



## 2023/24 Financial Year Result & Overview

### Summary

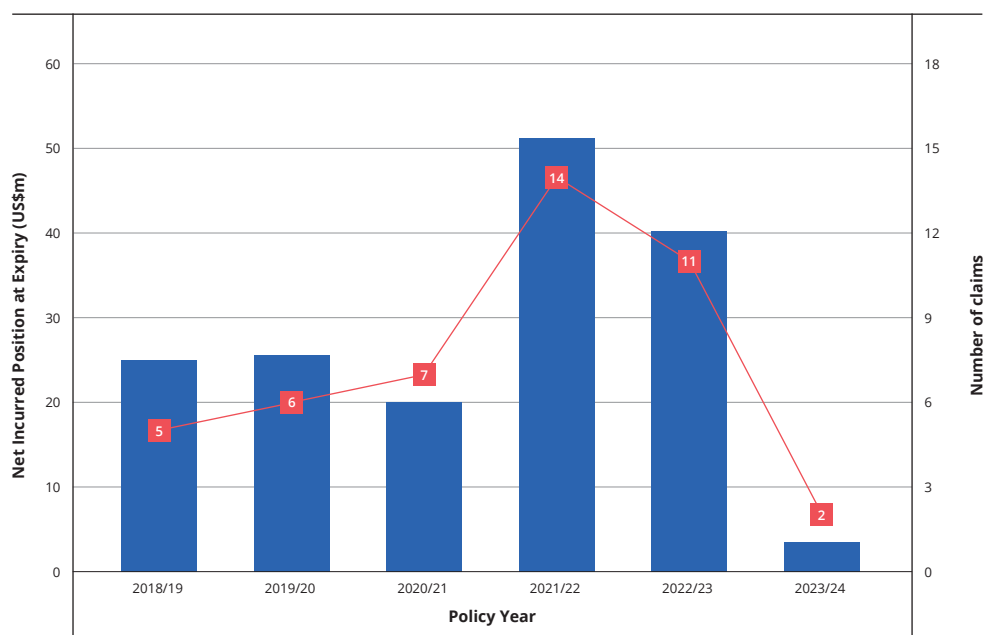
- **Operating Surplus:** US\$36.3m, strengthening free reserves which increased to US\$149.8m.
- **Gross Earned Premium:** Increased by 4.5% to US\$142.6m.
- **Claims Experience:** Significantly improved across all severity bands and a relatively benign outturn for claims on the Pool.
- **Underwriting Result:** Positive contribution from all product lines leading to a combined ratio of 83.1%.
- **Investment Return:** Strong investment performance yielding US\$17.4m, equivalent to a 5.0% return.
- **February 2024 Renewal:** Targets met on rating and deductible increases, with strong support from Members.

This update summarises the drivers and result for the 2023/24 financial year and other recent developments in the Club's business. Further information will be provided in the Annual Report & Financial Statements which will be published shortly.

### Operating Performance and Financial Position

The much-improved result follows recent action to bring pricing into line with claims and associated expenses and to improve the Club's risk profile. There was a favourable claims outturn across all severity bands and especially within the US\$1.0m+ severity layer, illustrated in the chart below.

MUTUAL P&I – CLAIMS IN EXCESS OF US\$1M AS AT POLICY YEAR EXPIRY



■ Claims cost net of reinsurance ■ Number of claims above US\$1m

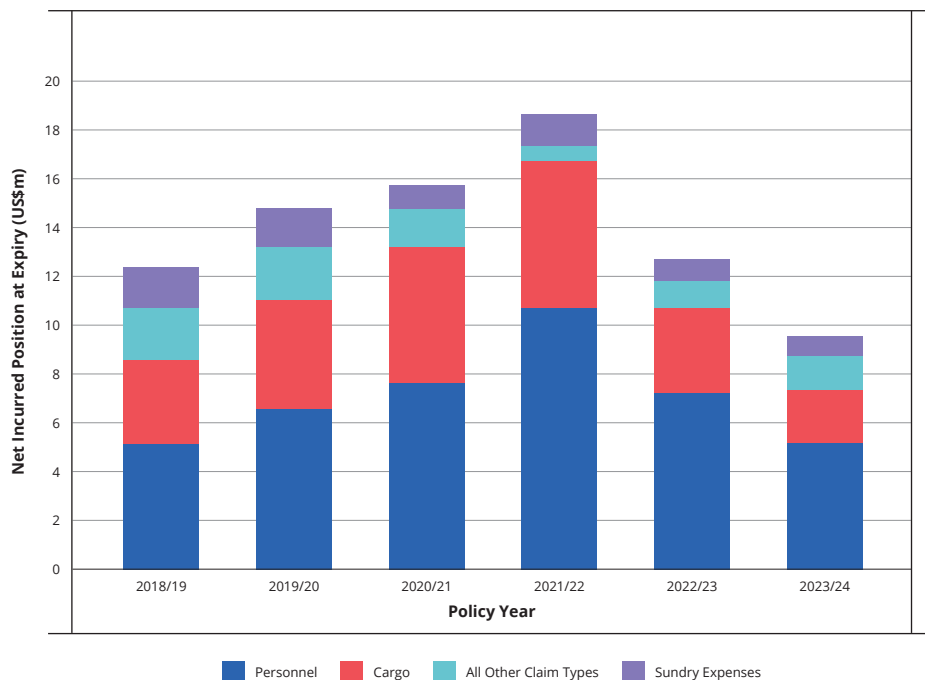


## MUTUAL P&I – CLAIMS BELOW US\$100K AS AT POLICY YEAR EXPIRY

There was also further encouraging progress in the Club's experience of higher frequency claims. The recent pattern of a reduction in the cost of claims in the sub US\$100k, day-to-day layer continued in 2023/24, and is illustrated in the chart to the right. Again, this follows action to adjust deductibles, particularly for the most common claims types and other measures to improve the Club's risk profile.

The Club recognized net investment income of US\$17.4m, equivalent to a 5.0% return on the group's invested assets and cash.

The result for the 2023/24 financial year was an operating surplus of US\$36.3m and the combined ratio was 83.1%. Free reserves were strengthened and increased to US\$149.8m as at 20 February 2024.



## February 2024 Renewal and Regulatory Solvency

The work over recent years to address discrepancies between fleet premiums and risk profiles had helped to restore rates and deductibles to more sustainable amounts. This served to ameliorate the level of increases and other measures required at the February 2024 renewal – which nevertheless saw a continued focus on the part that all Members have to play in balancing the Club's underwriting results.

The outcome was that premium and other targets were met and that Member retention levels were again strong and in excess of 95%. This progress supports the Board's core strategic objective of a balanced underwriting result in an average claims year, enabling the Club's delivery of expert service and support for its growing membership from a robust financial base.

The Club's regulatory solvency ratio will strengthen in line with the positive operating result, with details to be provided in our forthcoming Solvency & Financial Condition Report.

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