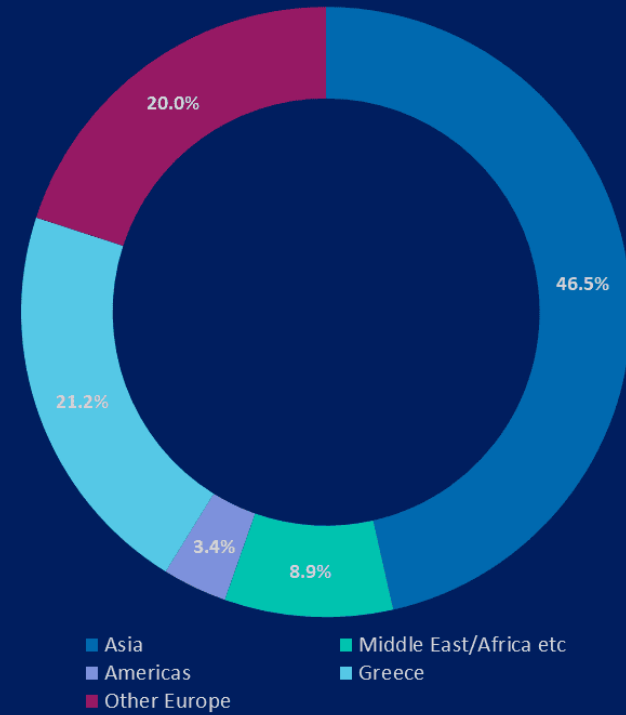
# Looking Forward

Policy Year 2023

Entered Tonnage by Vessel Type %

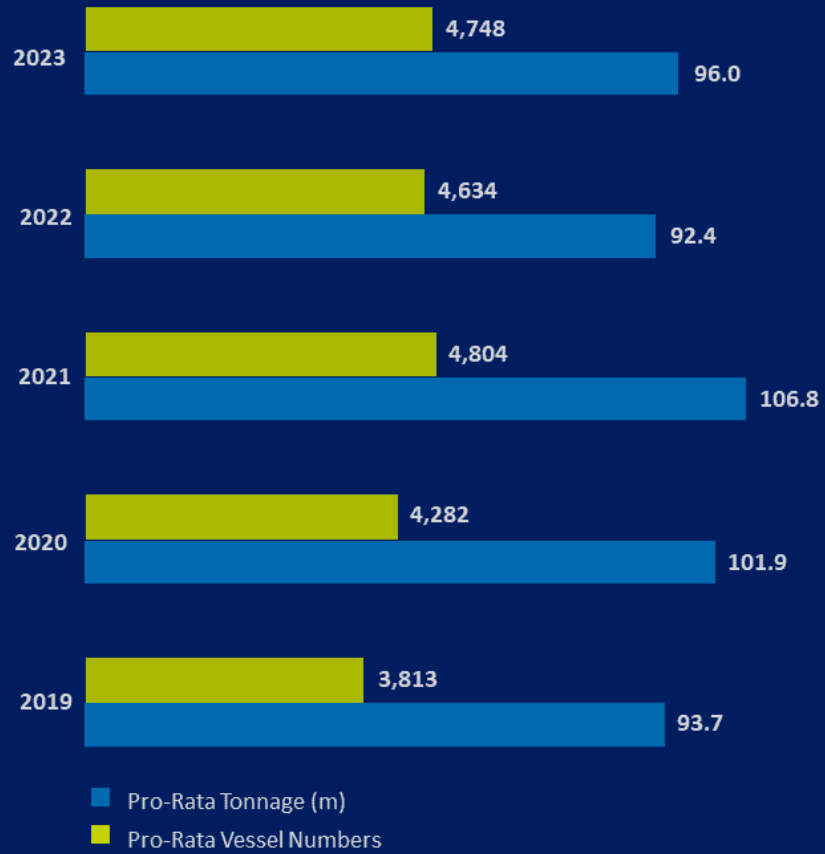


Entered Tonnage by Area of Management %





## Mutual Tonnage and Vessel Numbers





# Chairman's Statement





# Chairman's Statement

Despite the continuing global headwinds, I am pleased to be able to report a positive financial result for the Club this year – the best result in fact since 2017.



