SHIPOWNERS

2025 Annual Report

Ensuring Peace of Mind



Contents

Overview

02

02 Introduction
03 2025 performance
05 Our Membership
06 Chair's report
09 Spotlight: 170th anniversary
10 Chief Executive's report
13 Our strategy

Operations review

14

15 Introduction
16 Spotlight: Broker research
17 Operations review
20 Spotlight: Hull & Machinery (H&M)
24 Spotlight: People & Culture

Corporate governance

25

26 Notice of meeting
27 Committee responsibilities
28 Our Board of Directors
31 Our executive management team
33 Review of Board meetings

Financial review

34

35 Report of the Directors
37 Risk Management
40 Report of the Réviseur d'Entreprises Agréé
43 Consolidated balance sheet
44 Consolidated income and expenditure account
45 Notes to the consolidated annual accounts
51 Additional information (unaudited)
52 Corporate information

Spotlight: 170th anniversary



Spotlight: Broker research



Spotlight: Hull & Machinery



Spotlight: People & Culture



Further information:

Read more online · Read more in this report · Watch our videos · Click an icon

Welcome to our 2025 Annual Report

Who we are

We are a mutual insurance association offering Protection & Indemnity (P&I), Legal Costs Cover (LCC) and associated insurances to smaller and specialist vessel owners, operators and charterers around the world.

As a mutual association, the Club is owned and governed by its Members. Members share risk and we operate on a non profit-making basis. The Board of Directors is substantially drawn from the Membership. Underwriting, claims, loss prevention and crew welfare services are provided by the Managers of the Club on behalf of the Association.

Read more online
Who we are



2025 performance

Financial highlights

Combined ratio (%)

99.6% 2024: 98.8%



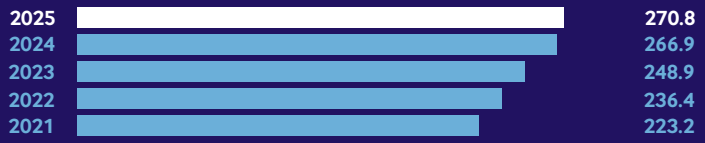
Capital & free reserves (US$)

530.7m 2024: 447.5m



Earned premiums net of reinsurance (US$)

270.8m 2024: 266.9m



Income and expenditure (year ended 31 December 2025)

(US$ millions)	2021	2022	2023	2024	2025
Earned premiums, net of reinsurance	223.2	236.4	248.9	266.9	**270.8**
Incurred claims, net of reinsurance	(161.2)	(167.3)	(173.8)	(188.5)	**(191.4)**
Operating expenses	(59.1)	(63.0)	(71.0)	(75.2)	**(78.4)**
Underwriting result	2.9	6.2	4.1	3.2	**1.0**
Investment result less tax/other	14.5	(65.3)	65.4	37.4	**82.2**
Change in free reserves	17.4	(59.1)	69.5	40.6	**83.2**
Combined ratio	98.7%	97.4%	98.4%	98.8%	**99.6%**

Balance sheet (as at 31 December 2025)

(US$ millions)	2021	2022	2023	2024	2025
Investments at market value and cash	786.7	740.0	850.9	891.4	**996.8**
Other assets	112.0	122.8	124.3	132.7	**132.2**
Creditors	(34.3)	(33.9)	(45.4)	(38.2)	**(37.9)**
Net assets before reserves	864.4	829.0	939.8	985.9	**1,091.1**
Net technical provisions	(468.0)	(491.6)	(523.0)	(538.4)	**(560.4)**
Capital and free reserves	396.4	337.4	406.8	447.5	**530.7**

Throughout this report some figures are reported in $ millions and hence small rounding differences can arise.

2025 Performance continued

Operational highlights

Standard & Poor's rating

A (stable) –

2024: A (stable)

Total Members

8,296 ↓

2024: 8,671



GT Total entered tonnage

34.4m ↑

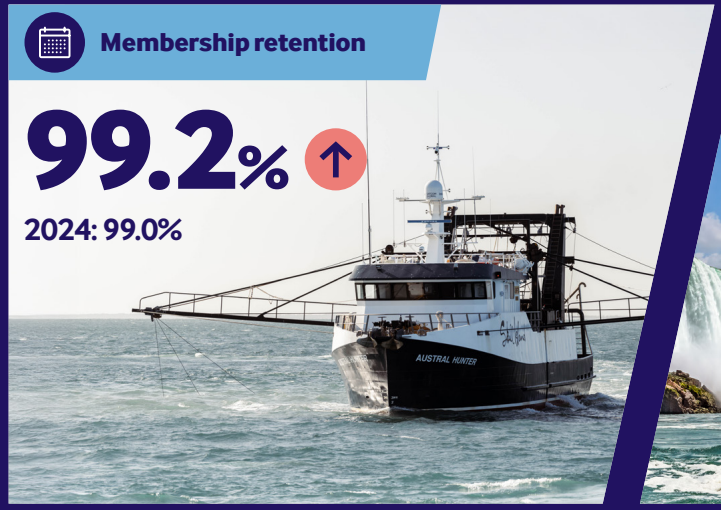
2024: 32.9m



Membership retention

99.2% ↑

2024: 99.0%



Entered vessels

35,378 ↓

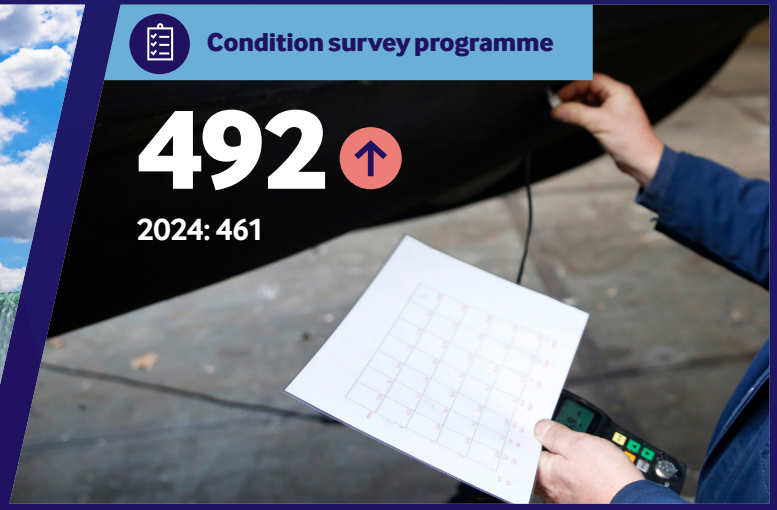
2024: 35,733



Condition survey programme

492 ↑

2024: 461



Our Membership

Our Members operate in a variety of specialist sectors across the globe, providing the Club with a spread of risk and relatively low exposure to individual catastrophe.

Where we operate

Click each region for a detailed breakdown

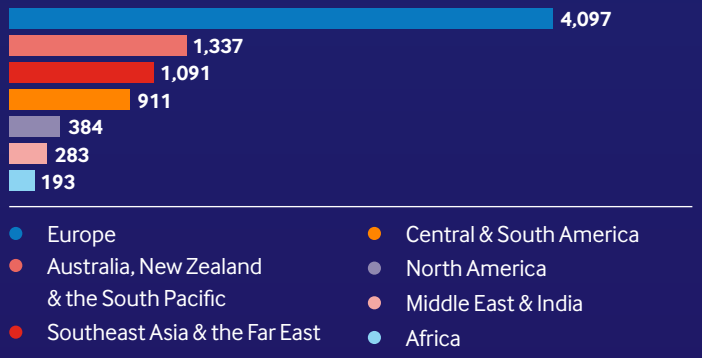


Click each icon for a detailed breakdown

Total Members by region

49.4% 2024: 48.8%

of the Club's total Members are based in Europe



Our Membership

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Where we operate

Click each region for a detailed breakdown

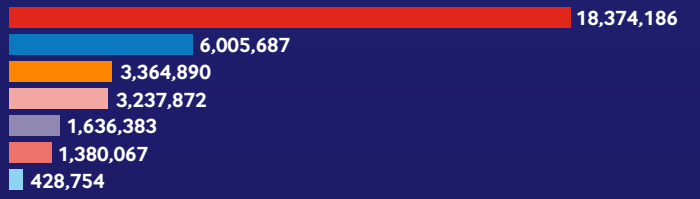


Click each icon for a detailed breakdown

Total tonnage by trading area

53.4% 2024: 52.5%

of the Club's total GT is traded in Southeast Asia & the Far East



- Southeast Asia & the Far East
- Europe
- Central & South America
- Middle East & India
- North America
- Australia, New Zealand & the South Pacific
- Africa

Our Membership

Our Members operate in a variety of specialist sectors across the globe, providing the Club with a spread of risk and relatively low exposure to individual catastrophe.

Where we operate

Click each region for a detailed breakdown

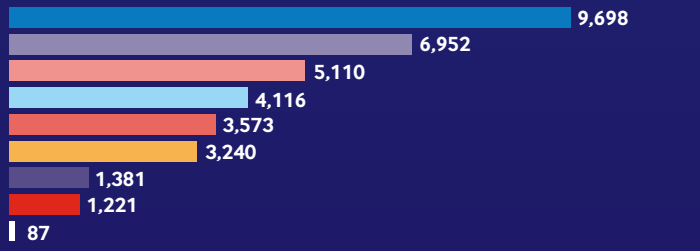


Click each icon for a detailed breakdown

Total vessels by sector

27.4% 2024: 26.7%

of the Club's total vessels are in the Harbour sector

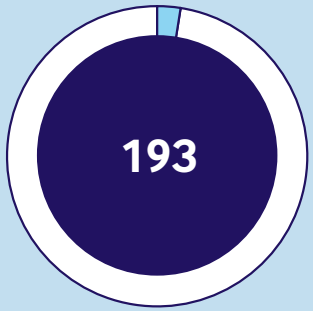


Our Membership

Africa

Members

2.3%



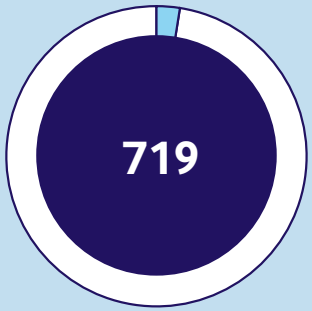
Tonnage

1.2%



Vessels

2.0%



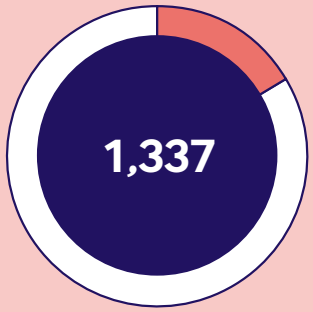
These percentages and numbers represent the location's proportion of the Club's total Members, tonnage and vessels.

Our Membership

Australia, New Zealand & the South Pacific

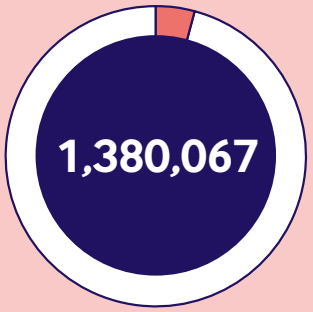
Members

16.1%



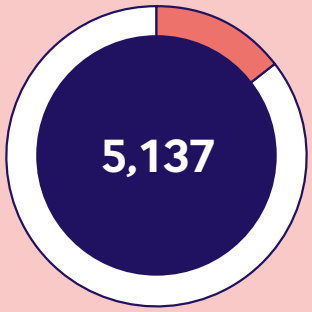
Tonnage

4.0%



Vessels

14.5%



These percentages and numbers represent the location's proportion of the Club's total Members, tonnage and vessels.

