

The Shipowners' Mutual Strike Insurance Association Europe
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CIRCULAR TO MEMBERS

26 April 2018

Dear Sirs

RENEWAL 2018/19 & REVIEW OF OPEN POLICY YEARS

At the board meetings in Athens on 19 April 2018, the directors reviewed the policy year underwriting accounts and financial statements at 31 January 2018.

The directors also reviewed the outcome of the recent renewal. The retention rate was 98%, with 152 members renewing their cover. Twenty new members joined throughout the year, including seven from Asia. There was strong interest in the expanded range of perils that members can insure. As an example, the Club now covers more than 300 ships for delay from cyber events on board or ashore. This positive support from members is very much appreciated by both the directors and the managers, particularly in light of the ongoing market challenges facing many ship operators.

The Club is reporting a deficit of \$2.7m, subject to audit, for the year ending 31 January 2018. When the one-off cost of restructuring measures is factored in, the result is a deficit that is slightly smaller than the previous 2016/17 year. The directors recognise the value placed on call stability by members and plan to cover the shortfall from the Club's contingency funds, keeping the level of closing calls on open policy years unchanged from the levels advised previously.

Members are asked to budget for the following closing calls for each policy year:

Policy year 2018/19

For 2018/19, the Club has moved to an 'Estimated Total Premium' basis of calling instead of the typical previous combination of an advance call and estimated closing call. At this early stage, the directors advise members to budget for premium in accordance with the ETP figure agreed at inception. The release call remains at the previously-advised 17% of ETP.

Policy year 2017/18

A higher than normal amount of notified claims occurred in the second half of 2017. Nonetheless, the directors advise members to continue to budget for a 20% closing call in all mutual classes and have maintained the release call at 40%.

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Policy year 2016/17

The year has continued to mature in line with expectations and so the directors have confirmed a closing call of 20% for all classes, which will be debited in May 2018.

As a member-owned mutual, offering cover to members at attractive sustainable cost is a fundamental principle. The directors and managers remain focused on ensuring the Club continues to offer the most comprehensive and best value marine delay insurance in the market with knowledgeable and supportive service backed by strong and stable finances.

Yours faithfully

S.C Management (Luxembourg) SA
Managers