

# PRESS RELEASE

## North resilient in the face of large claims

*Club confidently delivering on strategy to strengthen and diversify in face of challenging 2019-20 claims year.*

Two major casualties put a dent in North P&I Club's underwriting figures for policy year ending 20 February 2020, but the period also saw the launch of new products as part of its continuing diversification, Member retention maintained at 99% and more tonnage insured than ever before. North's 15<sup>th</sup> consecutive year of 'A' financial strength rating, supported by AAA capital, was also reconfirmed by leading independent analysts, S&P Global.

Rising claims based on greater market share and weak pricing pointed towards an underlying combined ratio for North of 108% - closely aligned with International Group of P&I Clubs counterparts - but North's exposure on the *Grande America* and *Golden Ray* casualties helped push the figure to 125.8%. The claims are amongst the largest ever handled by North and, at potentially over US\$400 million, *Golden Ray* could be among the biggest in IG history.

*"The overall result clearly demonstrates the P&I industry's volatility and sensitivity to large claims," says Pratap Shirke Chairman, North. "While it is unusual for two such large claims to fall in so short a time, it is simply the job of the P&I club to protect its Members. Effectively managing these casualties in partnership with local authorities and international experts demonstrates North's commitment to keeping Member interests central in everything that it does."*

Thya Kathiravel, North Chief Underwriting Officer, commented *"We continue to build the strength and sustainability of the Club based on our clear diversification strategy and bringing in additional underwriting talent. In September 2019 we launched our Owners' Fixed Premium P&I product and earlier this month announced a new blue-water hull and machinery product. The formal legal integration of North and Sunderland Marine, a key diversification initiative for us, is also close to being finalised and will further reinforce the resilience and sustainability of our underlying business."*

Also continuing to diversify is North's investment strategy, with asset risk spread across a broader range of funds. Strong returns on investments of 6.4% earned US\$64.5 million net of fees, although reduced corporate bond yields through 2019/20 saw this offset by a US\$16M increase in the accounting deficit for the pension scheme.

The year-end reporting period pre-dates COVID-19 impacts, although North's asset strategy is proving robust in the face of new volatility. *"At 30 April, our position showed losses below 2% of the portfolio; this is comfortable in an extraordinary market,"* says Ed Davies, Chief Financial Officer, North.

Paul Jennings, Chief Executive, North, points out that owned tonnage surpassed 160M GT for the first time in 2019/20. Including charterers, North's entered fleet grew by 20M GT to exceed 230M GT. *"In the last year, North insured more tonnage than ever before, continued to diversify our income base to enable Members to trade with confidence and strengthened our team; and we are now supporting Members through the COVID-19 pandemic."*

North's premium income grew slightly to US\$347 million along with market share, although Mr Jennings says that concerted action is needed to correct a three-year hiatus in premium increases. While free reserves fell US\$19.5 million to US\$444 million, a corresponding increase in 2018/2019 leaves North's two-year position broadly neutral, he adds.

*"Two unusually large claims in close succession have led to a one-off combined ratio figure in 2019/20, but North's underlying business remains strong, resilient and healthy,"* says Jennings.

To view or download a copy of the Annual Review, [click here](#).

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#### **About North P&I Club:**

North P&I Club is a leading global marine insurer providing P&I, FD&D, war risks and ancillary insurance to over 230 million GT of owned and chartered tonnage. Through its guaranteed subsidiary Sunderland Marine, North is also a leading insurer of fishing vessels, small craft, aquaculture risks and owners' fixed premium P&I cover. The S&P Global 'A' rated Club is based in Newcastle upon Tyne, UK with regional offices and subsidiaries in China (Hong Kong and Shanghai), Greece, Ireland, Japan, Singapore, USA and Sunderland Marine offices worldwide. North is a leading member of the International Group of P&I Clubs (IG), with over 12% 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. For further information, visit: [www.nepia.com](http://www.nepia.com)

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