A combined ratio of 96.7% and an underwriting surplus for the year of USD 8 million all point towards a strengthening financial position and are a further validation of the robust actions your Board and the Managers have taken across recent renewals to ensure that the West is in a strong position to meet the financial and geopolitical challenges we all face.

Thankfully the latest claims data suggest we can be cautiously optimistic that Covid is now largely behind us, which is very welcome not only because of the lowering claims impact but, more importantly in the positive impact it will have on improving seafarers' lives. There can be no doubt that our collective seafaring community paid a high price to keep world trade moving at a time when others were locked down at home.

Other Clubs' Pool claims showed an equally pleasing trend this year, although this is not one we forecast to continue, with the Pool expected to return to a more normal level of activity in 2023/24. Having such a small number of notified big incidents in a year is very unusual and no more than an aberration – albeit a very welcome one – but we should not rely on this trend continuing as we look ahead to the future. The lack of any claims on the Pool from West has yet again improved our Pool percentage share and is a factor which will reap significant rewards for the Club when the Pool returns to more normal levels.

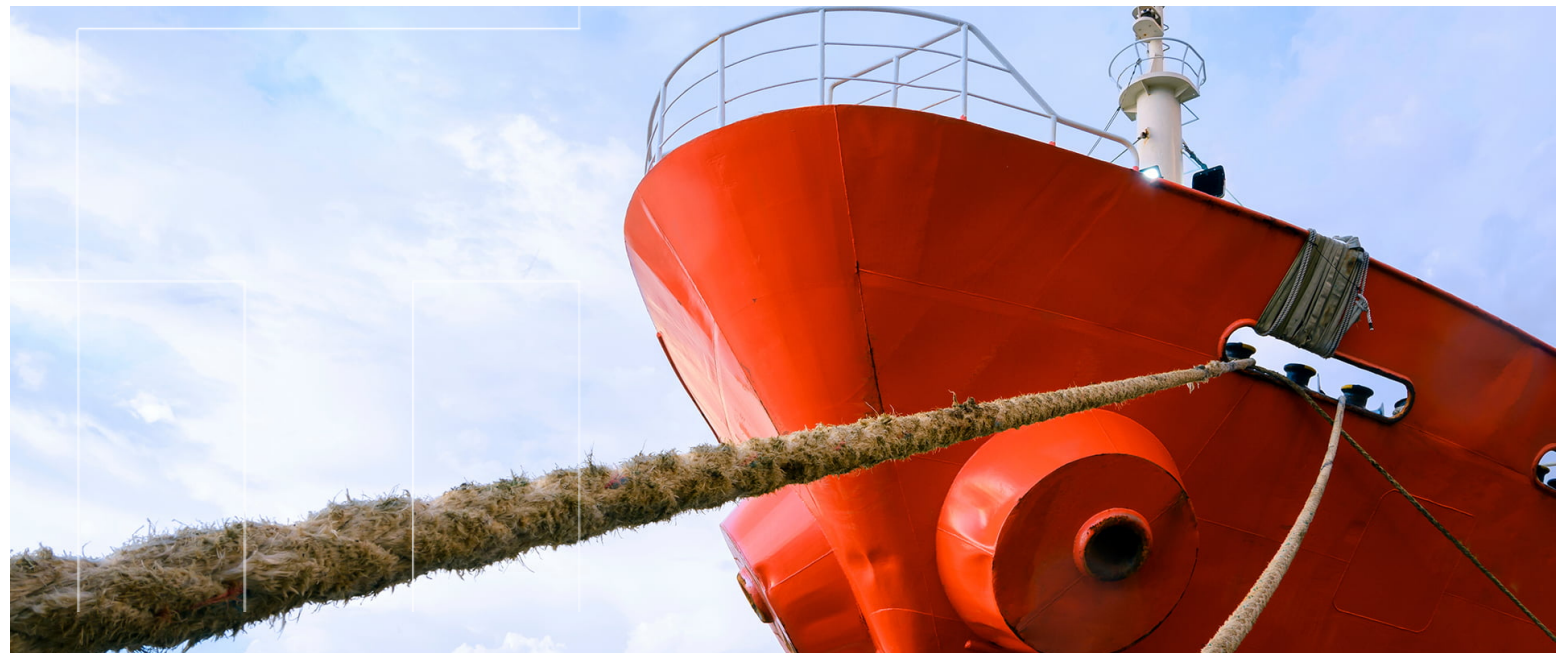
The financial climate remains challenging and, like most of our peers, the Club made an investment loss, though once again ameliorated by the conservative investment policy of your Board. This resulted in a small temporary reduction in our Free Reserve but otherwise the fundamentals were strong.

