



The London P&I Club

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12 May 2016

TO ALL MEMBERS AND ASSURED

Dear Sirs

The London P&I Club – 2015/16 Financial Year

Pending publication of the Association's Annual Report which will follow in the usual way, this Circular is to provide an advance summary of the result for the 2015/16 financial year. Further information on this and other developments involving the Association will be contained in the Annual Report.

Financial position

The operating result was a surplus of US\$3.3m, lifting the free reserve to US\$160.7m. This result was underpinned by a technical underwriting surplus of US\$15.3m, with the combined ratio standing at 82.5%.

Claims

There was a substantially improved outturn following the unusually adverse experience seen in 2014/15. The Association saw particular reductions in the costs of claims in the high severity and attritional retained layers, together with positive developments in the cost of older policy years. The cost of Pool claims notified by other Clubs was in line with expectations.

Investments

In the year to 20 February 2016, the overall result was negative 2.5% or US\$11.5m, a position which has been reversed since the year end. This was the first financial year since 2008/09 that the Association's investments did not make a positive contribution to operating performance.

Yours faithfully
A BILBROUGH & CO LTD
(MANAGERS)

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