

Press Release

11 November 2020

Reflecting Rising International Group Pool Claims, Leading Ratings Agency S&P Global has Revised North P&I Club's Outlook from Stable to Negative while Re-affirming its 'A' Capital Ratings

In response to the rapid escalation in the number and value of pool claims reported by IG clubs, and their expected impact on club operating performance and technical underwriting results, the rating agency S&P Global recently conducted an 'event review' across the whole P&I sector.

This review resulted in the outlook for a number of IG clubs, including North, being adjusted from stable to negative. In its review S&P also confirmed that North continues to hold capital adequacy above the 'AAA' benchmark due to its significant free reserves position.

Responding to S&P's outlook change, North's Chief Financial Officer, Ed Davies, said, *"the aggregate value of the claims declared to the pool in the first half of the year, according to our records, is the highest in at least 25 years. Combined with premium levels that have failed to keep pace with rising claims, we have been saying for some time now that P&I Clubs need greater underwriting sustainability. We will continue to exercise discipline on mutual rates as well as carefully managing our diversified income to move back to balanced underwriting."*

North's Chief Executive, Paul Jennings, added that *"this change in outlook from S&P once again clearly demonstrates the P&I industry's sensitivity to large claims. Our experience of rising pool claims over the last few years suggests that, despite the increases announced by many P&I Clubs in 2019, further premium correction in response to this pool claims trend may be required."*

The 'A' rating covers North of England Protecting & Indemnity Association Ltd, Sunderland Marine Insurance Co. Ltd and North Protecting & Indemnity DAC, collectively known as North Group as well as North of England Mutual Insurance Association (Bermuda) Ltd.

END

About North Group:

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 Sunderland Marine brand, 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

For more information:

Kim Rogerson
Senior Executive (Communications)
North P&I Club
+44 191 232 5221
kim.rogerson@nepia.com

Debbi Bonner
Managing Director
JLA Media
+31 652 630122
debbi.bonner@j-l-a.com