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13 June 2019

TO ALL MEMBERS AND ASSURED

Dear Sirs

2018/19 Financial Year result, Membership and Overview

This Circular summarises the Association's result for the 2018/19 financial year along with news of recent developments in our Membership and other aspects of the business. Further information will be contained in the 2019 Annual Report, which will be issued shortly.

2018/19 Financial Year result

The Association recorded a deficit of US\$25.8m for the 2018/19 financial year. The free reserve now stands at US\$168.8m and the Association's capital position therefore remains strong. Net earned premiums increased by 3.3% but there was an increase in the cost of claims, which included two Pool claims involving Members of the Association, as well as increased activity on the pooling system generally and a rise in the cost of retained claims in each severity band. This came during a period when premium rates remained under intense pressure and, as a result, the combined ratio increased to 140.1%. At the same time there was a return of 3.0% or US\$8.2m on the Association's investment portfolio.

Membership and Overview

The Association sees strong levels of support from new as well as existing Members and Assureds and, following the February 2019 renewal, the combined entered tonnage increased to stand at over 60m gt. This reflected year on year tonnage growth of more than 7% in the mutual Membership and further positive progress in our fixed premium lines of business. Additional information is available from our 2019 Corporate Overview which can be accessed [here](#).

Yours faithfully

A BILBROUGH & CO LTD
(MANAGERS)

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