



November 2020

The Swedish Club

Club Financial Summary



P&I class highlights 2019/20 financial year

- Owned tonnage increased by 6.1%
- Premiums increased by 2.2%
- Gross paid claims increased by 89%, net paid claims reduced by 14.5%
- Net incurred claims increased by 31%
- USD 6.5 million underwriting loss

P&I owned tonnage increased by **+6.1%**



P&I premium income increased **+2.2%**



P&I net incurred claims increased by **+31%**



Group highlights 2019/20 financial year

- Investment return of 9.7%
- 12.1% increase in net outstanding claims
- Group free reserves increased by 12.1%

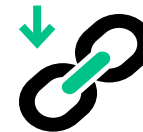
+12.1%
Group free reserves



Investment return **+9.7%**



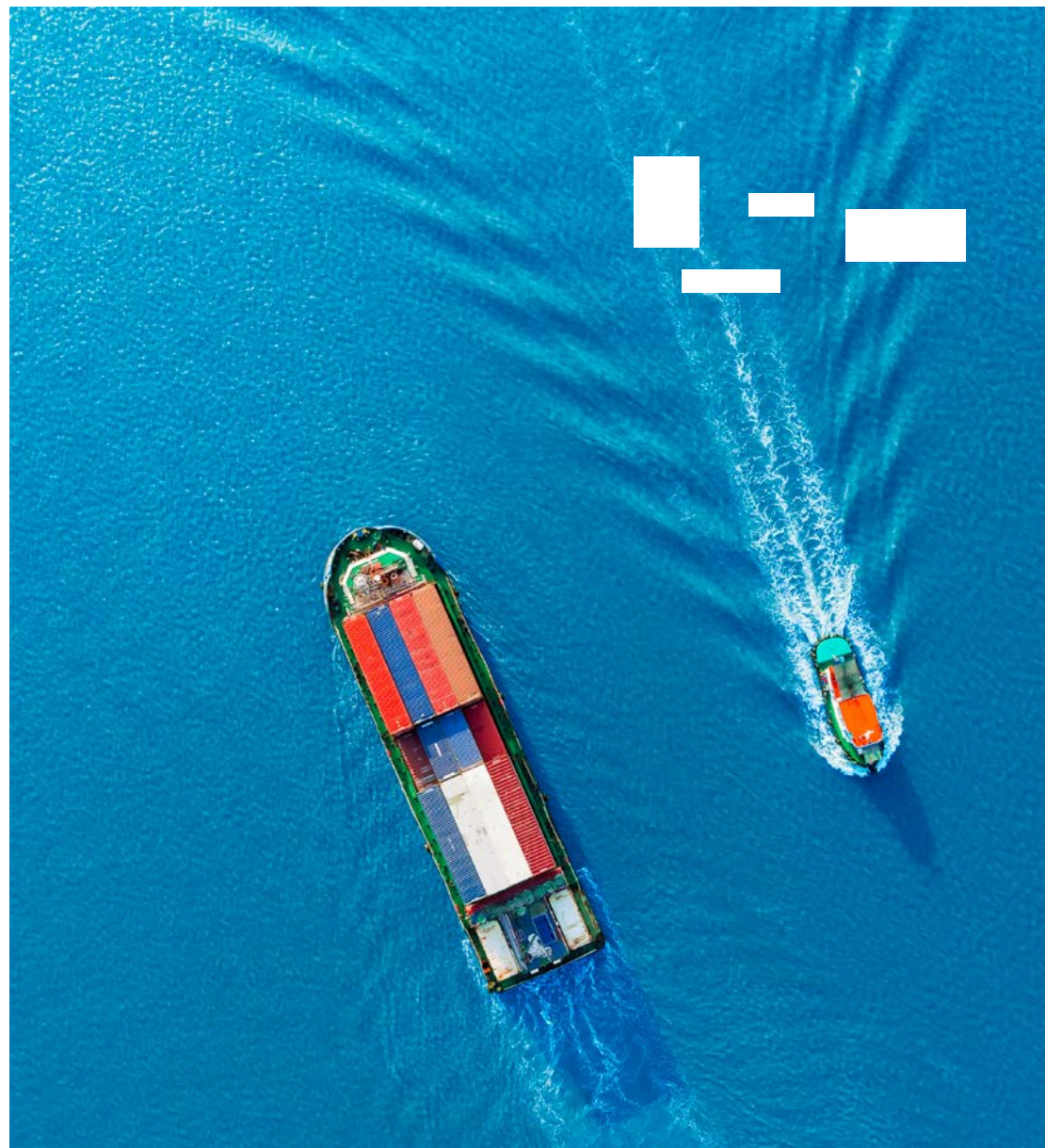
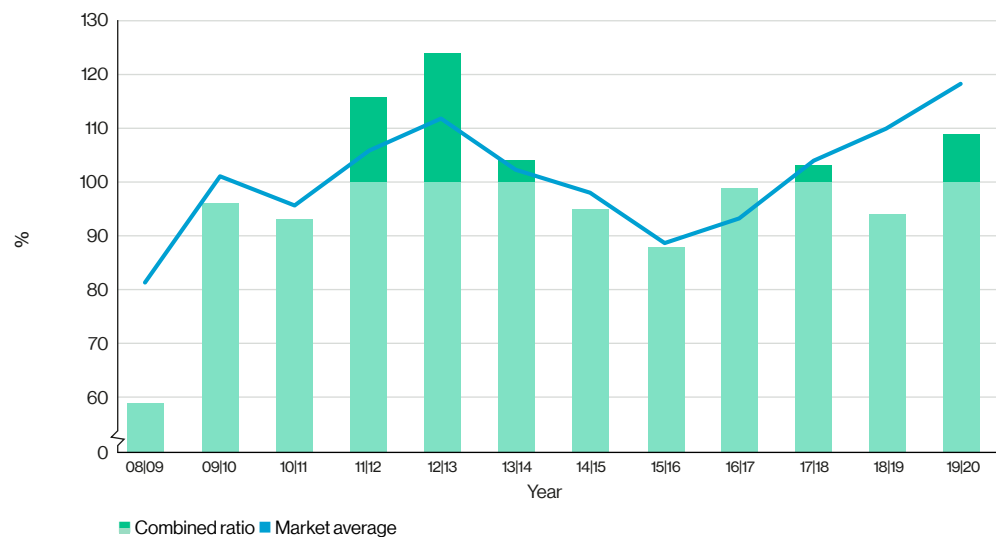
P&I combined ratio **109%**
from 94% in 2018/19