Our Membership

Central & South America

Members

11.0%



Tonnage

9.8%



Vessels

10.8%



These percentages and numbers represent the location's proportion of the Club's total Members, tonnage and vessels.

Our Membership

Our Memb
across the
and relativ

Where we ope

Click each
for a detaile

Europe

Members

49.4%

4,097

Tonnage

17.4%

6,005,687

Vessels

29.5%

10,417

These percentages and numbers represent the location's proportion of the Club's total Members, tonnage and vessels.

our sector

9,698

6,952

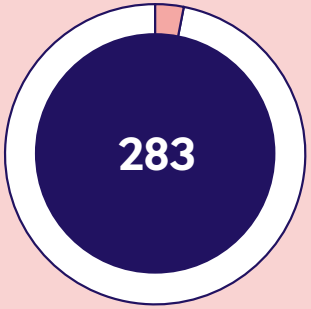
Yachts
Tankers
Dry Cargo
Autonomous

Our Membership

Middle East & India

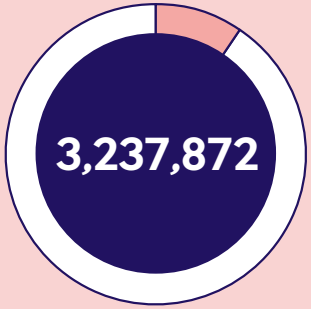
Members

3.4%



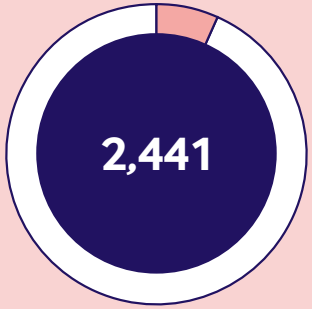
Tonnage

9.4%



Vessels

6.9%



These percentages and numbers represent the location's proportion of the Club's total Members, tonnage and vessels.

Our Membership

Our Memb
across the
and relativ

Where we ope

Click each
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North America

Members

4.6%

384

Tonnage

4.8%

1,636,383

Vessels

8.4%

2,955

These percentages and numbers represent the location's proportion of the Club's total Members, tonnage and vessels.

our sector

9,698

6,952

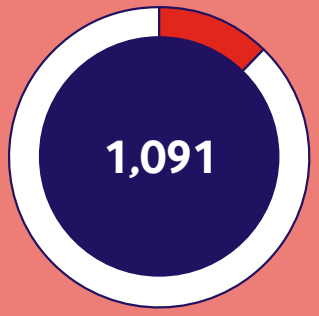
Yachts
Tankers
Dry Cargo
Autonomous

Our Membership

South East Asia & the Far East

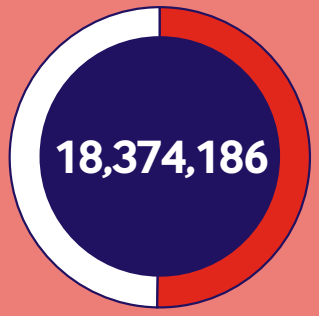
Members

13.2%



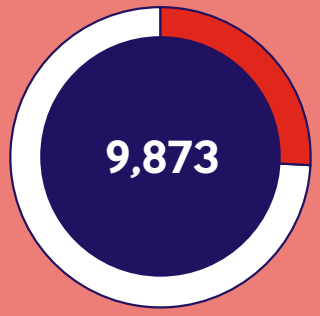
Tonnage

53.4%



Vessels

29.5%



These percentages and numbers represent the location's proportion of the Club's total Members, tonnage and vessels.

Chair's report

"There is a great diversity of nationalities and vessel types among the Membership, but there are many similarities in the form of their professionalism and dedication to excellence."

Donald A. MacLeod KC
Chair

Underwriting surplus (US$)

1.0m ↓ 2024: 3.2m

Membership retention (%)

99.2% ↑ 2024: 99.0%

Combined ratio (%)

99.6% ↑ 2024: 98.8%



Chair's report continued

When I look back on the past year and remember the many Members I have met, it is fair to say that good operators, who are dedicated to excellent service, abound at the Shipowners' Club.



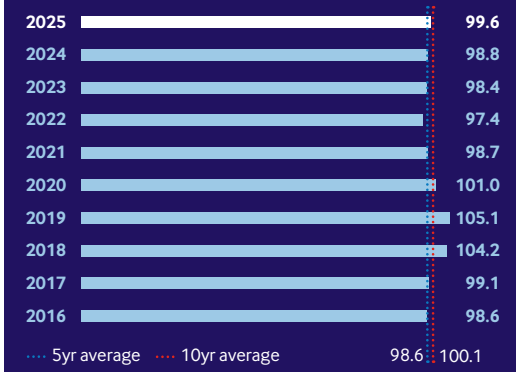
On December 31, 2025, our Club had 8,296 Members and 35,378 ships entered, from multiple shipping sectors all over the world. There is a great diversity of nationalities and vessel types among the Membership, but there are many similarities in the form of their professionalism and dedication to excellence.

2025 marked the 170th anniversary of the Shipowners' Club and we took the opportunity to celebrate this significant milestone with Members by commissioning a book, with contributions from Members, brokers, correspondents and friends from around the globe. We also hosted special celebrations in Singapore, Hong Kong, Piraeus and London.

During the editing of the book and by attending our anniversary events, I had the great pleasure of hearing from Members and meeting them in person. The Board and management are proud of our Membership, but even more importantly it is gratifying to know that the Members are proud to belong to the Shipowners' Club.

Read more online
Renewal 2026-2027

Combined ratio %



Strategic Goals

CAPITAL ADEQUACY & RISK MANAGEMENT

10-year average

100.1%

The Club achieved a combined ratio of 99.6% in financial year 2025, in line with its mutual ethos of providing insurance at cost to its Members.

Chair's report continued

I would like to quote a passage from our 170th anniversary book, submitted by our Greek Member Niko Bollo of San Nikolla Ship Management, which captures the essence of the relationship between Members and their Club:

> Our relationship with the Club goes beyond insurance – it's built on accessibility, common sense, and trust. Whether dealing with a claim in a remote port or seeking guidance on contractual wording, the Club has consistently responded with speed and clarity. What sets them apart is their understanding of the real-world challenges we face daily as ship owners – and their ability to support us without bureaucracy, even in the most time-critical situations. After so many years, the Club feels like home to us, and we can confidently say we will remain with them for the long haul.

Niko Bollo
Member, San Nikolla Ship Management

Our results for 2025 speak for themselves. The Club had a combined ratio of 99.6%, which contributed to a 5-year combined ratio average of 98.6% and a 10-year combined ratio average of 100.1%.

Once again, one of the hallmarks of the Club was disciplined underwriting. We declined US$ 66m of potential new business for reasons of risk and/or price, and yet still secured gross premiums of US$ 306.9m – an increase of US$ 6.5m, or 2.2%, over last year, through organic growth and the attraction of new Members.

As a mutual organisation, we strive to offer insurance at cost wherever possible. We did not seek a general increase during 2025, and the stated policy of the Club remains to only ask Members for what is needed to continue the tradition of balanced underwriting in the best interests of our Membership. I am pleased to report we had a modest surplus on underwriting of US$ 1.0m in 2025.

Through prudent stewardship of our investments, we seek to build reserves to respond to the needs of the Membership in an increasingly volatile world. We have been ably assisted by Bergos, our bankers, and were pleased to secure a strong investment return of US$ 85.1m, or 10.1%, for 2025.

Uncertainty on the geopolitical front and volatility in investment markets require strong and prudent reserving to address the unknown future.



At the time of writing, we are seeing considerable uncertainty and volatility as a result of the war in the Middle East. With this uncertainty in mind, the Club will continue on the path of disciplined underwriting and its conservative investment strategy. It was gratifying to have Standard & Poor's once again affirm our rating of A (stable outlook) and to note that part of the rationale for this rating was our consistency and stability, demonstrated through, for example, our stable and solid financial results, our ongoing underwriting discipline and our strong capital position.

At our annual general meeting in June 2026 Philip D. Orme will retire from the Board after 21 years of sterling service to the Club as a Director, Chairman of the Finance Committee, Vice Chairman and Chairman of the Club. I would like to thank Phil on behalf of the Board and the Club as a whole, for his many years of dedicated service to the Club and for his leadership as Chairman, especially during the years of the pandemic. We will also say goodbye in June to Simon Peacock, our CEO, after 10 years of service first as CFO and then as CEO. Simon has left his mark on the Club in both roles and is the most recent in a long line of excellent CEOs at the Club. Marcus Tarrant will assume the CEO position in June with the full support of the Board. The Board and I look forward to working with Marcus over the coming years.

2026 will bring its challenges but the Club's consistent ethos and focus will enable the Shipowners' Club to weather whatever the next year may bring. Our Members can count on their Club to provide the support they need.

Yours very truly,

Donald A. MacLeod KC
Chair

Spotlight

170th anniversary

In 2025, the Shipowners' Club celebrated a remarkable milestone, marking 170 years of service to the global maritime community. Founded by John Bagwell Holman in 1855, the Club has evolved from a small insurance association into the leading mutual P&I insurer for smaller and specialist vessels.

To recognise this historic achievement, the Club produced a commemorative publication titled *Stories from the Shipowners' Club*, which features a collection of reflections, memories and photos from former and current stakeholders. All these stakeholders have contributed towards the Club's growth and success in their own way, and the Club wouldn't be where it is today without their time, dedication and loyalty.

From first impressions to the Club's diverse Membership – the publication delves into several core themes, which punctuate an immersive chronological timeline, highlighting pivotal moments in the Club's history.

Recognising the importance of the Club's international and local partnerships, a series of anniversary events were hosted across its various office locations to mark the anniversary and launch of the publication.

Gatherings in London, Singapore, Greece and Hong Kong brought together Club stakeholders to celebrate, reminisce and reflect on shared successes.

Whilst the 170th anniversary provided a moment to look back on how the Club has grown and adapted over time, the core focus remains unchanged. The Club will always have the best interests of its Membership at the forefront, striving to Ensure their Peace of Mind as it continues to navigate this ever-changing landscape alongside them and their brokers.

Read more online
170 years of the Shipowners' Club







Chief Executive's report

"We continue to be delighted and humbled by the unwavering commitment of our broad network of stakeholders, which has been established over so many years."

Simon Peacock
Chief Executive

Capital & free reserves (US$)

530.7m ↑ **2024:** 447.5m

Earned premiums net of reinsurance (US$)

270.8m ↑ **2024:** 266.9m

Read more in this report
Combined ratio & underwriting surplus



Chief Executive's report continued

As noted by the Chair in his report, last year saw the Shipowners' Club celebrate its 170 year anniversary.

This milestone gave the Club's Board and management a wonderful opportunity to celebrate with a great many of our Members, as well as with the wide network of people and organisations that are so fundamentally important to the Club, not least the brokers, the correspondents, the lawyers, the surveyors, the reinsurers and the bankers who support the Club so well.

Whether it was through these celebrations or through other occasions where our paths crossed, we continue to be delighted and humbled by the unwavering commitment of that network, which has been established over so many years. We will never take that loyalty for granted, and we will continue to strive to ensure that the trust that is shown in the Club is well-deserved.

Closer to home, I must also give sincere thanks to my colleagues. I am always amazed at how the Club's positive culture pervades across our office locations. Whether in Luxembourg, London, Greece, Hong Kong or Singapore, I can be sure that the same sense of commitment and the same sense of conviviality will be present.

