

September 2020

# Steamship

Club Financial Summary





## Highlights 2019/20 financial year

- 3.3% increase in owned entered tonnage
- Premiums increased by 0.7%
- Reinsurance and operating costs reduced by 4.2% and 2% respectively
- Gross paid claims reduced by 15.7%, net paid claims stable (0.8% increase)
- USD 14.5 million reduction in net outstanding claims
- Net incurred claims reduced by 12.4%
- Underwriting surplus of USD 3.7 million (combined ratio of 99.8%)
- Overall surplus pushed to USD 64.6 million, with the significant contribution of a 6.1% investment return
- Assets and free reserves increased by 3.1% and 10.3% respectively

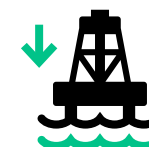
Owned tonnage  
increased by  
**+3.3%**



Premium income  
increased by  
**+0.7%**



Net incurred claims  
reduced by  
**-12.4%**



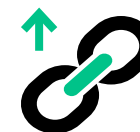
**+10.3%**  
Free reserves



Investment return  
**+6.1%**



Combined ratio  
**99.8%**  
(from 109.5% in 2018/19)

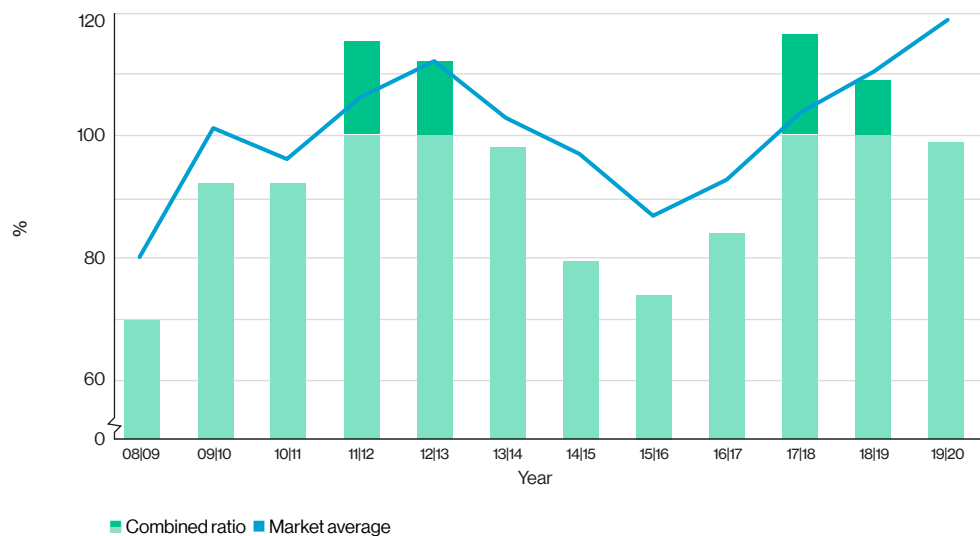




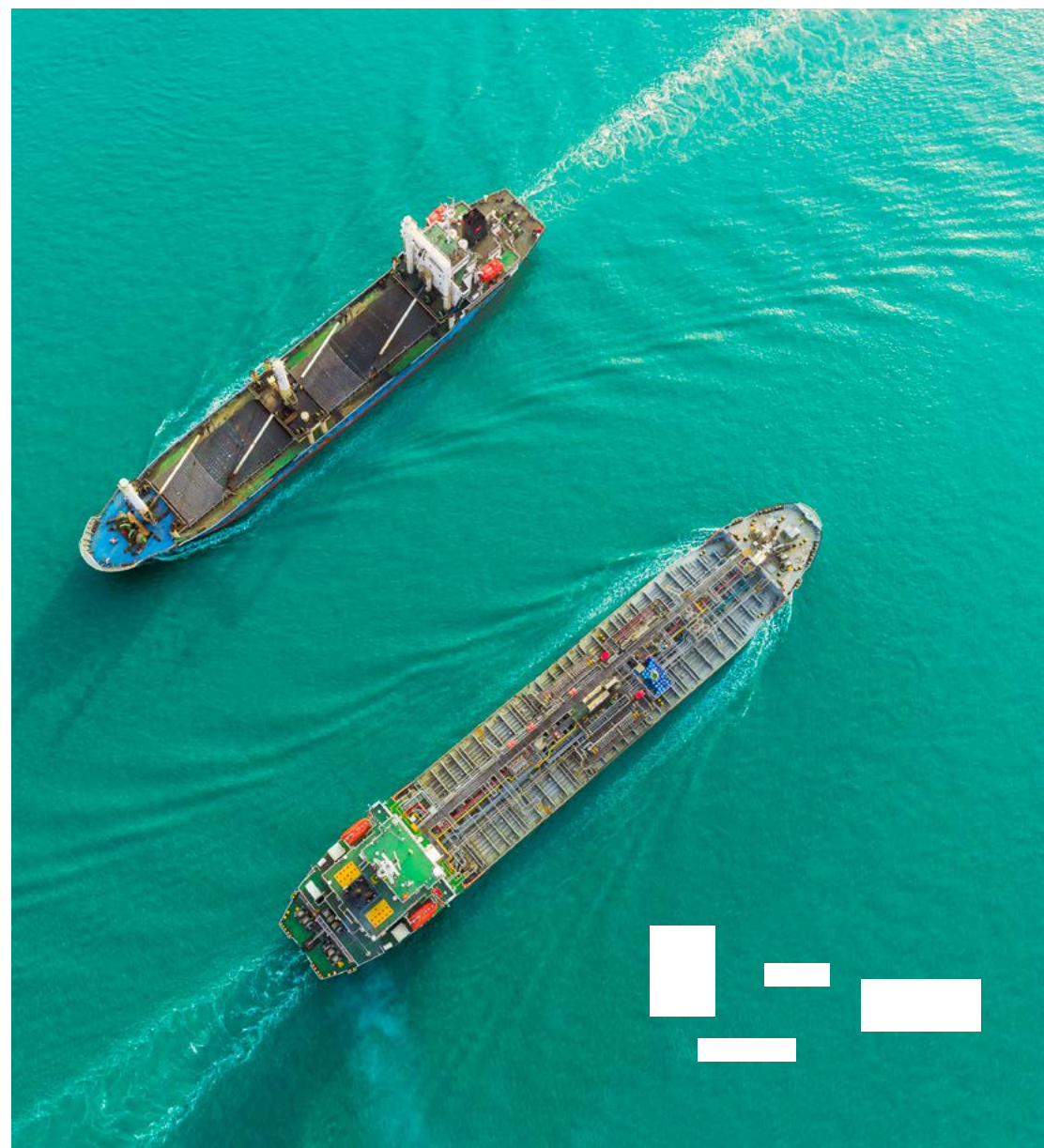
## Combined ratio

Steamship reported a combined ratio marginally below breakeven (99.8%) in the 2019/20 financial year.

Combined ratio



**Steamship reported the best underwriting result in the International Group for 2019/20.**



# Consolidated financials

(USD 000s)	2017/18	2018/19	2019/20
<b>Calls and Premiums</b>	<b>295,318</b>	<b>306,661</b>	<b>308,725</b>
Reinsurance Premiums	-52,089	-50,522	-48,389
Operating Expenses	-40,570	-41,623	-40,780
<b>Operating Income</b>	<b>202,659</b>	<b>214,516</b>	<b>219,556</b>
Gross Paid Claims	294,209	300,887	253,391
Net Paid Claims	214,265	228,563	230,316
Net Change in Provision for Claims	27,104	17,795	-14,501
Net Incurred Claims	241,369	246,358	215,815
<b>Technical Surplus (Deficit)</b>	<b>-38,710</b>	<b>-31,842</b>	<b>3,741</b>
Investment Income	44,388	4,840	60,876
<b>Overall Surplus for Year (Deficit)</b>	<b>5,678</b>	<b>-27,002</b>	<b>64,617</b>