Combined ratio

The Swedish Club's P&I net combined ratio deteriorated from 94% in 2018 to 109% in 2019.

Combined ratio



Consolidated financials

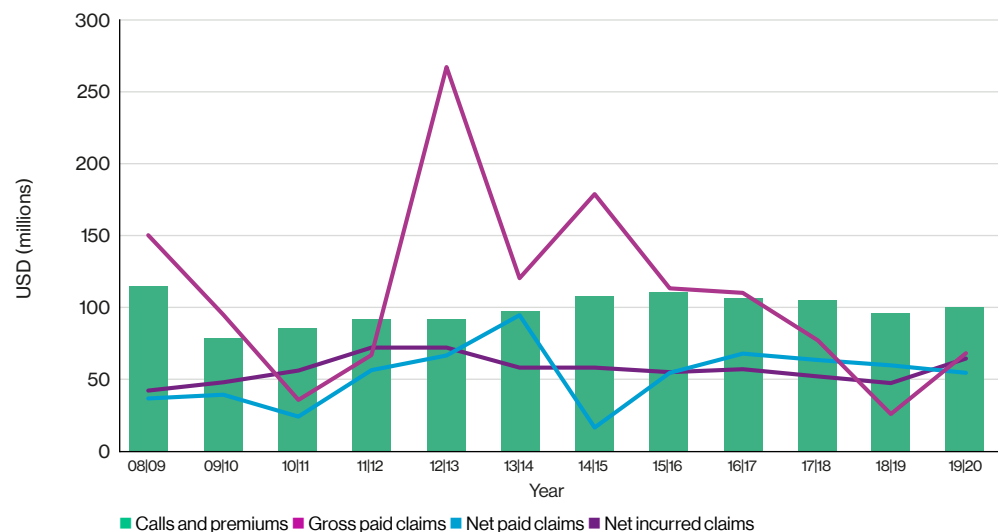
[Consolidated financials continue please click here >](#)