We are very proud of the depth and breadth of the insurance product that we offer to our Members, but without our collective commitment to delivering that insurance product in the most professional and user-friendly manner possible, we can be sure that the positive feedback that the Club receives would soon evaporate. As my good friend and colleague, Marcus Tarrant, takes on the CEO reins, I know he will be grateful to be supported by such a great bunch, just as I have been during my time with the Club.

Towards the end of 2025, we commenced a survey of the broking community that sought to ensure that the Club had a clear understanding of what it was doing well and what it could do better. All but 22 of the Club's 8,296 Members are introduced to us by a broker. The brokers are demonstrably vital to our success, and it was therefore incredible to learn that we received a 'net promoter score' (NPS) of +72 from the broking community, along with an overall satisfaction score of 8.8 (out of 10). Those brokers and their clients (our Members) can be assured that we will continue to focus on ensuring excellence in our service, and hence we will seek to continue to merit such scores into 2026 and beyond.



The results of the broker survey are just one way in which we can monitor how well the Club is performing. Another way is through our financial results. The Chair touches on these results in his report. As a mutual insurance organisation, we exist for our Members – we are controlled by them and we seek to meet their needs. A key need of our Members is to ensure their peace of mind, with the provision of first-rate service and cover. Another key need is to charge a fair price and to deliver that service 'at cost'.

Read more in this report
Our strategic goals

Chief Executive's report continued

Once again, the Shipowners' Club is able to point to the lowest level of premium rise requests in our industry over a ten-year period. In turn, the premium which we have asked for from our Members has been sufficient to deliver a ten-year combined ratio average of 100.1%. If we add to that the fact that we also continue to deliver the lowest level of volatility in our combined ratio result, then our Members can hopefully be assured that we are delivering what they need, with consistency, year in, year out.

Whilst we have sought to keep premiums charged to our Members to a minimum, we have still seen good levels of premium growth. Over the course of 2025, we have seen an increase in our gross premium to US$ 306.9m. The steady growth that we have seen over a number of years has been generated in broadly equal measure by organic growth (existing Members entering new vessels with us and/or seeking increased services from the Club) and new Members joining the Club. Our focus on risk management is such that we take great care to only write new business where it is of mutual benefit to the wider Club and therefore, as noted by the Chair, during 2025 we chose not to write premiums of some US$ 66m for reasons of the risk and/or price not being supportable. Further, we also trimmed our exposure in certain parts of our market for reasons of risk mitigation.

We are all experiencing changes to how we interact with technology in our daily lives. In response to the opportunity that technology can offer, we have continued to develop our P&I Online offering. This allows brokers to access Member data on a 24/7 basis, and also allows straight-through processing for the binding of many risks. We bound US$ 36m of premium through our P&I Online portal in 2025, and we expect this will continue to see growth in usage by brokers in the coming years. This technological advancement allows brokers to interact with the Club in the manner of their choosing – either online or face to face. Whilst we recognise the efficiency benefits that can come from our online service, we equally never wish to lose the benefit and enjoyment of personal interaction.



Turning my thoughts to the coming year, we are currently seeing a softening insurance market. We have been here before, and we have seen how such conditions can tempt some insurers to offer premium levels which are unsustainable over the medium to long-term. We will not be such an insurer. We will maintain our underwriting discipline and hence we will continue to provide excellent service at a fair price, safe in the knowledge that this is the right thing to do for our Members and for the long-term health of their Club.

Whilst global economic growth is currently somewhat fragile, at the time of writing, growth does still exist, and the Club's wide spread of 35,378 vessels, trading across many sectors and across many geographies, will be there to facilitate that growth – whether through energy provision, port operations, food provision, the delivery of tourism or the myriad other ways in which our Members support the global economy. The Shipowners' Club looks forward to ensuring peace of mind for those Members, to give them the comfort that their marine insurance risks are well catered for, today and always.

> Once again, the Shipowners' Club is able to point to the lowest level of premium rise requests in our industry over a ten-year period.
>
> **Simon Peacock**
> **Chief Executive**

Finally, returning to that 'great bunch' that I referred to earlier – it has been a pleasure to serve the Shipowners' Club for the past decade and to work with such a fantastic range of people, both internally and externally. I look forward to seeing the Club continue to go from strength to strength as a result of the collective efforts of those people.



Simon Peacock
Chief Executive

Read more in this report
Our Executive Management team

Our strategy

Our strategic goals

We have developed our strategic goals by assessing our competitive position, risk appetite, regulatory environment, capital strength and ORSA (Own Risk and Solvency Assessment).

Delivering on these strategic goals and our 'key guiding principles' enables us to be the number one market leader in the smaller and specialist vessel sector.

Click each strategic goal for more information



- STEADY GROWTH
- CAPITAL ADEQUACY & RISK MANAGEMENT
- RETAINED BUSINESS
- OPERATIONAL EFFICIENCY
- BRAND RECOGNITION
- DEVELOPED STAFF & COLLABORATION
- STAKEHOLDER PEACE OF MIND

Standard & Poor's rating

A (stable)

The Club's current 'A' (stable outlook) rating from Standard & Poor's underlines our financial strength and our risk management. As a mutual organisation, this strength allows the Club to write business 'at cost' and to continue to provide a market-leading P&I insurance service.

Our strategy

Our strategic goals

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Click each strategic goal for more information



Standard & Poor's rating

A (stable)

The Club's current 'A' (stable outlook) rating from Standard & Poor's underlines our financial strength and our risk management. As a mutual organisation, this strength allows the Club to write business 'at cost' and to continue to provide a market-leading P&I insurance service.

STEADY GROWTH

Over the long term, to maintain steady growth in premium without ever sacrificing our underwriting discipline – business is proudly written for the mutual benefit of the Club.

Our strategy

Our strategic goals

We have developed our strategic goals by assessing our competitive position, risk appetite, regulatory environment, capital strength and ORSA (Own Risk and Solvency Assessment).

Delivering on these strategic goals and our 'key guiding principles' enables us to be the number one market leader in the smaller and specialist vessel sector.

Click each strategic goal for more information

Standard & Poor's rating

A (stable)

The Club's current 'A' (stable outlook) rating from Standard & Poor's underlines our financial strength and our risk management. As a mutual organisation, this strength allows the Club to write business 'at cost' and to continue to provide a market-leading P&I insurance service.



CAPITAL ADEQUACY & RISK MANAGEMENT

To maintain a strong Balance Sheet to support independence, including an A credit rating and capital adequacy in excess of the 99.95%/99.99% threshold, and to satisfy compliance, IT security and regulatory requirements.

Our strategy

Our strategic goals

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Delivering on these strategic goals and our 'key guiding principles' enables us to be the number one market leader in the smaller and specialist vessel sector.

Click each strategic goal for more information



RETAINED BUSINESS

Priority will be placed on business retention and nurturing our key broker relationships.

Standard & Poor's rating

A (stable)

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OPERATIONAL EFFICIENCY

Achieve more with what we have – improve service and increase growth with the same resources.

Our strategy

Our strategic goals

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Delivering on these strategic goals and our 'key guiding principles' enables us to be the number one market leader in the smaller and specialist vessel sector.

Click each strategic goal for more information



BRAND RECOGNITION

Members, brokers, employees and markets to recognise the Club's brand and understand its brand differentiators.

Standard & Poor's rating

A (stable)

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DEVELOPED STAFF & COLLABORATION

Recruit, train and retain colleagues who are technically outstanding, imaginative and committed to offering the highest service levels with a joined-up approach between branches and departments.

Our strategy

Our strategic goals

We have developed our strategic goals by assessing our competitive position, risk appetite, regulatory environment, capital strength and ORSA (Own Risk and Solvency Assessment).

Delivering on these strategic goals and our 'key guiding principles' enables us to be the number one market leader in the smaller and specialist vessel sector.

Click each strategic goal for more information



Standard & Poor's rating

A (stable)

The Club's current 'A' (stable outlook) rating from Standard & Poor's underlines our financial strength and our risk management. As a mutual organisation, this strength allows the Club to write business 'at cost' and to continue to provide a market-leading P&I insurance service.

STAKEHOLDER PEACE OF MIND

Members and their brokers to have access to our team of specialist, expert and proactive claims, loss prevention and crew welfare services, who are there to provide a tailored and timely response, delivered with fairness and integrity.

Operations review

During 2025, the Club continued to see growth in overall gross tonnage and premium income, despite a small reduction in the number of vessels and Members. The majority of the growth came from existing Members increasing their entries with the Club, with 45% of the additional income generated by new Members."

Ian Edwards
Director – Underwriting



Introduction

At the heart of the Shipowners' Club's service are the three core vessel operational areas that, through daily collaboration, ensure Members' interests remain central to every decision made.

Ian Edwards, Britt Pickering and Louise Hall represent the Underwriting, Claims, and Loss Prevention departments, and by working together, they provide a coactive approach that helps embody the Club's mutual ethos.

As Director of Underwriting, Ian Edwards oversees the technical underwriting result, risk appetite and underwriting discipline that underpin the Club's long-term financial stability. Working alongside Underwriting, Britt Pickering, Director of Claims and Legal, ensures that when incidents occur, Members receive practical, timely and equitable support. Providing expert legal and claims-handling guidance through a 24/7 global service, Britt's team applies sound judgement and disciplined decision-making to protect Members' interests and uphold the collective integrity of the wider Membership.

Louise Hall, Director of Loss Prevention and Corporate Responsibility, completes this synergetic approach by focusing on risk mitigation, safety and sustainability. The Loss Prevention team's guidance, Condition Survey Programme (CSP) and industry engagement aims to reduce instances of claims before they arise, supporting both safety and long-term mutual performance of the entered fleet.

Together, Ian, Britt and Louise work in constant collaboration, aligning underwriting insight, claims experience and loss prevention intelligence to ensure decisions are informed, balanced and always made with the intention of ensuring peace of mind.



Spotlight

Broker research

Towards the end of 2025, as part of the Club's ongoing ambition to understand and respond to the priorities and concerns of our international broker community, the Club commissioned a programme of research to measure its performance and progress across a variety of areas.

Over 130 respondents took part in the research, in addition to 9 who participated in further interviews.

We are pleased to report an overwhelmingly positive response with regards to customer satisfaction, with an overall score of 8.8 out of 10. Furthermore, we are greatly encouraged to receive a Net Promoter Score (the likelihood of a broker recommending the Club to clients or colleagues) of +72. The research also provided the following insights:

- The Club is widely recognised for delivering professional, high-quality service, responsiveness and deep industry expertise, and is strongly associated with positive attributes.
- The Club demonstrates best-in-class scores across key performance aspects; scores are particularly strong for staff knowledge, and being fair and flexible on payment claims.

Key Highlights

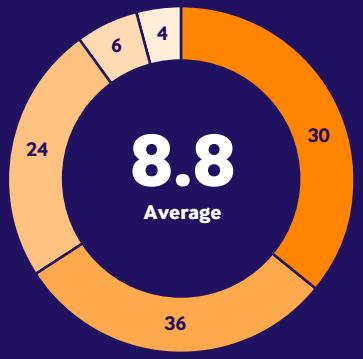
9 in 10

brokers agree that the Club is a service-focused insurer with a strong future in P&I

65%

of brokers consider the Club the best available provider in small vessel insurance due to its depth of expertise

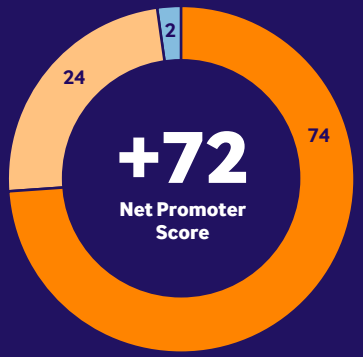
Overall satisfaction with the Shipowners' Club (%)



Scale

10	5
9	4
8	3
7	2
6	1

Likelihood to recommend the Shipowners' Club (%)



Key

- Promoters (9-10)
- Passives (7-8)
- Detractors (0-6)

Operations review

During 2025, the Club continued to see growth in overall gross tonnage and premium income, despite a small reduction in the number of vessels and Members.