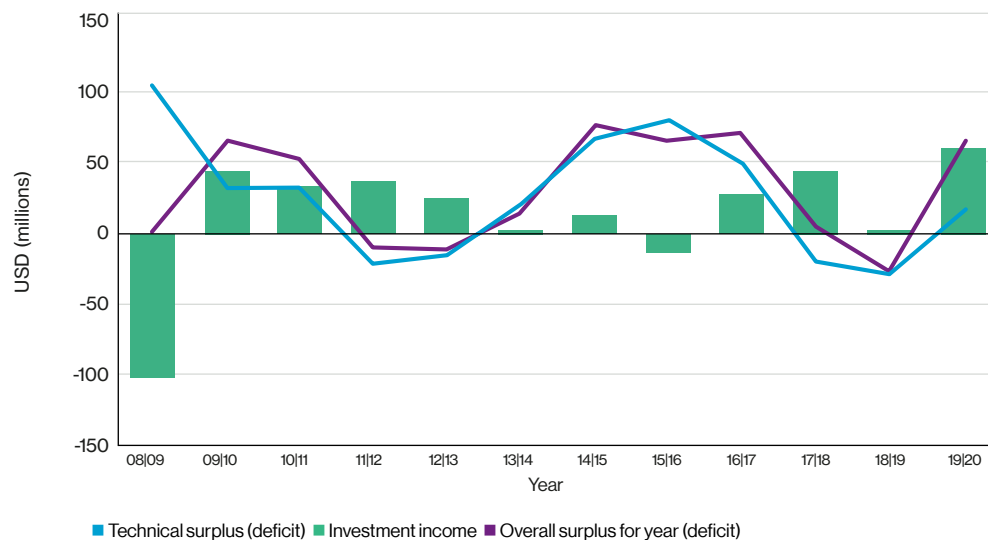
The 2019/20 Steamship balance sheet included a USD 16.3m provision for a premium return that was made following the end of the 2019/20 financial year. This is the fourth year of capital rebate by the club. The previous three years the rebated amounts were USD 21.9m (2018/19), USD 25.6m (2017/18) and USD 25.8m (2016/17).



## Underwriting development



## Overall result - including investment income





# Consolidated financials

(USD 000s)	2018	2019	2020
Net Assets	1,105,629	1,074,505	1,108,297
Net Outstanding Claims	589,661	607,456	592,955
Free Reserves	515,968	467,049	515,342

