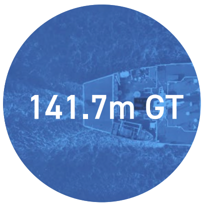
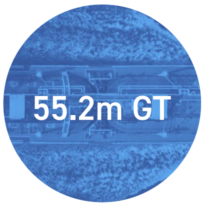
BRITANNIA GROUP 2025/26 RENEWAL SUMMARY

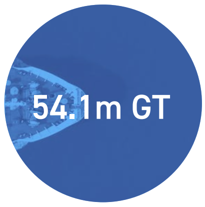
THE BRITANNIA GROUP ANNOUNCES A FURTHER CAPITAL DISTRIBUTION TO ITS MEMBERS, UNDERLINING ITS FINANCIAL STRENGTH. ADDRESSING THE UNDERWRITING DEFICIT WILL CONTINUE AT THE 2025/26 RENEWAL THROUGH A SUITE OF MEASURES INCLUDING INCREASING P&I RATES.



TOTAL OWNED P&I TONNAGE



TOTAL CHARTERED TONNAGE



TOTAL OWNED FD&D TONNAGE

The Britannia Group had a solid 2024/25 renewal with both owned and chartered tonnage remaining consistent year-on-year. Progress was made in addressing the underwriting deficit, but this is not yet complete and will continue at the 2025/26 renewal.

For the 2025/26 renewal the Britannia Group will therefore continue its strategy of addressing the underwriting deficit while supporting its Members with a capital distribution. The Britannia Group re-affirmed its commitment to achieving underwriting balance and its strategic aims of:

- supporting mutuality; and
- delivering cost-effective insurance over the long-term, avoiding unbudgeted Calls.

RETENTION & POOL CLAIMS

Pool claims are higher in 2024/25 than the last two years. Retained claims below USD1million in value are within projection but claims between USD1million and USD10million in value are showing increased severity at the half-year. This will impact the Britannia Group's performance for 2024/25 and is likely to result in a deterioration in the Club's combined ratio.

BRITANNIA GROUP'S CAPITAL STRENGTH

The Britannia Group remains financially strong and the year to date has seen an increase in capital due to a healthy return on investments. This keeps the Britannia Group significantly above the level required for AAA capital status with S&P.

CAPITAL DISTRIBUTION

The Boards agreed a further Capital Distribution payable to mutual Class 3 Members' vessels that renew at 20 February 2025. The distribution amounts to 18% of net premium (approximately 12% on a gross ETC) and will be offset against the first instalment due for the 2025/26 policy year. On the Britannia Group's current book, this amounts to USD30 million and brings the total of capital distributed to mutual Class 3 Members since 2017 to USD160 million.

RENEWAL 2025/26

The Britannia Group will maintain its approach of adjusting Members' rates based on their individual record and risk profile, in addition to any changes in the cost of the International Group Reinsurance Programme. The Britannia Group will use a technical approach at renewal to achieve adequate and sustainable premiums as it seeks to achieve underwriting balance over the next 2-3 years. For the 2025/26 renewal, the Boards have targeted a minimum of 7.5% rate increase on the expiring Britannia Group Class 3 ETC and an additional 2.5% from remedial action.

Minimum standard deductibles for crew, cargo and all other claims were last increased 2 years ago (the 2023/24 renewal). The Boards agreed that, to reflect significant societal and claims inflation, from 2025/26 minimum deductibles will increase as follows: crew USD10,000 (previously USD7,000); cargo USD22,500 (previously USD19,500); and all other USD15,000 (previously USD13500).

In respect of FD&D the Boards noted the development of the Britannia Group's USD7,500 reverse deductible (increased from USD5,000 in 2018/19) and USD150,000 Members cap on their contribution (introduced in 2019/20). The Boards noted that this model is out of step with peers and increasingly difficult to adequately price for the risk assumed.

Therefore, to simplify the Britannia Group's FD&D offering, the Boards therefore decided to remove the USD7,500 reverse deductible and USD150,000 cap. In addition to those structural changes, Members' FD&D rates will be adjusted to reflect their individual claims records and risk profiles. Again, the aim is to achieve an improvement in pricing adequacy.

Under the new structure there will be no deductible in place with cover commencing from the ground up but with the Member bearing one-third of the total costs and Britannia Group two-thirds up to the policy limit.

The Britannia Group's priority remains safeguarding the Club's financial strength while providing Members with the highest quality service and supporting mutuality. The Boards' decisions on rating and a further capital distribution support those priorities.

BRITANNIA
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