The majority of the growth (55%) came from existing Members increasing their entries with the Club, with 45% of the additional income generated by new Members.

The Club received a significant number of new enquiries, representing a potential additional premium income of around US$ 106m. However, US$ 66m of this business was declined due to not meeting the Club's risk appetite.

The impact of social inflation in the United States (US) has been well documented; claims for personal injury have affected the wider insurance market, and P&I is no exception. One particularly large claim in 2024 prompted the Club to reassess its appetite for yacht business with substantial US exposure. The risk of jury awards further increases the potential severity, volatility and uncertainty in the level of claims, and this must be balanced against the risk exposure of the wider Membership.

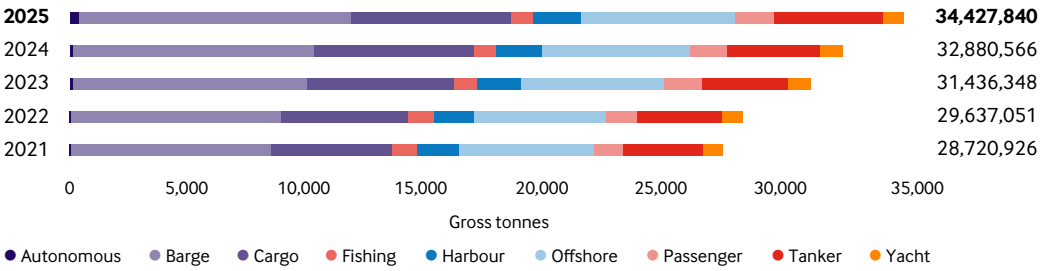
To help address this imbalance, a limit on cover for personal injury claims on yachts which are subject to US jurisdiction was introduced in 2025. Whilst limits of up to US$ 100m are still available, this has resulted in some yachts with considerable US exposure leaving the Club.

Whilst sorry to see this yacht business leave the Club, reducing the exposure to US claims does improve the overall risk profile and will hopefully contribute to a future improvement in the record. This has come under pressure in recent years with a number of expensive wreck removal claims following fires. There has been some speculation regarding the extent to which lithium-ion batteries are a contributory factor. The Club's own analysis suggests that only a fraction of these fires originated from batteries, with the majority resulting from other electrical issues. There is an elevated risk if fire spreads to batteries, as these incidents are more difficult to contain and increase the likelihood of wreck removals.



Total Entered Tonnage

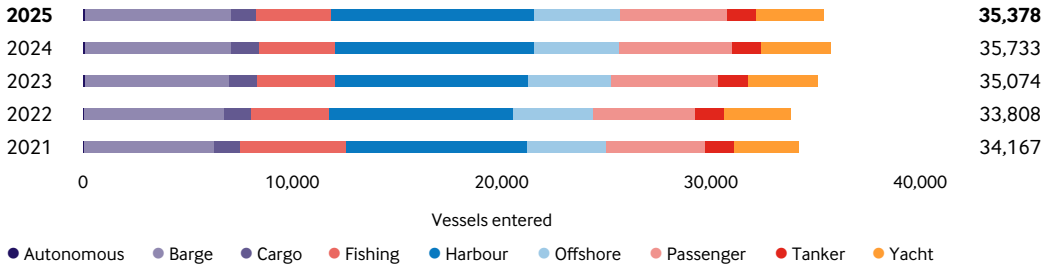
(year ended 31 December 2025)



Operations review continued

Total Entered Vessels

(as at 31 December 2025)



The Club continues to support Members' claims across the yacht community globally. In 2025, the Club handled four high quantum yacht wreck removals. One particularly challenging aspect of yacht claims concerns their unique construction, and the fixtures and fittings installed on board. The disposal of the wreck, including the meeting of overarching environmental regulations for disposal, has proven a particular issue which increases the net liability. However, through the Club's experienced yacht claims team and in conjunction with external experts and lawyers familiar with the yacht industry, we have been able to successfully navigate these challenges.

The Club recognises the unique risks associated with yacht operations. To assist Members in the prevention of fire-related incidents and to address other key risk areas, the Loss Prevention team has produced a range of helpful materials and advice that also relates to claim experience, including a series of podcasts on the topic of yacht electrical fires, with further guidance regarding yacht fire safety awareness while docked in a marina, and fire mitigation, safety practices and safety measures for yachts operating in polar waters.

The impact of social inflation is not confined to the US; the Club has seen a parallel level of personal injury claims in Australia impacting our passenger vessel portfolio. Despite applying increased premiums and deductibles over recent years, there remained a notable imbalance between the premium secured and the level of claims, which has necessitated the Club exiting several operations. Akin to the yacht sector, it is envisaged that this action will lead to an improved risk profile. That said, the Club continues to insure a significant number of passenger vessels. Unlike other commercially operated vessel types, passenger vessels often carry people on board who may be unfamiliar with the marine environment and vessel surroundings.

Broker training

Strategic goals

RETAINED BUSINESS

BRAND RECOGNITION

During the past year, the Club was delighted to host nearly 60 attendees at two separate broker training events in both Singapore and Hong Kong.

The broker training events are designed to introduce early-career brokers to the P&I insurance sector and to provide an overview of the Club's core operations and market differentiation. Our most recent events brought together brokers, and some Members, from across the Asia-Pacific region and included a series of presentations and interactive workshops delivered by colleagues from the Club's Underwriting, Claims, Loss Prevention and Medisea departments.

This year's programme also incorporated a visit to a maritime training academy, where the Club's guests were invited to experience engine room and bridge simulators, as well as virtual reality training facilities. These sessions provided brokers and Members with practical insights into vessel operations, associated P&I risks and the use of technology in seafarer training.



Operations review continued

To support Members, the 'Learning from Passenger Related Incidents' guidance was updated to assist in the mitigation of future incidents. This booklet predominantly focuses on passenger vessels; however, parts of the information may be practical and appropriate for yachts and any other vessels which are certified to carry passengers.

Elsewhere, the Club is pleased to report many positive developments. Growth in income was highest in the passenger and offshore sectors. The main growth in passenger vessels was seen in Central and Latin America and Southeast Asia. Despite some political headwinds in the US, growth in the offshore sector came primarily from Members' investment in vessels operating within the offshore renewables sector. We remain grateful to those Members for placing their continued trust in the Club for this new tonnage.

The Club continued to invest in both its online functionality and its systems to accommodate the provision of Hull & Machinery (H&M) cover, commencing with our UK-based Membership.

As reported in the CEO's report, the Club's P&I Online portal usage grew significantly in 2025, with nearly 2,800 policies bound by brokers, equating to US$ 36m in debited premium income. To further enhance user experience, a mobile app has also been developed. The app offers brokers increased ease and accessibility to their clients' core documents and details, such as loss ratios and renewal documentation.

As part of the Club's strategic roadmap to be able to offer a one stop shop, the functionality to quote and bind H&M business for smaller and lower value vessels domiciled in the UK has also now been completed. This is an important step; however, progress doesn't stop there, as the Club continues to focus on improving this functionality to ensure stakeholders receive the best service possible.

Claims

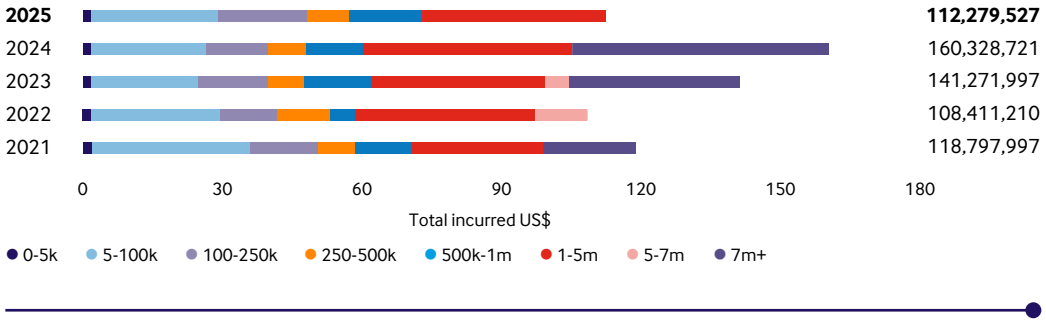
The Shipowners' Club's Claims team provides high-quality, 24/7 global assistance. The Club's experienced claims handlers deliver tailored, practical solutions grounded in fairness and integrity, ensuring that Members' needs are met at the times that matter most. Every claim is handled with a foremost focus on the principle of mutuality.

While the Club adopts a claims-friendly approach in support of its Membership, this is balanced by a robust and disciplined claims management strategy designed to achieve the best possible outcomes for Members.

In line with the Half Year Report 2025, claims frequency has remained broadly stable over the remainder of the year. A modest 2% increase in overall claims frequency was recorded compared to 2024, representing an improvement on the position at the half-year, when frequency was 4.8% higher.

Total Incurred Value Of Claims

(year ended 31 December 2025)



Notwithstanding this slight increase in claims frequency, the overall quantum of incurred claims, including pool claims, is lower. This is against the backdrop of 2024 remaining a particularly adverse year for the International Group pool. The lower quantum in 2025 was driven by the Club being notified of fewer high severity claims above US$ 1m, whilst attritional claims remained elevated. While there was a slight reduction in the number of claims in the US$ 1m band and above, this demonstrates that even a small reduction in the frequency of claims exceeding US$ 1m can result in a disproportionately large reduction in overall claims quantum.

Sanctions

2025 saw the global sanctions landscape become increasingly complex and dynamic, with the US, EU, and UK all operating overlapping regimes that continue to be expanded and updated at a rapid pace in response to geopolitical developments. Sanctions now extend beyond trade restrictions, encompassing services, financing, insurance, and facilitation, with heightened scrutiny of maritime trade activity and evasion practices. This substantially increases compliance risk for participants across the maritime supply chain.

Spotlight

Hull & Machinery (H&M)

In response to Members' evolving needs and in order to maintain its market-leading position, the Club acquired Waterborne Underwriting Agency Limited in 2024. Through this acquisition, the Club is proud to offer Hull & Machinery (H&M) cover, initially to Members domiciled in the UK and Ireland.

WATERBORNE

By offering both P&I and H&M, the Club aims to provide a more streamlined and integrated protection solution for ship owners, while reducing the administrative burden associated with managing two separate policies. This is particularly valuable for smaller or less complex operations, where overheads can be disproportionately high relative to the underlying risk.

Waterborne brings deep expertise in small and specialist hull insurance, which represents over 90% of its portfolio. The business has been established for more than 20 years and is well regarded within its segment of the market.

The Club provides H&M cover through Waterborne as a Managing General Agent (MGA), utilising Lloyd's licensing arrangements. The underwriting capacity is provided by a panel of Lloyd's underwriters, with risks borne by that panel. Policies are administered using the Shipowners' Club's systems, ensuring alignment of service standards and operational oversight.





