



The London P&I Club

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TO ALL MEMBERS

Dear Sirs

THE LONDON P&I CLUB – 2013/14 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 2013/14 financial year, together with an update on other recent developments.

Financial Position

The financial result was an overall surplus of US\$6.6m, which has increased the Club's free reserve to US\$160.6m.

Claims

After the moderation seen during the two prior years, there was an increase in P&I claims costs within the Club's retained layers in the 2013/14 financial year. This was driven by an increase in the cost of claims in the higher severity bands which overshadowed an encouraging outturn for claims within the lower severity layers, particularly at the day to day, attritional level. In regard to claims involving the International Group Pool, there was a reduction to the very high levels of activity in 2011/12 and 2012/13, although the cost remained relatively high.

Investments

In the year to 20 February 2014, the Club recorded a return on invested assets and cash of approximately US\$24.4m or 7.0%, reflecting positive performance across each major asset class, in particular the equity component of the portfolio. The asset allocation remained broadly unchanged from the previous year.

Membership

Over the course of the year, there was steady growth in the entry of ships with the Club, from existing as well as from new Members based in countries including China, Greece, Singapore Turkey and the UK. Going into the current policy year the Club's owned mutual entry had increased to 43.1m gt, in addition to which the charterers' facility continues to perform steadily.

Yours faithfully
A BILBROUGH & CO LTD
(MANAGERS)

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