P&I only results (USD 000s)	2017/18	2018/19	2019/20
Calls and Premiums	102,406	98,008	100,086
Reinsurance Premiums	-27,109	-27,692	-25,827
Operating Expenses	-16,025	-16,311	-15,461
Operating Income	59,272	54,005	58,798
Gross Paid Claims	77,857	36,760	69,478
Net Paid Claims	62,758	61,924	52,971
Net Change in Provision for Claims	-922	-12,098	12,286
Net Incurred Claims	61,836	49,826	65,257
Technical Surplus (Deficit)	-2,564	4,179	-6,459
Investment Income	4,000	4,200	4,000
Overall Surplus for Year (Deficit)	1,436	8,379	-2,459

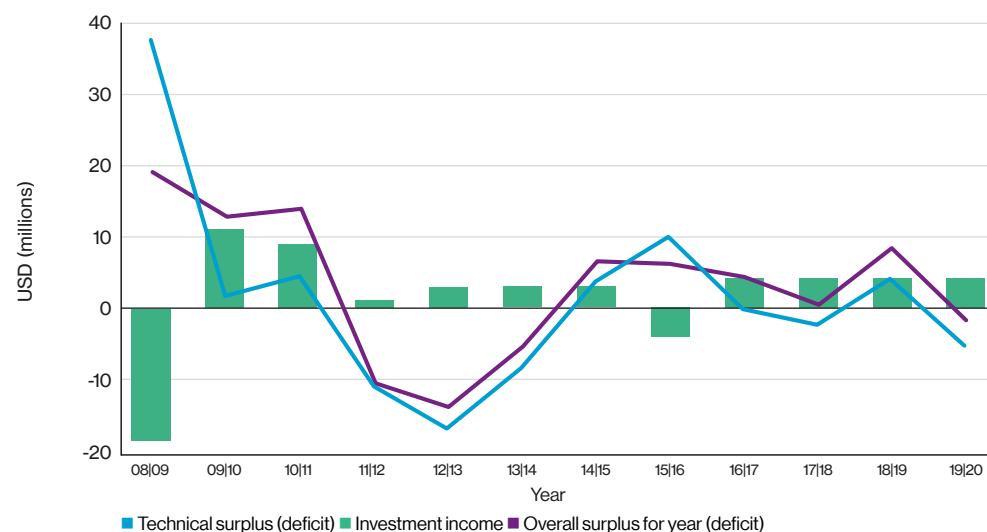
Material increase in net incurred claims resulted in a USD 6.5 million underwriting deficit for 2019/20