Read more online
H&M insurance

Click to watch
our video for H&M

Spotlight

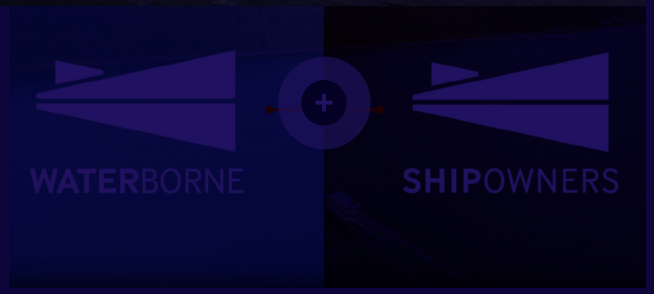
Hull & Machinery (H&M)

**As a mutual organisa
to serve its Member
that they require and
class service – to ens**

In order to respond to Members' r
and to maintain its market-leading
the Club acquired Waterborne Un
Agency Limited in 2024 and is pro
to offer H&M cover to Members in
domiciled in the UK and Ireland.

As the Club is offering H&M cover
through an MGA (Managing Gene
Agent), Waterborne, it avails itself o
licensing. Established over 20 yea
Waterborne is supported by a pan
Lloyd's underwriters, and cover is p
through that vehicle, using the Shipowners
Club systems. The H&M risk is therefore
borne by the Lloyd's panel.





Read more online
H&M insurance

Click to watch
our video for H&M

Operations review continued

Over the past five years, the Club has seen a significant increase in demand for our LCC offering, driven by our strong claims-handling ethics, clear and practical legal advice and reasonable approach."



Legal Costs Cover (LCC)

Our availability of extensive claims data and history of handling claims has uniquely positioned us to develop a comprehensive legal costs insurance solution for Members, and we are pleased to have over 8,000 vessels entered with us for LCC risks. The Club's LCC covers a broad range of situations that can go wrong during ship operations. We have intentionally maintained this broad scope of cover to ensure that Members are protected against a wide variety of disputes which they may encounter when trading their vessels.

In addition to claims handling and financial support, the Club also offers an advisory service. Our team of legally qualified Claims Executives provide extensive guidance and assistance to Members, including:

- Advice on charterparty wording and broader contractual matters
- Expertise on topical and emerging issues
- Assistance in resolving claims through commercial settlement

A further LCC benefit, which is sometimes overlooked, is that the cover absorbs what the lawyers refer to as 'litigation risk'. This means that, if a Member's case is unsuccessful and a court or arbitral tribunal orders them to pay costs, then LCC will step in and cover those costs.

LCC is an additional cover and must be purchased separately. Over the past five years, the Club has seen a significant increase in demand for our LCC offering, driven by our strong claims handling ethics, clear and practical legal advice and reasonable approach.

Loss Prevention (LP)

Loss Prevention remains a vital function that forms part of the Club's valued services to Members. Throughout the year, the LP team continued to develop practical and grounded guidance with the aim of reducing the frequency of claims across our Membership. By utilising available data, relevant and targeted LP information was published to mitigate recurring risk areas, including in the areas of personal injury, cargo damage, pollution incidents and navigational safety. Alongside written guidance, the LP team expanded its use of digital engagement and alternative media formats to ensure the LP message is accessible to all and is timely and applicable. These resources are freely available through the Club's website, reinforcing our commitment to knowledge sharing and promoting safer vessel operations to Members and across the wider maritime community.

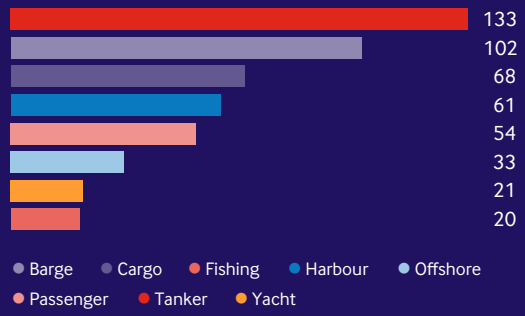
Operations review continued

Condition Survey Programme (CSP)

The Club's CSP remains an essential service, helping to ensure that vessels entered into the Club meet a consistent 'mutual' standard, both in terms of physical condition and operational capability.

During 2025, 492 surveys were undertaken, compared to 461 in 2024. Of the 492 surveys, 133 were undertaken on tankers, followed by 102 on barges and 68 on dry cargo vessels.

Surveys are undertaken for a variety of reasons, such as Port State Control (PSC) detention, lay-up reactivation, or if a vessel is being considered for entry or is new to the Club.



No matter the reason for survey, the resulting defect information is valuable data for the LP team and supports their ability to identify potential trends and, in turn, produce relevant guidance.

A comparison of the top defects recorded in 2024 and 2025 informed us that the same themes were present, albeit with changes in their rankings. The LP team continues to focus on these findings by providing guidance and hence promoting safety and maintenance standards.

In addition to listing the top defects, core areas of interest can be incorporated within the survey to investigate how the Club's Membership is continuing to adopt new technology or incoming regulatory requirements, such as those concerning cyber risks. When comparing this year's findings with data from 2024, all areas saw positive improvement apart from 'vessels had measures in place to prevent the transfer of viruses using external media' which remained consistent. A collection of cyber issues related guidance is available for Members on the Club's website.

Read more online
Condition Survey Programme

The most frequently observed defects in 2025 were identified through considering the following questions:

1. Are there appropriate notices to warn the crew of the hazards associated with mooring operations, including the entire mooring deck area being a snap-back zone?
2. Are the machinery space bilges clean and free of oil, waste and sediments?
3. Are engine compartments, including bilges, clean, tidy and free from combustible materials?
4. Is the most recent ultrasonic thickness measurement report available on board, reviewed by the surveyor and found in order?
5. Are air pipes, sounding pipes and filling pipes in good condition?
6. Are the weathertight doors and access hatches on weather decks in good condition?
7. Are all door sills marked with high visibility paint or otherwise clearly defined?
8. Are save-alls (drip trays) around cargo/bunker connections and air/vent pipes adequate and in good condition?
9. Are mooring bollards in satisfactory condition?
10. Are all changes in deck level (steps, ramps, etc.) visually highlighted?

Finally, the following was observed from the 2025 surveys[1] where cyber security measures were mandatory for that vessel:

98%
of 205 vessels used passwords to protect access to computers, Wi-Fi and networks.

96%
of 199 vessels had up-to-date anti-virus software installed.

95%
of 173 vessels had cyber security procedures in place.

91%
of 183 vessels had measures in place to prevent the transfer of viruses using external media.

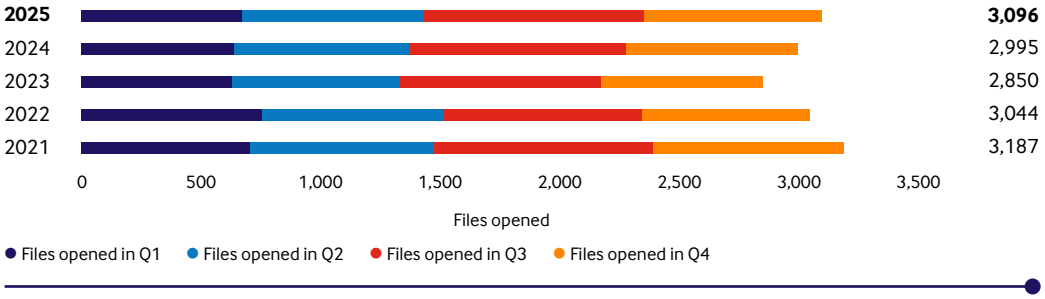
98%
of 185 vessels monitored the usage of computers on board.

1 Where cyber security measures were not meeting requirements, defects were proactively raised to enable rectification.

Operations review continued

Files Opened

(as at 31 December 2025)



Corporate Responsibility

Since 2022, the Club has issued an annual Corporate Responsibility (CR) Report, which provides stakeholders with a comprehensive and transparent view of the Club's CR journey. The report provides a review of how the Club is incorporating the foundations of its CR strategy into business processes and governance.

Prior to April 2025, the Club was in scope to adhere to the Corporate Sustainability Reporting Directive (CSRD), requiring the Club to report on the 2025 financial year in 2026. However, due to legislative amendments to the European Commission's omnibus package, which aimed to simplify sustainability reporting and due diligence rules to boost competitiveness and unlock additional investment capacity, the Club has since fallen out of scope for the CSRD.

The intended replacement for 'out of scope' companies is the Voluntary Sustainability Reporting Standard for SMEs (VSME).

Despite its optional status, the Club recognises the value of transparent reporting and the importance of being prepared to answer stakeholder requests and meet future requirements that may arise as a result of legislative developments. With this in mind, the Club will be aligning its 2026 CR Report and its appendices to the VSME framework, incorporating both the basic and comprehensive modules, which are considered proportionate and consistent with our CR strategy. Consequently, this report will be issued in June 2026 and linked to this publication to ensure integrated reporting.

Read more online
Corporate Responsibility Report 2025



Spotlight

People & Culture

Our people are fundamental to the Club's ability to deliver stability and service excellence for Members. In an industry characterised by complexity and volatility, the professionalism, proficiency and collaboration of our colleagues underpin the trust placed in the Club across all regions and vessel sectors.

We continue to invest in our people and culture to ensure that high technical standards are matched by shared values, inclusive behaviours and a strong sense of mutual purpose.

Developing capability and expertise

The Club's focus on recruiting, developing and retaining technically outstanding colleagues remains a core strategic priority. Investment in learning and development is targeted and practical, supporting the strengthening of technical knowledge through the P&I Qualification and other professional development activities, developing leadership capability to support a global workforce, and supporting career progression opportunities for all.

This approach helps ensure continuity of expertise while enabling the Club to respond effectively to emerging risks, regulatory change and evolving Member needs.

Engagement, wellbeing and inclusion

Maintaining an engaged, motivated and healthy workforce is essential to sustaining high service standards. The Club continues to promote a culture that values openness and respect, recognising the pressures inherent in both maritime and insurance environments, as well as the day-to-day pressures colleagues may experience from time to time in their personal lives.

Initiatives supporting employee wellbeing and inclusion are embedded into everyday management practice, reinforcing the Club's long-standing commitment to doing the right thing for its people.

Global collaboration and shared culture

With colleagues based across multiple locations, fostering a cohesive and consistent culture remains a priority. Continued emphasis on cross-office/cross-department collaboration and knowledge sharing helps ensure that Members experience the same high standards of service regardless of geography.

> Our approach to people and culture will remain grounded in fairness, integrity, expertise and long-term thinking, supporting colleagues to deliver peace of mind to Members and stakeholders."

Key Highlights

212
average number of staff employed during 2025.

1/4
of colleagues (56) participating in or completed P&IQ & professional qualifications.

90%
staff retention as at 31 December 2025.

90%
engagement score in the 2025 employee survey.



Corporate governance

The Club's executive management team is comprised of nine industry professionals with global coverage, each of whom offer a variety of skills and experience that enhance the growth and development of the Club's business.



Corporate governance

Notice of meeting

Notice is hereby given that the Annual General Meeting of the Members of The Shipowners' Mutual Protection and Indemnity Association (Luxembourg) will be held at Hotel Le Royal, 12 Boulevard Royal, L-2449 Luxembourg, on Thursday 4 June 2026, at 09:00 hours for the following purposes:

- To approve the Report of the Directors and the Annual Accounts for the year ended 31 December 2025, and the Report of the Auditor (*Réviseur d'entreprises agréé*) thereon.
- To elect Directors.
- To undertake the appointment of the statutory auditor (*Réviseur d'entreprises agréé*) for the financial year ending 31 December 2026.
- To review the level of Directors' Fees.
- To transact any other ordinary business of the Association.