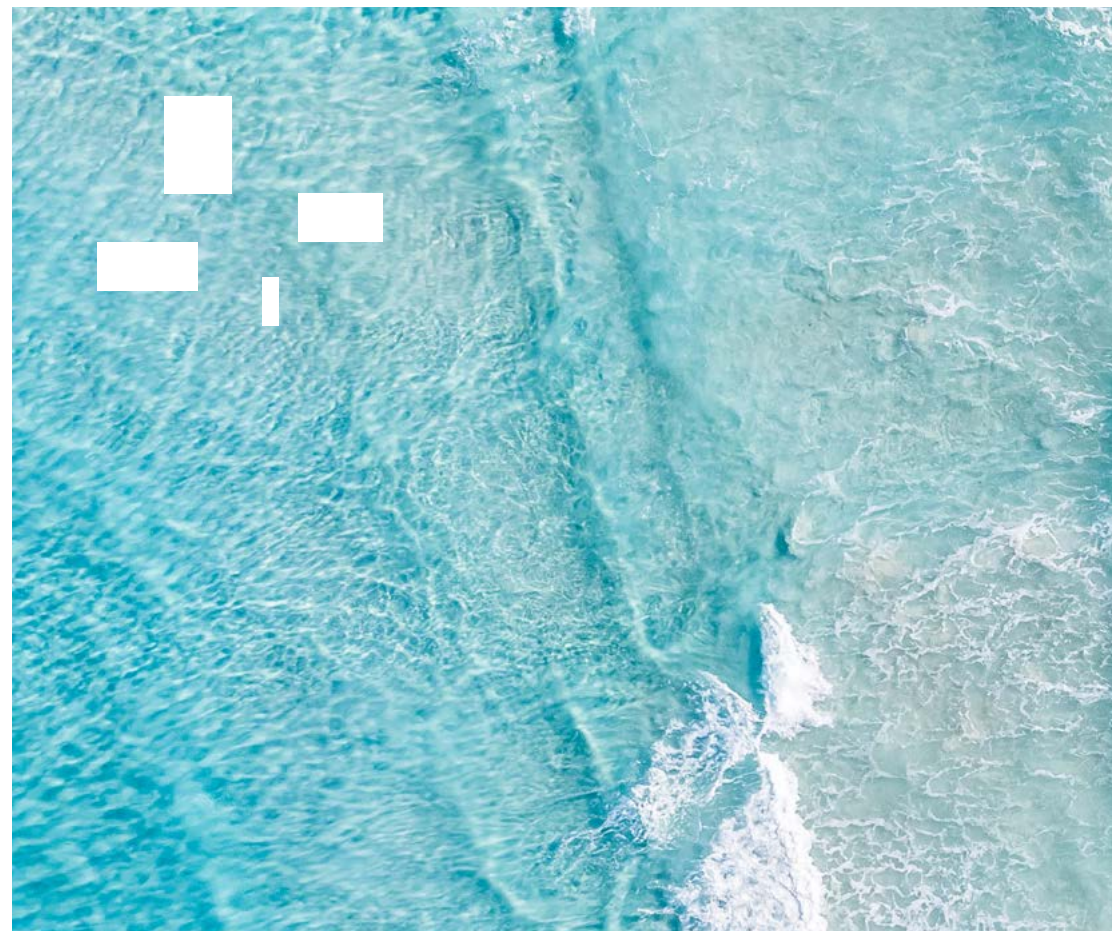
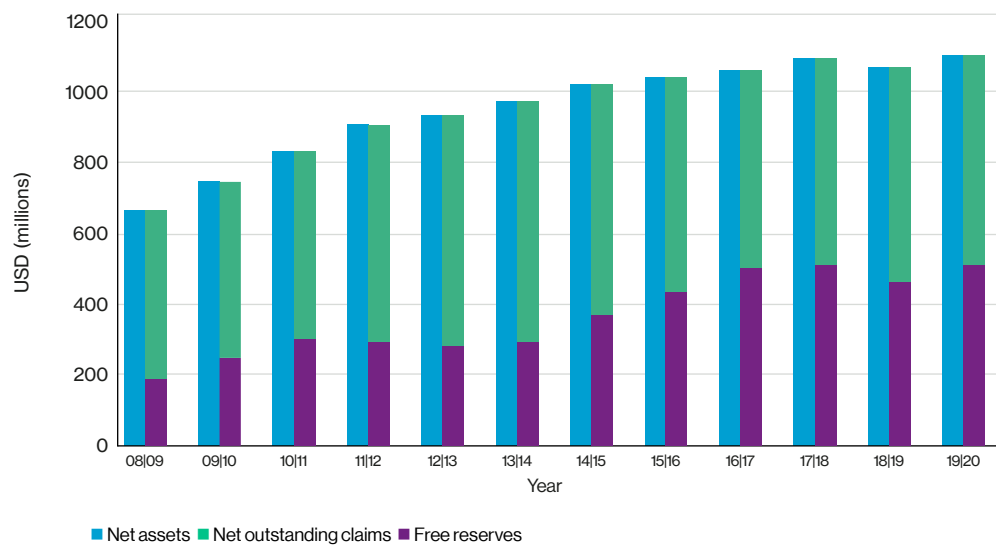
	2018	2019	2020
S&P Rating*	A	A	A

AER (Average Expense Ratio) Five years ending 20 February:	2018	2019	2020
	12.2	12.4	12.1

\* Stable outlook. Figures are correct at the time of release.

