

Update from the Board

The UK P&I Club's Board of Directors concluded a productive set of meetings in Athens culminating in a full Members' Committee meeting on 19 May 2025.

Financial performance

The Board reviewed the performance of the Club over the previous financial year, noting the Club's strong result and meaningful increase in capital strength. Overall free reserves grew to \$494m, driven by a 6.6% investment return.

The Directors also discussed the overall capital strength of the Club and noted a significantly improved Solvency Ratio of 242% which is well in excess of the Club's solvency and rating agency risk appetite.

The overall underwriting result of 116% was impacted by one of the most expensive pool years on record alongside an unusually high level of large retained claims.

The Club's fixed premium P&I and charterers' portfolios performed positively with combined ratios of 93% and 83% respectively. Overall the Club result benefitted from a surplus of approximately \$10 million from the non-mutual lines of business.

The Directors agreed to close the 2022 policy year with no further adjustment to premium.

Underwriting

The Club aims to maintain breakeven underwriting over the medium term by charging sufficient premium to cover claims and expenses incurred.

Since 2021 pricing has steadily recovered following the previous soft market cycle and at the 2025 renewal the Club has achieved a further rate increase in line with its financial forecast. The combined ratio of 116% reported this year is higher than the Club's financial forecast, driven by one of the worst years across the market for large losses.

High profile incidents such as the Dali collision, in March 2024, combined with several large claims

notified in the final quarter of the year, led to what may well become the most expensive pool year on record.

From a more positive angle the Club saw profitable stabilisation of its fixed premium P&I and charterers' portfolios following several years of remediation.

The Club continues to refine its risk appetite and take appropriate action to improve the overall portfolio composition of mutual and fixed premium business entered.

Even with action taken to reduce exposure to underperforming members, year on year growth of 5.6 million GT of mutual entered tonnage demonstrates the excellent levels of continuing support for the Club from both current and new Members.

Claims

In an active year for large claims, board discussion naturally revolved around the detail of the claims and underlying trends that might have influenced such costly events. The large claims were diverse in nature, covering many ship types and trades.

Notable areas of conversation included lessons that might be learned from failures in navigation; the increasing cost of, and challenges associated with, cargo fires on container ships; the impact of social inflation driving large loss severity, particularly in the context of wreck removal; the US litigation landscape; the presence of pilots at the time of major incidents; and, evolving loss trends from dual-fueled ships. Additional commentary and observations were provided by the Club's Safety and Risk Management team providing an interesting technical backdrop to the wider discussion.

Whilst the overall frequency of claims is decreasing, claims are becoming more expensive and complex due to the changing risk and regulatory environment. The Club has a long track record of supporting Members with complex claims and is positioned to provide the highest level of expert advice and guidance when these unwelcome events occur.

Workshop

The Club ran an interactive workshop for Directors focusing on the strength of the Club's value proposition and prospects for future growth. Lively discussion ensued with welcome contributions from the many Directors participating.

Other items of interest

In a world where cyber attacks increasingly dominate the headlines, Members were interested to hear about the measure the Club takes to protect itself.

The Club's Safety & Risk Management team have also developed accessible guidance for crew members to reduce cyber threats to onboard systems, which will be shared with the wider membership in the coming weeks.

The Club continues to evolve its sustainability credentials. The Club has recently published the latest edition of its Sustainability Report which can be found on the Club's website.

Finally, at a time of rapid change in the world of shipping, particularly with regard to trade to, and with, the United States, the Board enjoyed a wide-ranging discussion of the development of legislation in America, including potential impacts on shipowners' rights to limit liability.