By Order of the Board

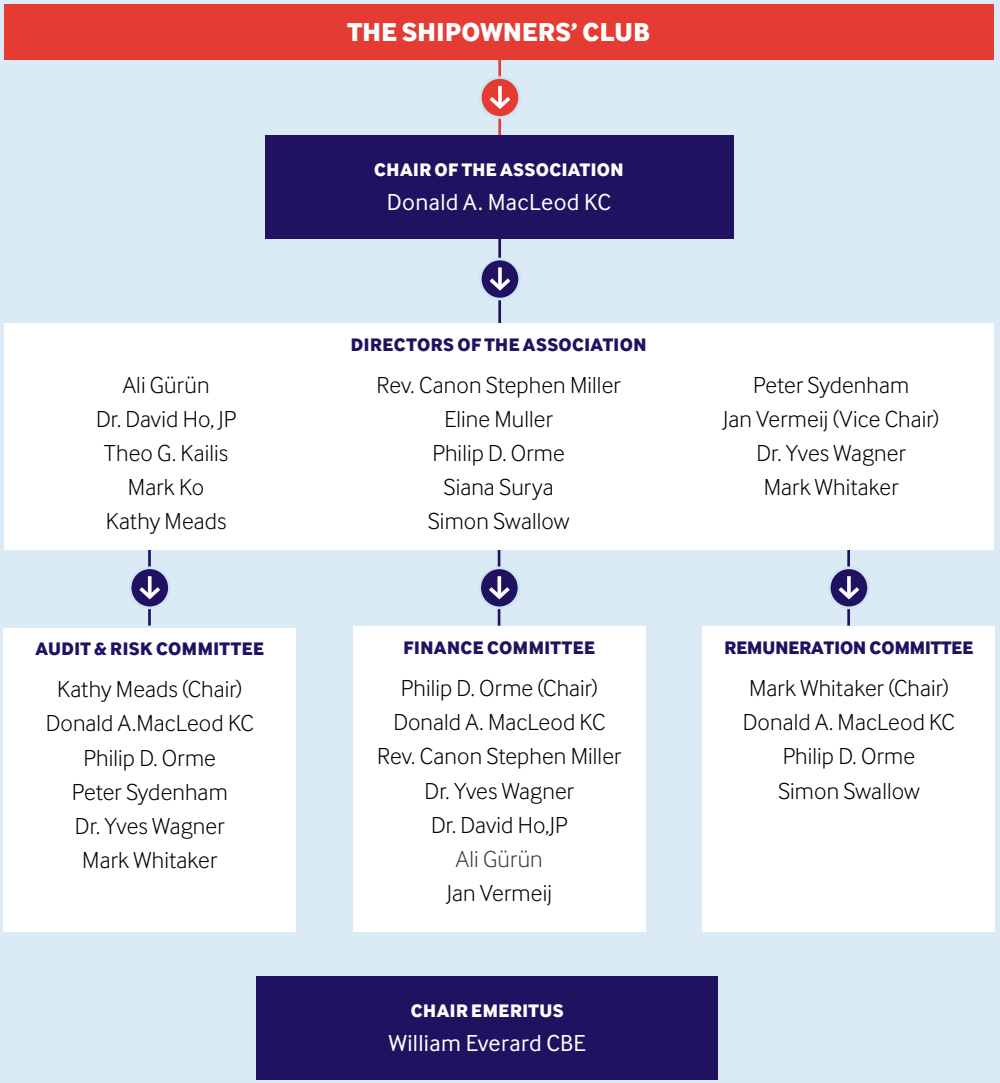
P Herrmann
General Manager

1, Place d' Armes
L-1136 Luxembourg

21 April 2026

Note: A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and on a poll to vote instead of him/her. A proxy need not be a Member of the Association. The proxy must be in the form published on our website and signed by the appointing member or its legal representative(s). Members are encouraged to utilise their proxy voting form.

Governance framework



Board meetings

The Club's Board ordinarily meets in-person four times a year, with the meetings timed to coincide with the quarterly and year-end financial results. The Finance Committee meets just before each Board meeting to review financial matters and then reports through to the Board. Further Board committees meet during the year, as required.

At each Board meeting the Managers present their review of the Club's business, including, for example, underwriting results and outlook, reinsurance arrangements and claim developments. With regards to claims activity, the Managers provide updates on claims trends, new and existing claims, claims requiring Board consideration, as well as detail of particularly sizeable claims. The Board also receives presentations of new pool claims made by other clubs.

Read more in this report
2025 Board meetings

Corporate governance continued

Our Board



The Shipowners' Club Board is drawn largely from a cross-section of the Club's Membership in terms of vessel sector and geography.

Committee responsibilities

THE BOARD
Donald A. MacLeod KC
(Chair)

- Determining strategic objectives, acceptable level of risk and key policies.
- Effective discharge of its obligations and meeting at least once a quarter in order to monitor the development of the Club's activities.
- Delegation to the Club Managers, The Shipowners' Protection Limited, a wholly owned subsidiary of the Club, of operational management of the Club while maintaining ultimate oversight of, and responsibility for, the management.
- Providing oversight through scrutiny at every quarterly meeting of the Club's business operation on the basis of reports prepared by the Managers.
- Engaging in constructive and critical discussion of the strategy and key policies put forward by the Managers and contributing to their development.

AUDIT AND RISK COMMITTEE
Kathy Meads
(Chair)

- Monitoring the integrity of the financial reporting process and the financial statements and any formal announcements relating to financial performance.
- Reporting to the Board on the statutory audit outcome and its contribution to the integrity of financial reporting.
- Reviewing the Club's significant accounting policies and any changes to them.
- Making recommendations to the Board and its subsidiaries as to the terms of engagement, including the remuneration, of the external auditors.
- Reviewing the external auditors' independence and objectivity, including with respect to any non-audit services.
- Reviewing with the external auditors the findings of their work.
- Reviewing the effectiveness of the corporate governance framework and other operational matters required under Solvency II.
- Reviewing the effectiveness of the internal control and risk management systems.
- Maintaining oversight of the Club's risk and regulatory compliance processes and procedures and monitoring their effectiveness.
- Monitoring significant risk and regulatory matters affecting the Club and resolution of any material compliance or regulatory breaches or other matters arising.

FINANCE COMMITTEE
Philip D. Orme
(Chair)

- Monitoring and reporting to the Board the quarterly financial position of the Club, including the annual financial result.
- Monitoring key Solvency II financial and solvency measures.
- Making recommendations to the Board and its subsidiaries on annual expense plans and budgets, specific capital projects, acquisitions, joint ventures and divestitures, financial structure, initiatives and regulatory matters.
- Investment strategy, including plans and strategies for hedging and mitigating risk, foreign currency exchange, interest rate exposure and other risk exposures.
- Appointment and terms of engagement, including remuneration, of the external investment managers.
- Monitoring and reporting to the Board on the performance of the external investment managers.
- Liaising with the subsidiary companies as applicable on implementation of the above matters.

REMUNERATION COMMITTEE
Mark Whitaker
(Chair)

- Determining and agreeing employment, termination and retirement conditions, and remuneration and benefit packages of senior employees.
- Reviewing the overall annual percentage increase in management company staff salaries and the structure and application of the discretionary bonus scheme.
- Monitoring and reviewing succession planning for senior management, including prospective senior appointments.
- Recommending appropriate levels of remuneration for Directors of the Club and its subsidiary companies.

Corporate governance continued

A Audit and Risk Committee F Finance Committee R Remuneration Committee ◯ Chair of the Committee



CHAIR

Donald A. MacLeod KC

A F R

Don serves as Chair of the Club. He has over 30 years of experience in international shipping and has held senior executive positions in the marine sector. Based in Halifax, Nova Scotia, Canada, he brings to the Club Board in-depth knowledge of the marine sector in Canada and abroad, including offshore oil and gas, subsea construction, trans-ocean cable installation and maintenance, salvage, tug operations and the passenger sector.

In addition to chairing the Club's main Board, he sits on the Audit and Risk, Finance and Remuneration committees.



VICE CHAIR

Jan Vermeij

F

Jan is Chief Executive Officer at Ultranav and is also the Executive Director of Ultratug, Chile. He brings to the Board specialist knowledge in container, tanker, dry and tug operations.

Jan is based in Chile but has experience in cargo operations across six continents. Jan has a Master's in Business Administration from Universidad Adolfo Ibáñez, Santiago.

As well as serving the Club's Members on the Association's Board as Vice Chair, Jan also serves on the Finance Committee.



DIRECTOR OF THE ASSOCIATION

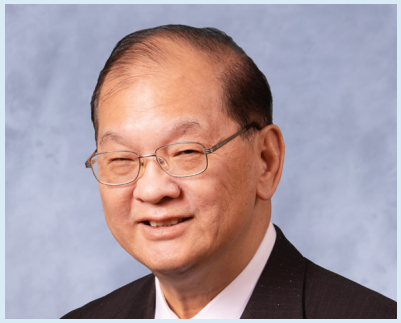
Ali Gürün

F

Ali is President of Sanmar Shipyards and brings to the Board extensive experience in the construction and operation of tugboats, as well as harbour towage and pilotage services.

Based in Turkey, Ali is passionate about innovation and technology, and has led the development of several pioneering vessels, including the world's first LNG-powered tugboats and remotely operated commercial vessel.

Ali has a Master's Degree in Marine Engineering from the Istanbul Technical University Department of Marine Engineering and is a Board Member of the Turkish Environmental Protection Foundation.



DIRECTOR OF THE ASSOCIATION

Dr. David Ho, JP

F

David has over 40 years' experience in ferry operations and served as General Manager of the Hong Kong Ferry (Holdings) Co Ltd for 25 years, until his retirement in 2021.

Based in Hong Kong, David has a Doctorate in Business Administration and a Master's in Arbitration and Dispute Resolution. He is a Fellow of the Chartered Institute of Logistics and Transport in Hong Kong, as well as a Fellow of the Hong Kong Institute of Directors.

David also serves the Club's Members on the Finance Committee.



DIRECTOR OF THE ASSOCIATION

Theo G. Kailis

Theo is an Executive Director of Austral Fisheries, Western Australia, and brings to the Club's Board huge experience in the global fishing vessel sector, which remains a very significant vessel sector to the Club, plus his knowledge of the Australian market.

Theo is focused on sustainable fishing, with his business being certified by the Marine Stewardship Council.

Corporate governance continued

(A) Audit and Risk Committee (F) Finance Committee (R) Remuneration Committee ◯ Chair of the Committee



DIRECTOR OF THE ASSOCIATION

Mark Ko

Mark is the Executive Director of the Club's longstanding Member, Tian San Shipping.

Mark's business is based in Singapore and has a fleet covering passenger ferries, Ro-Ro barges and workboats.

Mark is also Co-Chair of the Maritime Port Authority of Singapore's Harbour Craft Safety Work Group and is a member of the Singapore National Maritime Safety at Sea Council.



DIRECTOR OF THE ASSOCIATION

Kathy Meads

(A)

Kathy brings to the Board extensive experience across a wide range of business sectors, including telecommunications, ports and logistics, infrastructure and insurance. Based in New Zealand, Kathy served as a CFO for over 20 years, and has over 25 years' experience in both Executive and Non-Executive Director roles in New Zealand and offshore entities.

Kathy is a Fellow (FCA) of the Chartered Accountants Australia and New Zealand and is a Chartered Member of the New Zealand Institute of Directors.

As well as serving the Club's Members on the Association's Board ,Kathy is Chair of the Audit and Risk Committee.



DIRECTOR OF THE ASSOCIATION

Rev. Canon Stephen Miller

(F)

Having worked for international seafarer support service Mission to Seafarers since 1999, Stephen currently serves as both Senior Chaplain, Hong Kong, and as Regional Director for East Asia for the organisation.

Stephen has experience working with seafarers across all four corners of the world and has been posted to missions in the UAE, Asia and Europe, the latter being where he studied Maritime Law and Policy at Erasmus University, Rotterdam.

