

PRESS RELEASE

NORTH P&I CLUB AND SUNDERLAND MARINE MUTUAL INSURANCE DISCUSS MERGER 7 AUGUST 2013

The North of England P&I Association Limited (North) and Sunderland Marine Mutual Insurance (SMMI) Company Limited are discussing a possible merger. The decision by the boards and senior management teams of the two north-east England based mutuals follows a strategic alliance, by way of a reinsurance contract between the two companies, which commenced in January 2012.

North's Chairman Pratap Shirke says, 'As a result of the business similarities between North and SMMI and their complementary global operations, we have now agreed in principle to investigate the practicalities of a merger. It will result in one of the largest global marine insurance providers, which North's directors believe will provide considerable financial stability for the Club's Members and significantly enhance our competitive position.'

SMMI's chairman Trevor Hart says, 'SMMI and North are two of the longest established and most successful international marine insurance businesses based in north-east England and have long enjoyed an open relationship. Combining the business interests into one group would create a significant global marine insurance operation, enabling us to continue growing our business with a competitive edge, whilst maintaining service excellence.'

Both Clubs have long histories. North was formed in 1860 and SMMI in 1882 and both are known for their philosophies of providing high levels of service to their Members. The combined group would provide enhanced financial stability for Members, as well as an augmented diversity of product lines, whilst maintaining service excellence and enhancing the competitive position.

The merger is subject to satisfactory due diligence from both parties, the agreement of relevant legal documentation as well as regulatory approvals and membership approval. Further announcements will be made in October 2013.

Ends

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Notes to editors

North P&I club (www.nepia.com) – founded in 1860, North is the world's second largest marine mutual liability insurer providing P&I, FD&D, war risks and ancillary insurance to 130 million GT of owned tonnage and 40 million GT of chartered tonnage, with 3500 ships entered by 330 Members worldwide. It is based in Newcastle upon Tyne, UK with regional offices in Greece, Hong Kong, Japan and Singapore, and employs 233 people. The club has an 'A' financial strength rating and stable outlook from Standard & Poor's.

SMMI (www.smmi.co.uk) – founded in 1882, Sunderland Marine Mutual Insurance Company Limited is a world-leading insurer of fishing vessels, small craft and aquaculture risks, with over 13,500 policies in 50 countries. It provides hull, P&I and war risks cover to vessels and is the world's largest insurer to the aquaculture industry. The club is based in Durham, UK with 13 other offices in Australia, Canada, the Netherlands, New Zealand, South Africa and the USA, and employs 171 people. SMMI has a 'BBB+' financial strength rating and stable outlook from Standard & Poor's and 'A-' ratings from Fitch and AM Best.