## Assets and free reserves

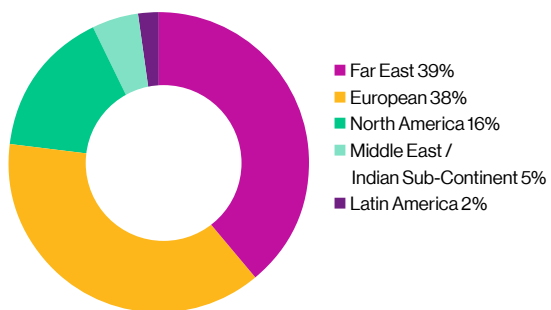




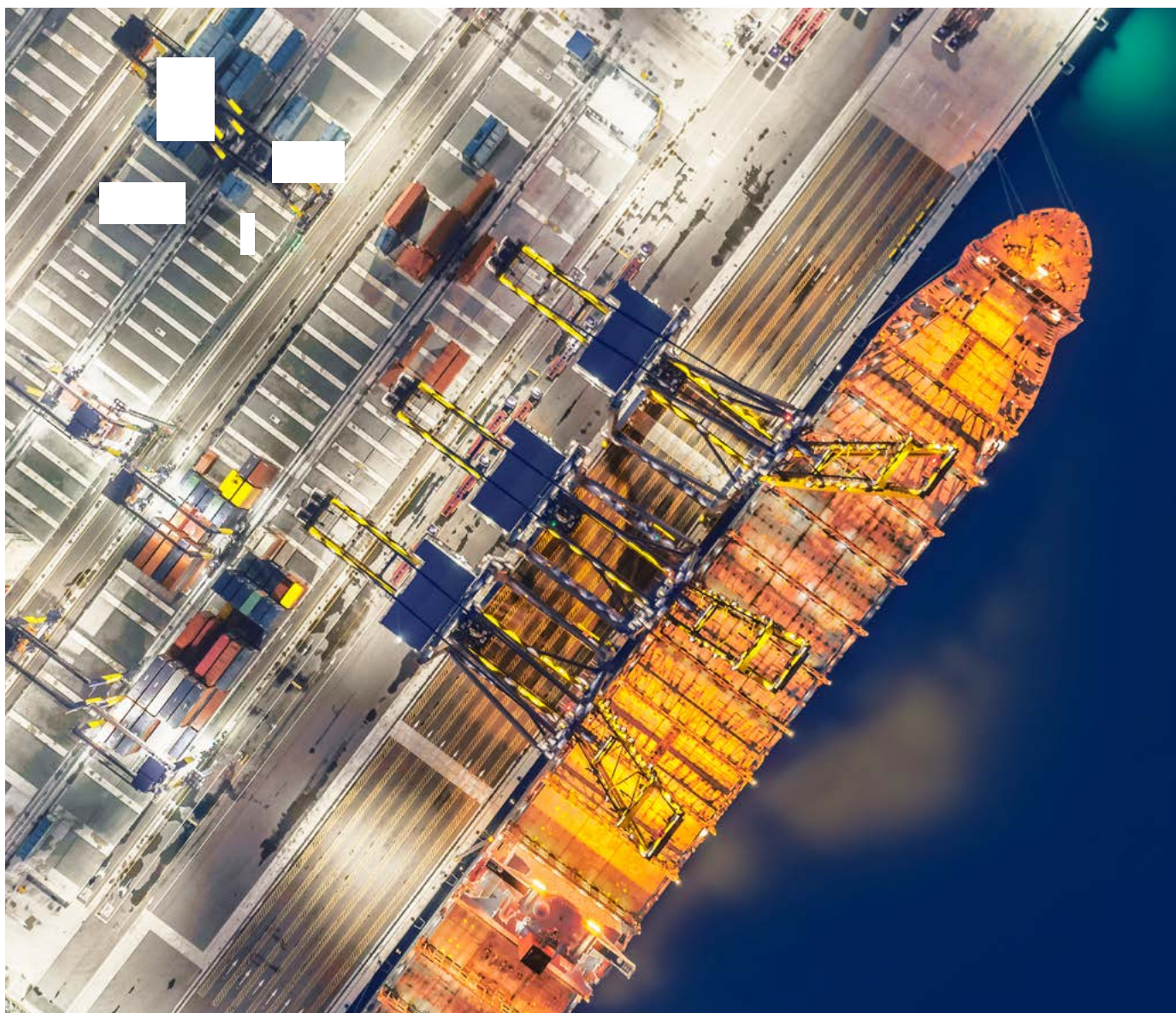
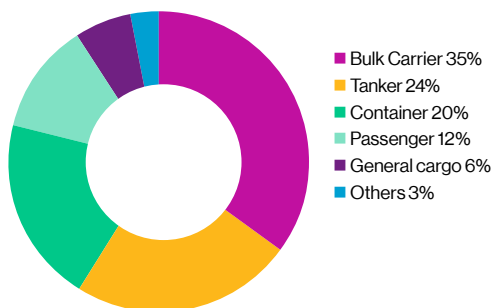
## Entered tonnage