As well as serving the Club's Members on the Association's Board, Stephen also serves on the Finance Committee.



DIRECTOR OF THE ASSOCIATION

Eline Muller

Eline is co-owner and a senior executive of the Club's longstanding Member, Multraship.

Eline's business is based in Terneuzen in the Netherlands and has a fleet providing harbour and terminal towage, sea towage, support to the offshore energy and marine infrastructure industries and emergency response salvage.

Eline is an active member of the International Salvage Union where she is chair of its Salvage Subcommittee. She also engages with other shipping industry bodies such as the European Tug Owners' Association and the Royal Dutch Shipowners Association.



DIRECTOR OF THE ASSOCIATION

Philip D. Orme

(A) (F) (R)

Phil brings to the Board over 30 years' experience in the onshore contracting, offshore marine contracting and port management industries both in the UK and overseas, with allied engineering and manufacturing knowledge.

Phil's business was based in the United Arab Emirates, as the single shareholder of OP Maritime Services DMCEST and a shareholder and Director of Ocean Power Holdings.

Phil served as the Club's Chairman for eight years until 2022. He continues to serve Club Members as Chair of the Finance Committee and as a member of both the Audit and Risk and Remuneration Committees.

Corporate governance continued

(A) Audit and Risk Committee (F) Finance Committee (R) Remuneration Committee ◯ Chair of the Committee



DIRECTOR OF THE ASSOCIATION

Siana Surya

Siana is President Director of the Club's longstanding Member, PT Berlian Laju Tanker. Siana's business is based in Indonesia and has a fleet of Oil/Chemical Tankers, LPG Carriers and LNG Carriers.

Siana is a member of a number of marine-related committees and boards, including the Indonesian Advisory Committee of the Royal Institution of Naval Architects and the Indonesia Committee of Nippon Kaiji Kyokai, ClassNK.



DIRECTOR OF THE ASSOCIATION

Simon Swallow

(R)

Simon is the retired Chief Executive of the Association's management company, The Shipowners' Protection Limited.

Simon served the Club for 32 years, including eight years as Chief Executive. He has a wealth of P&I experience and of all aspects of the business that stems from the Club's core P&I service, including knowledge in the areas of (re)insurance and insurance broking.

As well as serving the Club's Members on the Association's Board, Simon also serves on the Remuneration Committee.



DIRECTOR OF THE ASSOCIATION

Peter Sydenham

(A)

Peter has over 40 years of insurance and reinsurance experience and most recently was a Managing Director and Leader of Specialty Lines at Swiss Re. Peter's specialisms included marine, aviation and agriculture business, as well as credit and surety and engineering.

Peter is based in the UK but has spent significant time in other locations, including New York, HK, Singapore, Beijing, Shanghai and Tokyo. Peter commenced his career in 1979 on a marine syndicate at Lloyd's and has extensive underwriting, claims and risk management experience in all classes of marine insurance. Peter is also a Vice President of the Insurance Institute of London and previously chaired the London Reinsurance Committee.

As well as serving the Club's Members on the Association's Board, Peter also serves on the Audit and Risk Committee.



DIRECTOR OF THE ASSOCIATION

Dr. Yves Wagner

(A) (F)

Yves is a Partner and co-founder of The Directors' Office, the leading practice of independent directors in Luxembourg. Having previously served as Chief Executive of Fortis Investment Management Luxembourg, Yves brings to the Board extensive knowledge in finance, investments and risk management.

Yves has a Doctorate in Economics from the University of Aix-Marseille and continues to teach and holds chairs at several universities and business schools, including the University of Luxembourg and the Institut de Formation Bancaire.

As well as serving the Club's Members on the Association's Board, Yves also serves on the Finance and Audit and Risk Committees.



DIRECTOR OF THE ASSOCIATION

Mark Whitaker

(A) ◯(R)

Mark is Managing Director of the Whitaker Group and brings to the Board a wealth of knowledge in tanker operations.

Mark has extensive experience of overseeing operations in the UK and Northern Europe, but has also operated out of Australia, Africa and South America.

As well as serving the Club's Members on the Association's Board, Mark is Chair of the Remuneration Committee and serves as a member of the Audit and Risk Committee.

Corporate governance continued

Our Executive Management Team

Our executive management team is comprised of nine industry professionals with global coverage, each of whom offer a variety of skills and experience that enhance the growth and development of the Club's business.



CHIEF EXECUTIVE

Simon Peacock

Simon joined the Shipowners' Club in 2016 as Chief Financial Officer. In May 2023, he became the Club's Chief Executive and therefore oversees all aspects of the Club's business, working closely with colleagues and the Club's Board in seeking to ensure peace of mind for all entered Members of the Club.

Prior to joining the Club, Simon spent 7 years at a London-based real estate company as Group Finance Director and Deputy Chief Executive Officer. Before that, Simon spent 13 years working in the City within the securities and derivatives broking sector, and the investment banking sector.

Simon is a Fellow of the Institute of Chartered Accountants in England and Wales.



CHIEF EXECUTIVE – SINGAPORE

Steve Randall

The longest-serving member of staff, Steve joined the Club in 1978 with a solid focus on underwriting.

He relocated to Singapore as General Manager with the opening of the Branch in 2009, with overall responsibility for the Club's business in the region.

In May 2015, Steve was appointed to the Board of SPL as Commercial Director, taking on a wider remit reporting to the main Board on the Club's worldwide business development and commercial direction, working with the Underwriting and Claims teams in both London and Singapore. As of August 2022, Steve took on the role of Chief Executive of the Club's Singapore office.



DIRECTOR – CLAIMS AND LEGAL

Britt Pickering

After qualifying as a solicitor in 1998, Britt worked for a large City of London firm specialising in insurance litigation and yacht/pleasure craft claims. Britt then spent over two years with another P&I club dealing with Legal Assistance & Defence (FD&D) and cargo claims for Members in the Far East before joining the Shipowners' Club in 2003. In 2012, Britt became Claims & Legal Director of the Shipowners' Club, with overall responsibility for claims and legal services across all Branches.



DIRECTOR – UNDERWRITING

Ian Edwards

Ian joined the Club as a claims handler in 1991, having previously worked for a container shipping company. In 1993, he was offered the opportunity to move to the Underwriting department, assuming responsibility for the Club's Australian and Middle Eastern Members. He then progressed to become the Head of Underwriting for the London Branch before assuming the position of Underwriting Director in 2012. Ian has overall responsibility for the technical underwriting result and the systems, processes and procedures employed by the underwriting function.

Corporate governance continued



DIRECTOR – LOSS PREVENTION & CORPORATE RESPONSIBILITY

Louise Hall

Louise joined the Loss Prevention team in 2006, bringing with her a valuable marine background, having served at sea with a global container shipping line and by working as Cargo Planner, Operations Superintendent and Ship Manager. In January 2017, Louise was appointed as a Director of the management board, taking on the wider remit of overseeing Corporate Responsibility in addition to Loss Prevention. Louise has an MSc in Marine Surveying and has undertaken Cambridge University's Sustainability in Business course.



DIRECTOR/GENERAL MANAGER – LUXEMBOURG

Pascal Herrmann

Pascal graduated in finance and accounts from the Business School of Strasbourg University. He also spent a year at Stirling University in Scotland. He moved to Luxembourg financial services and worked for more than six years as an auditor, specialising in the financial sectors of investment funds, private banking and insurance. He joined the Shipowners' Club head office in March 2004 and was appointed General Manager in April 2010.



CHIEF FINANCIAL OFFICER

Marcus Tarrant

Marcus became the Club's Chief Financial Officer (CFO) in 2023, having joined the Shipowners' Club in 2014 as Chief Actuary.

Prior to joining the Club, Marcus worked for professional services firm PwC for 14 years on a broad range of assignments, both in the UK and the US, where Marcus was based for six years.

Marcus is a graduate of City University, London, a Fellow of the Institute of Actuaries (UK) and a Fellow of the Casualty Actuarial Society (US).



CHIEF OPERATING OFFICER

Mark Hamblin

Mark joined the Club in 2012 and was appointed to the management board in 2020. In 2025, Mark took on the role of Chief Operating Officer, signifying the Club's commitment to greater digital transformation and its ambition to remain at the forefront of innovation that benefits its large Membership. Mark is responsible for helping to drive forward the Club's technological services, seeking to understand challenges and opportunities for all teams in the Club, and deliver great solutions that enable us to maintain our competitive advantage in this area.



COMMERCIAL DIRECTOR

Mark Harrington

Mark joined the Club in 2004 after 18 years at another International Group club. After spending the early part of his Shipowners' career underwriting the Club's Members in Europe, Latin & Central America, Asia and South Africa, in 2014 Mark then moved into a management role, applying his experiences to the role of Head of Underwriting in London. In May 2023, Mark joined the Club's management board as Commercial Director, where his duties for the branch widened in respect of underwriting discipline, underwriting result, service levels, its personnel and establishing and delivering the commercial strategy of the Club. The role helps to set underwriting risk appetite, identify new business opportunities (both at a strategic and at a broker/Member specific level) and considers what service offering is required by the market, both now and in the future.

Corporate governance continued

Board Meeting 2025: Singapore

March May August November

13 Directors were present for the meeting.

Click each icon to view each meeting

The Board received a report from the Chief Executive, Simon Peacock, which included a market update and a review of the Club's strategic goals, including steady growth and stakeholder peace of mind. The Chief Executive also updated Directors on wider International Group (IG) matters and peer Club performance and noted that the Club's A Stable rating had been reaffirmed by Standard & Poor's.

The Club's Chief Operating Officer reported on operational and technology matters, including progress with the development of the Loss Prevention (LP) and Claims Target Operating Models (TOMs), User Acceptance Testing, and the planned timetable for go-live and retirement of legacy systems.

The Board received an update on Solvency II developments, including regulatory reporting requirements and capital adequacy metrics. Management confirmed continued strong solvency coverage and provided commentary on Pillar III reporting and governance arrangements for regulatory submissions.

The Managers presented an update on the Club's pre-employment medical scheme, Medisea, highlighting its benefits to crew welfare and its financial effectiveness. Management outlined next steps in relation to product development and engagement with Members and brokers.

The Finance Committee Chair reported on investment manager presentations, reviewed concentration risk methodology (subsequently approved by the Board) and provided an update on the Club's financial performance for the year ended 31 December 2024.

The Managers presented a detailed claims report, including statistical analysis of claims trends, commentary on significant and high-value claims, and an update on developments within the IG pool.

The Board received an update from the Chief Executive of the Hong Kong office, Jasmine Wu, covering business development activity, broker engagement, progress in mainland China and the strengthening of key strategic relationships.

Management highlighted successful policy renewals and new business opportunities secured during the period.



Corporate governance continued

Board Meeting 2025: Rotterdam

March | **May** | August | November

15 Directors were present for the meeting.

Click each icon to view each meeting

The Board received the Chief Executive's report, including updates on IG peer performance, market and geopolitical developments, and Member and broker engagement, alongside broader strategic progress.

The Chief Operating Officer reported on the conclusion of the Club's legacy modernisation programme, including go-live of the LP TOM and Claims TOM systems.

The Board received a cyber security presentation which covered the evolving threat landscape, governance and assurance expectations at Board level, and forthcoming metrics to strengthen oversight and resilience.

The Board received and approved the Own Risk and Solvency Assessment (ORSA), including the Medium-Term Capital Management Plan, and reviewed key solvency metrics and scenario testing outcomes presented by Management.

The Actuarial Function Report was presented and approved by the Board.

The Board received a report from the Chair of the Finance Committee, covering investment performance and financial performance of the Club as a whole.

