



# The London P&I Club

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22 May 2013

## TO ALL MEMBERS

Dear Sirs

### THE LONDON P&I CLUB – 2012/13 FINANCIAL YEAR

The London P&I Club's Annual Report will be published in July, as usual. In the meantime, this Circular is to provide Members with an advance summary of the Club's results for the 2012/13 financial year and an update on other recent developments.

#### Financial Position

The result across all Classes was a surplus of US\$9.4m, which has increased the free reserve to US\$154.0m.

#### Claims

Claims experience in the 2012/13 financial year was mixed. In the retained layer there was an encouraging picture at the attritional level, involving claims up to US\$100,000. The moderation of high severity claims (in excess of US\$1m) reported 12 months ago has continued; although there were additional indications of increasing claims cost and activity in the band between US\$100,000 and US\$1m. At the same time, the experience of claims within the International Group's Pool layers was very adverse – 2012/13 seems likely to prove the most expensive year on record for claims on the pooling system.

#### Investments

In the year to 20 February 2013, the Club recorded a return on invested assets and cash of approximately US\$23.7m or 6.9%, reflecting positive results across the whole of the asset base and in particular, benchmark beating performance by the investment grade fixed income holdings, which form the lion's share of the portfolio.

#### Membership

Over the course of the 2012/13 policy year, the Club received additional entries from many existing Members, as well as from new Members based in countries including Germany, Greece, India, Turkey, UAE and Ukraine. There was also a relatively high level of ships withdrawn during the year, some sold for further trading, but many for scrapping; as a result of these movements there has been a small increase to the Club's owned entry, which stands at approximately 41.5m gt, in addition to which the charterers facility continues to make steady progress.

Yours faithfully  
A BILBROUGH & CO LTD  
(MANAGERS)

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