P&I underwriting development



Group overall result - including investment income

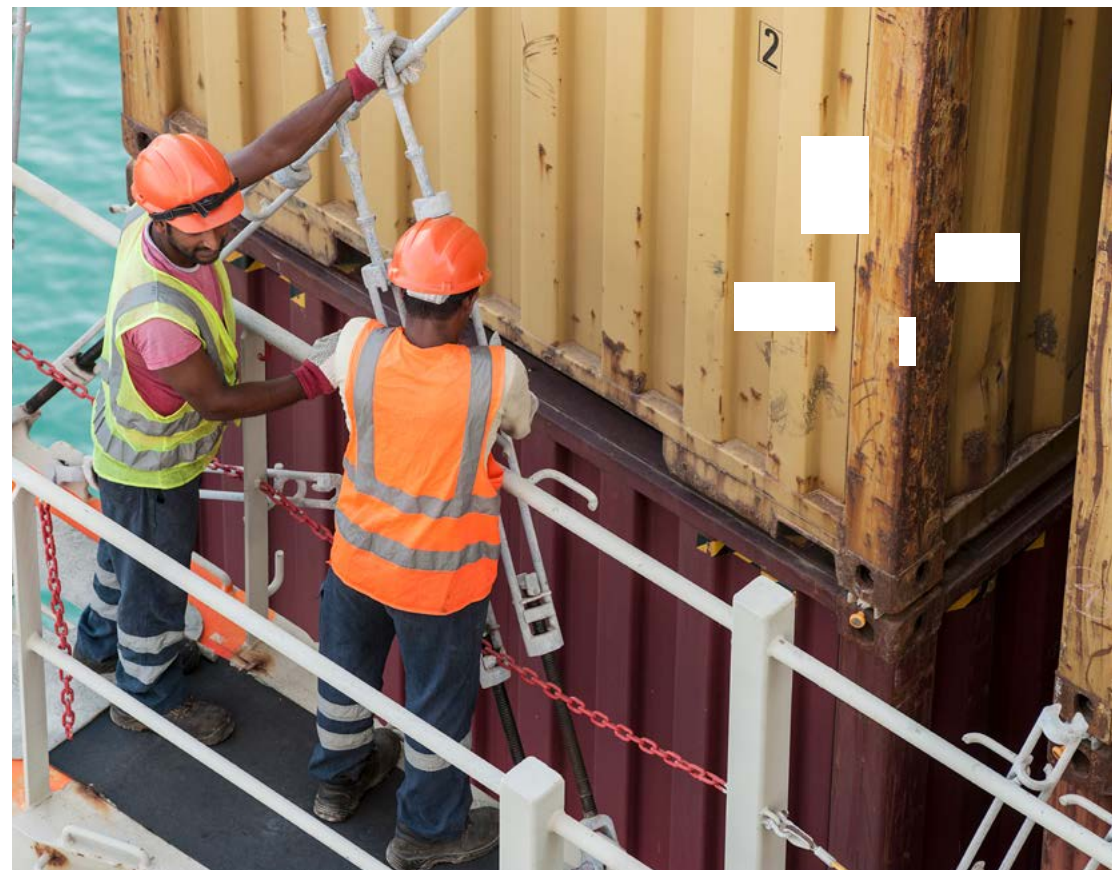
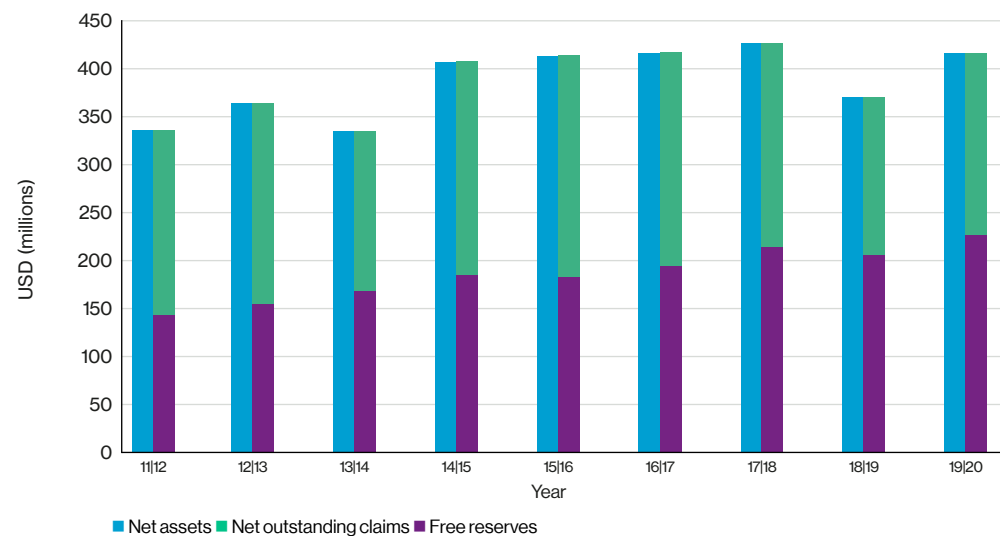


Consolidated financials

Group results (USD millions)	2018	2019	2020
Net Assets	427.9	370.1	414.9
Net Outstanding Claims	214.4	166.3	186.4
Free Reserves	213.5	203.8	228.4
<hr/>			
S&P Rating*	BBB+	A-	A-
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AER (Average Expense Ratio)			
Five years ending 20 February:	2018	2019	2020
	13.3	13.4	13.2

