

PRESS RELEASE

26 May 2021

North's Diversification Strategy Rises to Unprecedented Challenges

Following a challenging period for the global economy and shipping in a year which saw a record level of International Group (IG) pool claims, North is reporting positive returns for its 2020-2021 financial year.

North's recently published Annual Review posts robust growth across a number of diversified lines and, at 6.67% (equivalent to US\$64.5M), its highest return on investments for many years.

In continuing its transformation from a monoline P&I Club to a diversified global marine insurer, North achieved premium income growth of US\$60M across its mutual and diversified business lines, reaching US\$406M. Thya Kathiravel, North's Chief Underwriting Officer, commented that *"year on year, premium increases were especially notable for Sunderland Marine Hull, P&I and Aquaculture lines and the newer, diversified Owners' Fixed Premium P&I as well as North's Hull facilities"*.

Ed Davies, Chief Financial Officer, North, commented: *"Prudent growth through diversification provided shelter during a year when 19 claims were made via the pooling arrangements shared between the 13 IG clubs with an unprecedented value of US\$463M. North absorbed over US\$90M in pool costs for the financial year despite experiencing no pool claims in that period."*

North's 113.7% combined ratio represented a *"positive achievement given the twin pressures of pool claims and Covid-19"*, following the peak of 125% for 2019-2020 year, he added.

COVID-19 had made 2020-2021 *"a year like no other for all of us, and especially for seafarers"*, said Paul Jennings, Chief Executive, North. *"COVID-19 variants also mean that crew transfers are again becoming complex, while the pandemic's long-term impact on the global economy is uncertain."*

"Working lives at North also changed in 2020-2021, although our offices have gradually reopened, with North's Newcastle head office due to follow in the weeks ahead. Despite COVID-19 and an extraordinary level of pool claims, North's core financial strength and diversification continue to inspire confidence." In fact, North's free reserves increased by US\$6M, to US\$450M, Jennings reported.

Prevailing economic conditions had brought challenges for achieving the 2021 P&I renewal objectives, but an equitable rating increase in line with business plans was achieved, he added. Future rates are expected to reflect the increase in claims and the hardening reinsurance market.

"We will continue to take the essential actions we know are needed to maintain our financial resilience in the years to come," said Jennings, stressing that the Club is prioritising investments in technology, talent and sustainability.

In his first Annual Review, new North Chair, James Tyrrell, commented: *"Through a period of exceptional challenge, we have supported all Members of North while continuing to be driven by our core purpose – enabling*

Members to trade with confidence.” He also saluted the contribution of previous Chair, Pratap Shirke, who oversaw a period of continuous growth for North during nine years in post.

Supporting the confident outlook, North’s overall P&I Owned and Chartered tonnage grew year-on-year to 248M GT.

Images:

Paul Jennings, Chief Executive – North P&I Club

James Tyrrell, Chair, North P&I Club

Ed Davies, Chief Financial Officer – North P&I Club

Thya Kathiravel, Chief Underwriting Officer, North P&I Club

About North P&I Club:

North P&I Club is a leading global marine insurer providing P&I, FD&D, war risks, hull and ancillary insurance to over 248 million GT of owned and chartered tonnage. Through its Sunderland Marine brand, North also provides cover for fishing vessels, small craft, aquaculture risks and owners’ fixed premium P&I. The S&P Global ‘A’ rated Club is based in Newcastle upon Tyne, UK with regional offices and subsidiaries in Australasia, China (Hong Kong and Shanghai), Greece, Ireland, Japan, Singapore and USA. 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

For more information:

Kim Rogerson

Senior Executive (Communications)

North P&I Club

+44 191 232 5221

kim.rogerson@nepia.com