

9 May 2019

2019 Financial Statements – Britannia declares another USD10m dividend to Members

Highlights

- Britannia remains in robust financial health (rated A (stable) by S&P) despite a challenging year
- A further dividend of USD10m to be paid to P&I mutual Members
- Nil general rate increase for both P&I and FD&D calls

Financial overview

The Association remains in robust financial health, with S&P rating Britannia A (stable), with AAA capital and exceptional liquidity, despite the 2018/19 policy year being challenging due to a combination of disappointing investment returns and claims being higher in value than expected. Britannia's strong capital position enabled the Board to agree nil general rate increases for both P&I and FD&D calls (for the third and sixth consecutive year respectively).

For the 2018/19 financial year, Britannia incurred an overall deficit of USD9.3m after tax, including an investment loss of USD2.6m (although investments have recovered strongly during the first two months of the new financial year). At 20 February 2019 the Association's reserves stood at USD391m (after taking into account the USD30m capital distribution made to Members during 2018) and the surplus assets in Boudicca (which are available to meet future claims) were USD197m.

Despite the deficit in 2018/19, the Association's financial strength enabled its Board to declare another USD10m dividend payable to mutual P&I Members with ships on risk as at midnight GMT on 9 May 2019 (pro rata based on premium). The call decisions and capital distribution re-affirm the Association's commitment to mutuality, while providing competitive and stable insurance for its Members.

Claims

The aggregate value of retention claims during the 2018/19 policy year was higher than expected, driven by a larger number of high value claims (i.e. those in excess of USD1m). There were 18 such claims notified in 2018/19 compared to 13 in 2017/18. International Group Pool claims were marginally higher in aggregate value than the previous year but, as with high value retention claims, there was a significantly higher number of notifications (23 compared to 13). The reserves held against Britannia's share of those claims has been set at a level sufficient to absorb any further deterioration.

Chairman's statement

Commenting on the results for the year, the Association's Chairman, Nigel Palmer OBE, said:

"Britannia continues its mission to be the finest provider of P&I and FD&D insurance. Central to that is service and the last year has seen us obtain branch licences in Hong Kong and Singapore, open a claims hub in Greece and establish a new exclusive correspondent in Denmark. Our other key membership regions have also benefitted from strengthened service through local recruits or secondments. The past year has also seen us take steps to avoid Members being adversely affected by Brexit, with the creation of a 'sister' insurer, Britannia Europe, based in Luxembourg.

Underpinning our service is the financial strength of the Association, confirmed by our S&P rating of A (stable), with AAA capital and exceptional liquidity. That strength allowed for robust decisions by the Board, including declaring a nil general increase for both P&I and FD&D calls for 2019/20 (for the third and sixth consecutive year respectively), a further USD10m capital distribution (which brings those distributions to USD70m in just over two years) and improved FD&D terms.”

Britannia's [Review of the Year - 20 February 2019](#) is available on the Association's website.

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KEY FINANCIAL STATEMENTS

	20 Feb 2019 (gt million)	20 Feb 2018 (gt million)	20 Feb 2017 (gt million)
Entered tonnage (owned)	112.0	107.0	100.9
Entered tonnage (chartered)	19.0	20.0	15.0
	USD(000)	USD(000)	USD(000)
Calls and premiums	204,415	208,147	225,854
Net claims incurred	(119,600)	(93,552)	(130,268)
Investment income	(2,643)	48,626	28,716
Net operating expenses	(28,649)	(25,666)	(25,719)
Net income after taxation	(9,297)	80,615	32,946
Free reserves*	390,660	429,957	379,342
Net loss ratio	83.8%	61.4%	80.9%
Average expense ratio	10.90%	9.73%	9.42%
Standard & Poor's rating	A (stable)	A (stable)	A (stable)

*The Association benefits from a reinsurance contract with Boudicca Insurance Company Limited.

	USD (000)	USD (000)	USD (000)
Boudicca's surplus assets available to meet future claims by the Association	196,900	211,600	221,700