



PRESS RELEASE

S&P Global ratings affirms Britannia P&I's ratings at 'A' (stable) while enhancing its liquidity rating to 'exceptional'

S&P Global Ratings, the world's leading independent credit ratings provider, has affirmed its 'A' long-term financial strength ('AAA' capital) and counterparty credit ratings on the Britannia P&I Club.

It added that the outlook remains stable based on the expectation that Britannia's capital adequacy will remain at a level consistent with S&P's 'AAA' benchmark.

The Club's stronger balance sheet also led it to revise its assessment of Britannia's liquidity from "strong" to "exceptional".

In a statement the credit agency said that strong earnings in February 2017 improved Britannia's balance sheet liquidity and its view of Britannia's capital adequacy under S&P's capital model, adding that "Britannia's very strong net combined ratio of 71% in the financial year ending February 20, 2017 exceeded our expectations."

Commenting on the news, Andrew Cutler, CEO of the Club's Managers, said the rating reflected Britannia's financial strength, which was to the benefit of its members. "This financial strength has enabled us to return USD30.8 million to our members over the past nine months, having redistributed USD20m worth of surplus capital in May of this year and waived deferred calls to the tune of USD10.8m in October last year."

"We will continue to use our financial strength to support our members while providing them with the highest levels of service," he said.

S&P said that significantly lower than expected costs on large claims and a light experience on the pool contributed to the performance. The combined ratio benefited from USD75 million of reserve releases in 2017, which was largely in line with past years' improvements in reserves, it added.

In its report S&P said that, following a USD20 million capital distribution announcement for the first time in May 2017, it projected comparable distributions annually for the next three years. "We think that future distributions will be fully supported by profit generation and will have a fairly neutral impact on the existing capital cushion that supports our view of Britannia's capital strength."

"Britannia has good access to potential sources of liquidity, mainly premium income and an asset portfolio that contained about USD1.2 billion in cash and high quality marketable securities as of February 2017. There is no debt to be repaid over the next 12 months and we consider the company capable of managing unexpectedly large claims relatively quickly," it said.

ENDS