

NORTH P&I CLUB CONFIRMS POSITIVE RESULT AND SETS OUT NEW MANAGEMENT STRATEGY

The 180 million GT, 'A' rated North P&I Club has confirmed another 'positive' financial result in its annual Management Report published today (7 August 2014). It has also set out a new proactive management strategy designed to ensure the Club's continuing success.

Chairman Pratap Shirke says, 'Overall this has been a very positive financial year for North, with a strong technical underwriting result. Our successful merger with Sunderland Marine is already delivering benefits, including enhanced financial stability for Members, a greater diversity of product lines and a stronger competitive position.'

He said North achieved a breakeven result in the year to 20 February 2014 despite experiencing its two largest-ever claims plus a significant financial impairment resulting from a change in international accounting policy, which required a US\$33 million pension scheme deficit to be included in the balance sheet. 'We were nevertheless able to achieve an underwriting surplus of US\$20 million and a combined ratio of 90.1%, with a 5-year average combined ratio of 94%. The free reserves of the Club have remained stable at US\$312 million.'

Shirke said the many challenges that continue to face the shipping industry had resulted in a shift in North's strategic vision and changes in how the Club plans to deliver its strategic objectives. 'Rather than simply focusing on service, strength and quality, our strategic vision has been refined to ensuring that North Group is "the most cost-effective marine insurance group providing the highest levels of service". To this end we have embarked upon efficiency and effectiveness initiatives in three core areas – membership reviews, operational effectiveness and management development.'

Joint Managing Director Alan Wilson says, 'North's recently enhanced membership review programme is helping us to identify the risk profile of individual Members and to suggest appropriate claims reduction and mitigation measures. Our loss prevention team is now working even more closely with the claims team to assist with the early identification of the root causes of large claims. This early involvement lends additional expertise to the claims handling process as well as providing a quicker and better understanding of claims causation and claim trends. It also helps to identify, as soon as possible, any remedial action which may be required.'

According to Joint Managing Director Paul Jennings, 'Our Operational Effectiveness initiative has been running for over a year now, with every member of staff looking at how we can work more effectively as individuals, teams and with our business partners. Our primary focus is to continue to provide our Members with the highest possible levels of service and care. We continue to invest in our human resources and business systems, and we are committed to strengthening our team and providing an engaging working environment.'

Following its merger with Sunderland Marine in February, North has also implemented a new organisational structure designed to improve operational effectiveness and service. The restructuring has included the establishment of a new Senior Operations Team responsible for delivering the Club's strategy. Reporting directly to Wilson and Jennings, the team consists of Global Directors, Deputy Global Directors and the CEO of Sunderland Marine.

Shirke concludes, 'It has been a challenging year for the Club and our Members but we have met those challenges with confidence and determination. As we move forward we will continue to find new and innovative ways of providing the highest levels of service to our Members. Over the next twelve months, the North/Sunderland Marine merger integration team will also be working towards delivering the merger benefits, in particular looking at the possibility of both companies coming together under one roof by summer 2015.'

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Note to Editors

North, part of North Group, is a leading marine mutual liability insurer providing P&I, FD&D, war risks and ancillary insurance to 130 million GT of owned tonnage and 50 million GT of chartered tonnage. It is based in Newcastle upon Tyne, UK with regional offices in Greece, Hong Kong, Japan and Singapore. The Club is a leading member of the International Group of P&I Clubs (IG), with around 13% of the IG's owned tonnage. The 13 IG clubs provide liability cover for approximately 90% of the world's ocean-going tonnage and, as a member of the IG, North protects and promotes the interests of the international shipping industry. In February 2014 North completed a merger with Sunderland Marine, which operates within North Group as an independent regulated insurer guaranteed by North. Sunderland Marine is a leading insurer of fishing vessels, small craft and aquaculture risks. It is based in Durham with offices in Australia, Canada, the Netherlands, New Zealand, South Africa and North America.