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

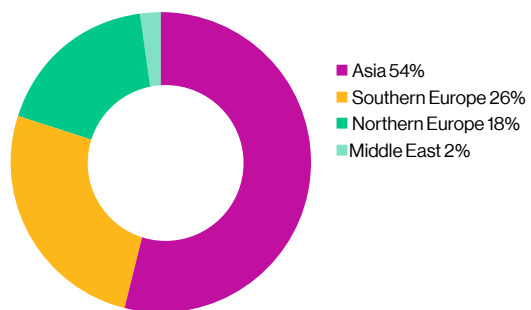
Assets and free reserves



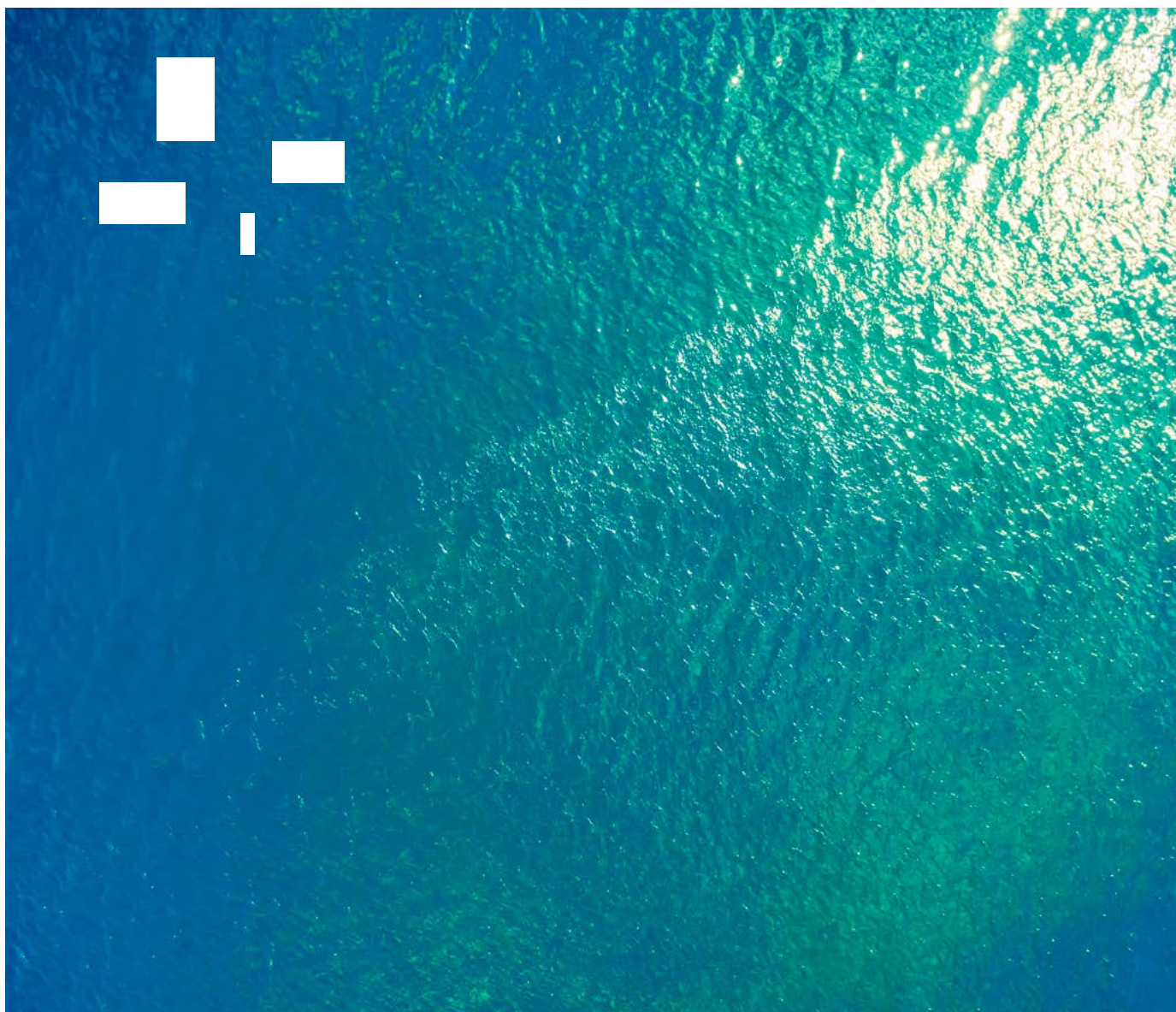
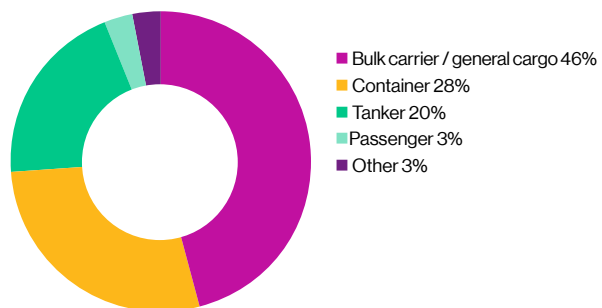
Entered tonnage

(GT, millions)	2018	2019	2020
Owned / Mutual	51.1	47.5	50.4
Chartered / Fixed	31.9	34.5	35.3
Total	83.0	82.0	85.7

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:

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

- 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:

$$\text{The AER formula is the five-year average of: } \frac{\text{Operating costs x100}}{\text{(Premium income + investment income)}}$$

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

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

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