(GT, millions)	2018	2019	2020
Owned / Mutual	85.1	85.6	88.4
Chartered / Fixed	73.5	74.4	68.1
<b>Total</b>	<b>158.6</b>	<b>160.0</b>	<b>156.5</b>

Tonnage split by nationality of management



Tonnage split by vessel type



# Glossary

## Combined ratio

Combined ratios provide a direct comparison of club underwriting performance. The combined ratio is essentially the net loss ratio for the club and is defined as follows:

$$\text{Net combined ratio} = \frac{(\text{Net incurred claims} + \text{operating expenses})}{(\text{Premium} - \text{reinsurance costs})}$$

- A combined ratio of 100% represents an underwriting break-even position
- Anything in excess of 100% would be an underwriting loss
- A combined ratio less than 100% would represent an underwriting surplus

## Average Expense Ratio (AER)

Average Expense Ratios (AERs) were introduced in 1999 following pressure from the European Commission in an attempt to enable direct comparisons of operating costs between clubs within the International Group. The formula that all clubs are required to adhere to when calculating their AER figure is as follows:

$$\text{The AER formula is the five-year average of: } \frac{\text{Operating costs} \times 100}{(\text{Premium income} + \text{investment income})}$$

In principle the AER is a reasonable idea, but in reality it is only ever a very approximate guide to the relative operating costs of individual clubs. For example different membership profiles, disproportionately high levels of premium or investment, whether the club owns or rents their office space, how much the club spends on loss prevention, global office network, member portals etc all have an impact on the AER.

## Basis of financial analysis

The main aim in the Willis Towers Watson analysis of club report and accounts has been consistency. Although there are still variations between the way clubs report, we try as far as possible to compare 'like with like' and to apply the same approach year after year.

A glossary of terms is provided below.

## Glossary of terms

<b>Calls and Premiums</b>	All calls (gross basis, including brokerage)
<b>Reinsurance Premiums</b>	All reinsurance premiums
<b>Operating Expenses</b>	All general management, administrative and audit expenses (not including claims management costs)
<b>Operating Income</b>	Calls, less reinsurance costs, less expenses
<b>Gross Paid Claims</b>	Paid gross claims, including Pool contributions (including claims management costs)
<b>Net Paid Claims</b>	Gross paid claims less reinsurance and Pool recoveries
<b>Net Change in Provision for Claims</b>	Change in net estimated outstanding claims
<b>Net Incurred Claims</b>	Net paid claims plus change in provision for claims
<b>Technical Surplus (Deficit)</b>	Operating Income less Net Incurred Claims
<b>Investment Income</b>	All investment income, including exchange gains/losses, tax etc.
<b>Overall Surplus for Year (Deficit)</b>	Incurred technical surplus (deficit), plus investment income
<b>Net Assets</b>	Total assets, less creditors, less miscellaneous provisions for taxation etc
<b>Net Outstanding Claims</b>	Total net estimated outstanding claims
<b>Free Reserves (Including Forecast Deferred Calls)</b>	Net assets, less outstanding claims



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