But very sadly, the Club's operations and our own daily lives have had to continue this year against the backdrop of the continuing war in Ukraine. Shipping and marine insurance has however been able to contribute something positive to help Ukraine by the establishment of the Black Sea Grain Corridor, which sees tonnage able to trade - with full insurance - into and out of various Ukrainian ports to export their grain harvests, providing an invaluable food source for much of the world as well as much-needed revenue for Ukraine.

As an effort to help bring an end to this terrible conflict, this year saw the imposition of repeated rounds of additional sanctions against Russia and especially the oil price cap regimes implemented by the G7 states plus Australia and the EU.

Once again, the main target of these new measures has been the maritime community, with an accompanying increased compliance burden on both shipowners and their Clubs. We will, as always, remain fully engaged in assisting our Members with advice and publications to support legitimate trade.

Our Managers also contribute to industry forums such as the International Group that do invaluable work lobbying the various regulators to help them better understand our industry and the impacts of the sanctions measures.





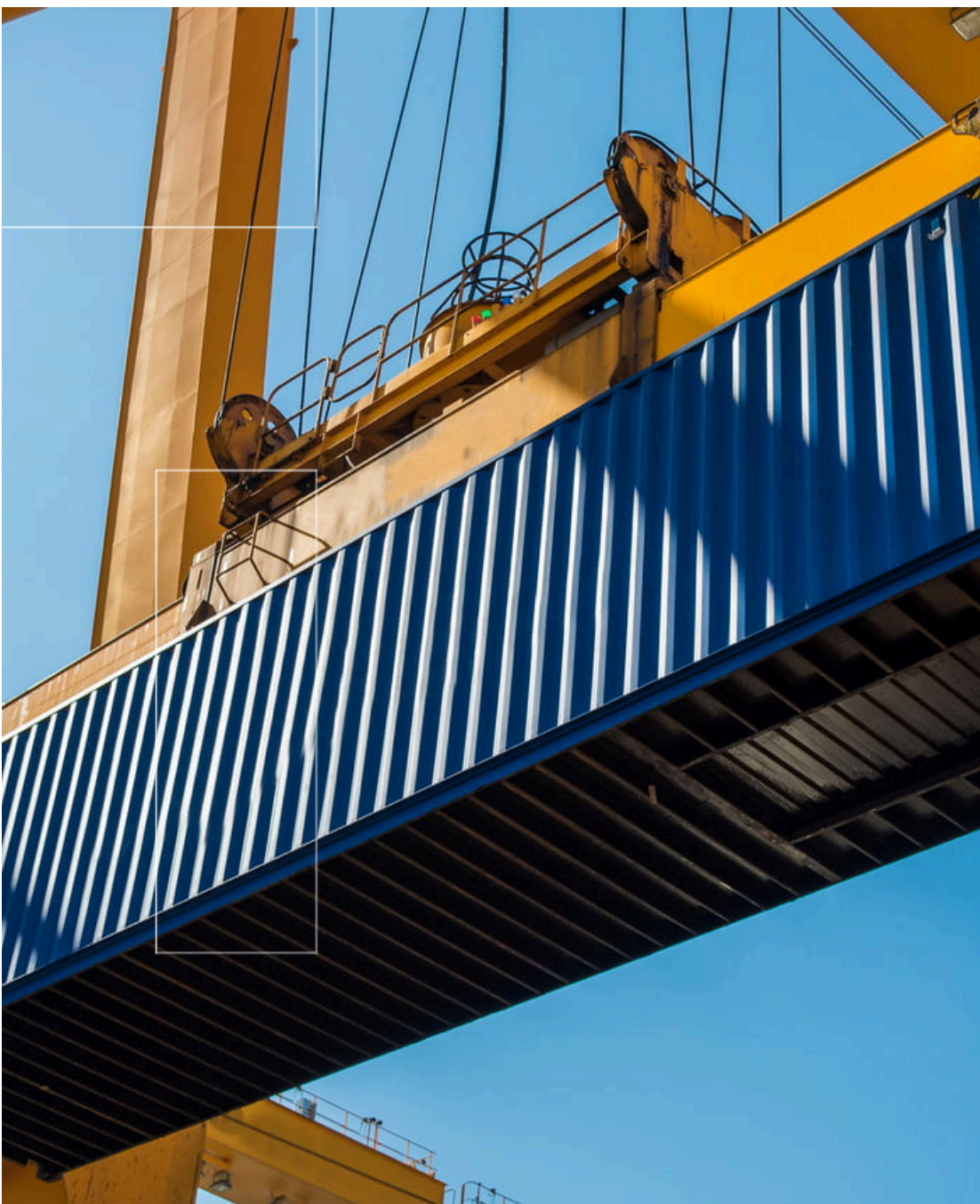
The year culminated in the launch on 20<sup>th</sup> February of the newly consolidated NorthStandard Club. As I wrote in my report last year, we wait to see what tangible benefits any such mergers may bring but West happily remains a strong and independent Club, supporting our Members in everything they do.

