June 2025

The London P&I Club

Update: 2024/25 Financial Year Result & Overview

Summary

- *Operating result of US$21.3m surplus, lifting free reserves to US$171.2m*
- *2024/25 combined ratio of 101.7% and a three-year weighted average combined ratio of 103.9%, highlighting continued stability in overall technical performance*
- *Investment return on assets under management and cash of 6.3%*
- *Higher than anticipated contributions to other Clubs' Pool claims underlined continued importance of maintaining underwriting discipline*
- *Positive renewal in February 2025 with a high level of member retention, further strengthening of the Club's rating and deductible levels, and tonnage on risk returning to 2021/22 levels*
- *All of the above reinforced by an upgraded S&P Outlook to Stable (BBB) reflecting improved operating performance and strengthened capital position*

This update summarises the drivers and results for the 2024/25 financial year and other recent developments for the London Club. A full breakdown can be found in the Club's Annual Report & Financial Statements, which will be published later this month.

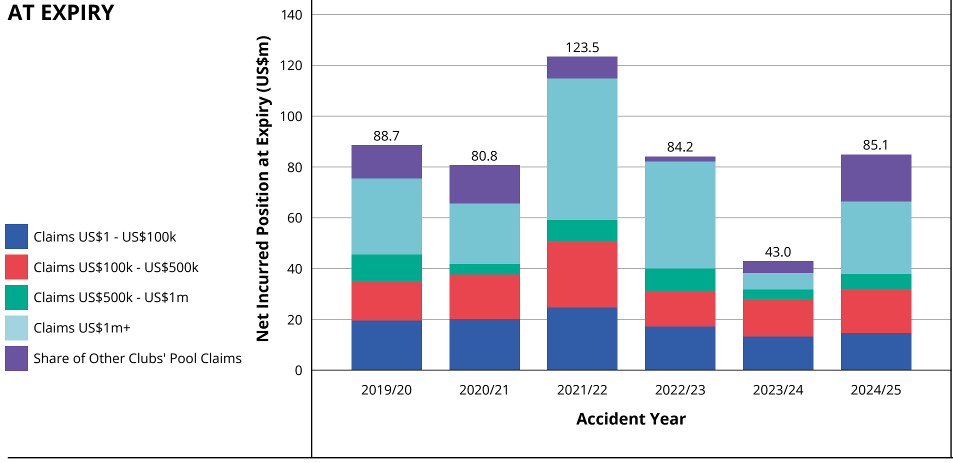
Operating Performance and Financial Position

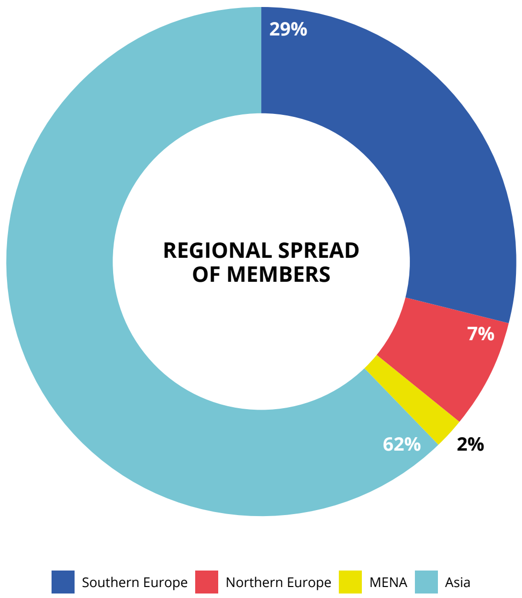
Gross earned premium income increased 12% to reach US$159.8m in the 2024/25 financial year. This was due to the further strengthening of rating levels following the February 2024 renewal, as well as organic and new growth in the volume of business on risk. This led to an overall surplus of US$21.3m, lifting overall free reserves to US$171.2m.

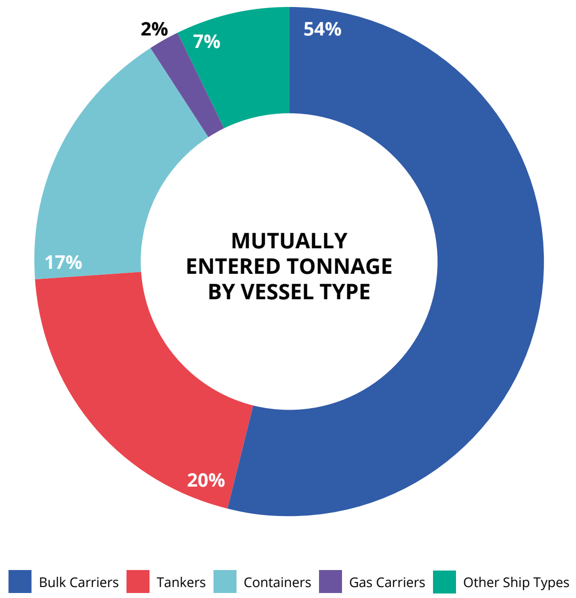
In addition, the Club's net incurred cost of claims of US$114.7m was in line with expectations while the combined ratio of 101.7% confirmed a technical result of close to breakeven. The Club is pleased to report that its three-year weighted average combined ratio has improved to 103.9%.

However, the cost and number of claims reported to the International Group pooling system during the year, particularly in the final quarter of the policy year, was notably higher than expected and a reminder of the unpredictable nature of high-value claims activity in the marine insurance sector. The impact of this increase in Clubs Pool claims, which is demonstrated in the chart below, was mitigated by better than anticipated development in the projected ultimate cost of claims in prior years.

CLASS 5 P&I – NET INCURRED POSITION AS AT EXPIRY







The Club's 6.3% investment return on assets under management and cash holdings contributed US$24.7m to the operating result for the year.

During the 2024/25 policy year, the Club's mutual tonnage increased to 49.5m gt, a year-on-year growth of more than 12% and with a corresponding premium growth of over 15%. The Club continued its global presence with additional tonnage coming from new and current Members in China, Dubai, Germany, Greece, Korea, Singapore, Turkey and Vietnam. In addition, the Club's fixed premium business, both owned and chartered, and war risks cover also demonstrated growth, both in terms of tonnage and premium.

At the February 2025 renewal, the Club achieved increases in premium and deductible levels, with Member retention levels exceeding 96%. This was supported by an upgraded S&P Outlook to Stable (BBB) in December 2024, which reinforced the sustained period of improved operating performance and strengthened capital position the Club has achieved over the past two years.

The Club's performance during the 2024/25 policy year continues its positive development to ensure the sustainability of rating and deductible levels, alongside a clear focus on growth based on attracting quality shipowners from markets worldwide.

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