

NORTH P&I CLUB REPORTS RECORD FREE RESERVES IN 150TH YEAR

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The 'A' rated, 115 million GT North P&I club – which celebrates its 150th anniversary this year – has reported record free reserves despite the global financial turmoil of the past two years. The club's 2010 Management Report is published today, 20 August 2010.

According to chairman Albert Engelsman, 'We opened the 2010 policy year financially stronger than ever before, with a free reserve position of US\$240.3 million compared with US\$211.1 million at the same point in 2009.' North also reports a 12% increase in premiums to US\$285.1 million and a 7% growth in net assets to US\$706.7 million.

Joint managing director Alan Wilson says, 'The underwriting performance of the club in 2009/10 has been strong, with an underwriting surplus of US\$11.2 million and combined ratio of 94.8%. Investment return and foreign exchange movements added US\$ 18.0 million to the surplus net of tax.'

Wilson says North's directors de-risked the club's portfolio in 2008 and has stayed out of equity markets ever since. 'As a result we were able to limit downside risk in very difficult circumstances and deliver on-budget returns. The P&I class portfolio produced 2.10% against a benchmark of 1.75% from our mix of primarily government bonds and money market funds, with some minor exposure to credit and absolute return funds,' he says.

Joint managing director Paul Jennings confirms total entered tonnage reached 110 million GT at the 20 February 2010 renewal. 'Our entered owned tonnage increased by over 15% to more than 90 million GT at renewal. Together with over 25 million of chartered tonnage, our total entry is now over 115 million GT,' he says.

North presently insures around 4000 ships entered by 375 members worldwide. Bulk carriers, tankers and container ships account for 30%, 36% and 25% of tonnage respectively, with gas carriers and other ship types making up the remaining 9%. The club is also able to provide cover for floating production storage and offloading units and other mobile offshore units, and plans further increases in quality owned tonnage of all types during the coming years.

Growth in the entered fleet is being matched by continuing investment in personnel, premises and systems. North is expanding its existing freehold headquarters building in Newcastle-upon-Tyne, UK by over 50% to enable recruitment of 125 more staff. Work is due for completion by April 2011 and will include a bespoke IT system to enhance service quality. The club is also planning to open an office in Tokyo later this year to complement its regional offices in Athens, Hong Kong and Singapore.

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