This has been reflected in the further development of our strategy of diversification to provide a range of complementary products to our core offerings without putting our Members' capital at risk. Our strategy has taken a significant step forward with the successful launch of West Hull, supported by our strategic partner Nordic, and West War.

I am delighted to report that both products have been enthusiastically received by the market and together with Astaara (which recently expanded its insurance placement to USD25m and is a leading provider in this growing market), Nordic and Qwest, now provide a complementary suite of products to help and support both our Members and the wider maritime industry.

To help service these products and our core offerings we have continued to invest in our people and systems. We have further strengthened our regional offices to deliver service locally to our Members in those markets and also made key hires to look at ways of using our IT architecture to aid service and interaction with the Club.






To underline the importance of Asia both generally as a shipping centre and to the Club, we were pleased to appoint regional heads of underwriting in both our Singapore and Hong Kong offices this year, and West's commitment to Asia has recently been emphasised still further with the appointment of Tony Paulson to a newly created role of Head of Asia.

ESG continues to play an important part in the Club's operations. We appointed a full time ESG Manager during the year, to complement the work done by our internal ESG Committee. We will soon be issuing our first Sustainability Report and look forward to engaging with our Members about this vital topic and how we can support them in their own journeys towards decarbonisation.

During the year we welcomed Tugrul Tokgoz who joined the Board from the Advisory Committee. Tugrul has substantial operational experience and I look forward to his contribution to our affairs. But we also saw the retirement of Patrick De Brabandere who has served the Club with distinction on the Board for many years. Thank you for your wise counsel, Patrick.

The Advisory Committee saw Rafael Ferrada, Gregory Fossion, Aleksandar Kalchev and Nikolaos Veniamis join the Committee and we welcome them all. I am also pleased to say that we will have representatives from CPI, PICC and Union Maritime joining the Committee in the near future. Emil Yordanov retired having represented Navibulgar for many years and we wish him an enjoyable retirement.





Finally, my thanks as always go to Tom and his hard-working team of Managers, who continue to provide such valuable service to the Members. We are grateful for all their dedication and diligence.

F G Sarre  
Chairman

# Managers' Review





# Managers' Review



Watch our video to the left, where Tom Bowsher (Group CEO) talks through the Club's financial performance.

# Consolidated Accounts & Report of the Reviseur d'Enterprises Agree

20th February 2023





# Consolidated Report & Accounts

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Thank you for reading  
**Report & Accounts 2023**