The Board received an update on Waterborne Underwriting Agency Limited, including progress on the Club's Hull & Machinery offering in the UK and Ireland markets following the acquisition of Waterborne.

The Board received an update on the Club's Greek business, including portfolio composition and performance, approach to disciplined growth, and claims insights from the local market.

Management updated on the Club's corporate responsibility activities and progress against key objectives.

The Board reviewed and approved the Club's written policies.

The Board considered the Club's Solvency and Financial Condition Report (SFCR) and ratified the approval of the SFCR prior to submission and publication.

An update on LP activity, including key trends and ongoing initiatives, was presented to the Board.

The Board approved the closure of the 2022 policy year without additional calls and reaffirmed its policy of maintaining nil additional calls and nil release calls on all open policy years.

The Board re-elected the Chair for a further three-year period.



Corporate governance continued

Board Meeting 2025: Luxembourg

March May **August** November

15 Directors were present for the meeting.

Click each icon to view each meeting

The Board received the Chief Executive's report, including competitive and market intelligence, an update on the Club's staff engagement results, and key operational and strategic developments across the business.

The Chief Operating Officer provided an update on operational resilience, Digital Operational Resilience Act (DORA)-related submissions and deadlines, the performance of the Claims TOM and LP TOM, and supplier considerations, including approaches to strengthening controls around critical business services.

The Managers provided a detailed report on claims activity, including claims trends, significant and high-value claims and developments in pool claims.

The Board received an update on Management's approach to strategy development and implementation, providing a view of the Club's strategic methodology and governance for delivery.

The Chair of the Finance Committee provided an update from the most recent meeting, including a review of financial results and investment performance.

Management presented an update on the Club's Legal Costs Cover (LCC), including underwriting performance, claims experience and market developments.

An update was provided on IG peer performance, including comparative financial and solvency metrics.

The Board considered the Club's 2026 renewal strategy, discussing various alternative options and approaches.



Corporate governance continued

Board Meeting 2025: Perth

March | May | August | **November**

14 Directors were present for the meeting.

Click each icon to view each meeting

The Board received the Chief Executive's report, including market commentary on General Increases across IG clubs, external market intelligence, and an update on the Club's activities planned for the next quarter.

The Chief Operating Officer provided an operational update, including confirmation of DORA compliance, progress on operational resilience planning, and a summary of key achievements across security operations, technology delivery and systems development.

The Board considered and approved the Strategic Business Plan, including budgets and forecasts, with Management presenting the context and assumptions underpinning the plan.

The Board agreed the proposed rule changes for the 2026/27 policy year.

The Chair of the Finance Committee reported on the meeting held the previous day, including the financial results and investment performance.

As part of the annual governance process, the Board ratified the ongoing approval of the Investment Policy Statement (IPS) and the cluster bomb exclusion list, as reviewed by the Finance Committee.

The Board received an update on the most recent meeting of the Remuneration Committee.

The Board received updates from the Chair of the Audit and Risk Committee, including approval of external auditor fees and considered matters relating to the control environment and oversight of key systems following implementation.

Management presented an analysis of entered tonnage, including portfolio composition and developments by vessel category, geography and broker.

The Board received a presentation on the 2026/27 policy year renewal. The Board were reminded that a 5% General Increase, inclusive of any changes in reinsurance costs, was presented and approved during a Board meeting held on 28 October.

The Board received an update on the 2026/2027 reinsurance renewal outlook, including market conditions and Management's expectations for the upcoming policy year renewal discussions.

Management presented the People and Culture report, including updates on staffing, recruitment, performance management and key strategic priorities.



Financial review

"The Club's underwriting business benefited from a strong competitive position, which delivered steady growth in premium whilst still maintaining the Club's underwriting discipline."

Marcus Tarrant
Chief Financial Officer



Report of the Directors

The Directors have pleasure in presenting their report and the consolidated annual accounts of the Company (the 'Club', the 'Company' or the 'Association') for the year to 31 December 2025.

The Board of Directors hereby submits the consolidated annual accounts, for the financial year ended 31 December 2025 prepared in conformity with the requirements of the company law, as amended.

The Club has generated a surplus for the year of US$ 83.2m (2024: surplus of US$ 40.6m). This surplus is primarily the result of an underwriting gain of US$ 1.0m (2024: underwriting gain of US$ 3.2m) coupled with an investment gain of US$ 85.1m (2024: investment gain of US$ 38.4m).

The Club has seen an increase in premium earned during the year of 2.2%, taking gross earned income to US$ 306.9m. The Club's underwriting business benefited from a strong competitive position which delivered this steady growth in premium whilst still maintaining the Club's underwriting discipline. As a mutual organisation, the Association is run for the mutual benefit of its Members. As such, it is important that any new entries to the Club present an appropriate balance between risk and price.

Activities

The principal activities of the Club during the year were the insurance and reinsurance of marine protection and indemnity risks on behalf of its Members. There are no major changes planned to these activities during the current financial year.

Directors

The current Directors of the Association are shown on page 27. They held office throughout the year. Messrs Kailis and Swallow, Rev. Canon Miller and Mrs Surya will each resign in accordance with the constitution at the forthcoming Annual General Meeting and, each being eligible and with their agreement, will offer themselves for re-election.



Report of the Directors continued

During the course of the year new business has been written with this underwriting focus, and, equally, significant amounts of potential new business have been turned down due to the risk/reward balance not being beneficial to the Club and its Members. Net earned premium after reinsurance premiums incurred stood at US$ 270.8m, a rise of US$ 3.9m on the prior year.

As anticipated this time last year, the current US government's foreign policy has intensified supply chain disruptions and resulted in a level of instability across the global economy and financial markets. At the date of approval of these annual accounts, the Board of Directors has not identified any significant impact on the operations and activity of the Company, in particular in terms of fluctuations in value of assets held, liquidity and solvency requirements, regulatory requirements and any other operational aspects of the business, which would cast significant doubt on the ability of the Company to continue as a going concern.

In the area of claims the Club saw a total cost of claims of US$ 191.4m, which was a US$ 2.9m deterioration on the prior year claims cost of US$ 188.5m. Higher levels of business written are naturally a factor in higher claims costs. In addition to that, the main drivers of higher claims were in the area of the Club's own Member claims reserving, as well as claims submitted to the International Group pool.

Total operating expenses amounted to US$ 78.4m (2024: US$ 75.2m). Operating expenses include the acquisition costs incurred from Members' brokers as well as the administrative costs of running the Club. Administrative expenses saw an increase driven by the ongoing impact of inflation on the Club's cost base.

The other main element of the Club's technical result is reinsurance cost. The Club's reinsurance costs in 2025 were US$ 36.1m, which represents 11.8% of gross earned income. Higher levels of business written saw the Club's reinsurance cost increase by US$ 2.6m in the year.

Taking all these aspects together results in the Club's overall underwriting gain of US$ 1.0m (a combined ratio of 99.6%).

In addition to the underwriting result, the Club's investment portfolio is the other main contributor to the Club's financial result. The portfolio returned an overall gain in 2025 of US$ 85.1m (2024: US$ 38.4m gain) inclusive of interest earned on the Club's cash balances. The 2025 financial year saw a continuation of the solid performance in financial markets that was experienced during 2023 and 2024 with both fixed income and equity markets posting positive gains for the year. The US Dollar weakened against a number of non-US Dollar currencies during 2025, increasing prices of non-US Dollar assets when converted to US Dollars.

The year-end saw the Club report net assets of US$ 530.7m. This strong capital position, which is reflected in the Club's A rating (stable outlook) from Standard & Poor's, leaves the Club well placed to continue to provide high quality, well priced P&I insurance to its Members into 2026 and beyond.

Branches

The Club has branches in London and Singapore and an office of the Association in Hong Kong.

Underwriting surplus (US$)

1.0m ↓

2024: 3.2m

Overall surplus (US$)

83.2m ↑

2024: 40.6m

Closing net assets (US$)

530.7m ↑

2024: 447.5m

> The year-end saw the Club report net assets of US$ 530.7m. This strong capital position...leaves the Club well placed to continue to provide high quality, well priced P&I insurance to its Members into 2026 and beyond... Based on its review, the Board concluded that the Club continues to hold appropriate levels of capital to mitigate the risks it faces."

Marcus Tarrant
Chief Financial Officer

Risk Management

Risk is the potential for loss, or failure to meet the Club's corporate objectives as a consequence of internal or external events. The key objectives of the Club's risk management framework are to:

- manage the risk profile of the business to maximise the opportunities to achieve the corporate objectives;
- identify and mitigate any hindrances to achieving the corporate objectives;
- manage the risk exposure, to minimise the exposure to losses and to manage the solvency capital requirement;
- embed risk management within the business to prevent unintended consequences of strategic and/or operational decisions;
- operate within the risk appetite defined by the Board; and
- meet all regulatory requirements.

Risk Management Framework



Effective risk management is fundamental to the operation of the business, and is embedded through Board-level commitment, management buy-in, strong understanding of what is required of the Managers and staff, continuous improvement through effective monitoring and risk reporting, and careful communication. The Club's risk management framework is designed to ensure compliance with the risk management requirements of the Solvency II regulatory regime.

The Club is exposed to risk through its principal activity of providing insurance and reinsurance cover to its Members. In addition, it is exposed to financial and operational risk through its financial assets, financial liabilities, reinsurance assets and policyholder liabilities.

Through its established risk management framework, the Club has identified key risks, including emerging risks that are faced in the process of implementing the business strategy. Risks are analysed with reference to their likelihood of occurrence and potential severity of impact; an acceptable level of risk ('risk appetite') is identified for each risk, and controls are established which seek to ensure that this level is not exceeded. Employees receive training to ensure that they understand and adopt this approach, and the Managers monitor the efficiency and effectiveness of the controls and the procedures which support them, and which are independently reviewed through the internal audit process.

Oversight of the Club's risk management framework lies with the Board of Directors, through its Audit and Risk Committee.

There follows a summary of how the key risks faced by the Club have been addressed.

Underwriting risk

This is the risk inherent in any underwriting contract, represented by the unpredictability of the insured event occurring and uncertainty about the quantum of any resulting claim. The potential risk to the Club is that business is written for insufficient premium or provides inappropriate cover, or that the frequency and/or severity of the insured events is higher than expected.

The Club's underwriting strategy documents its appetite for risk, as well as its pricing and reinsurance policy. The pricing policy reflects the loss experience and quality and management of vessels entered and is commensurate with the cover provided. The underwriting risk is further mitigated by maintaining a well-balanced and diverse insurance portfolio, in terms of both vessel type and geographical spread.

Reinsurance is a key tool used in reducing the underwriting risk exposure and in seeking to deliver stable underwriting results. The Club's reinsurance programme is subject to annual review and agreement by the Board of Directors to ensure that it continues to be an effective tool for achieving these objectives. In addition to its own reinsurance programme, the Club is party to the International Group Pooling Agreement, whereby for the 2025 policy year individual claims of between US$ 10m and US$ 100m are pooled.

Risk Management continued

Above this level, the International Group purchases reinsurance protection up to some US$ 3bn on behalf of all pooled Members.

Reserving risk

This represents the risk that reserves established in the consolidated balance sheet are insufficient to meet the cost of outstanding claims, as a result of inadequate case reserves or inadequate reserves for claims that have been incurred but not reported. The Club has an established conservative estimating policy in place, based on always estimating the cost of the claim in the appropriate currency, always seeking to reflect the most up-to-date information available and not deviating from a pessimistic basis (worst reasonable likely outcome) for estimating a claim. The reserving process uses a variety of statistical and actuarial techniques, with the level of reserves calculated using internal actuarial resources and maintained on a conservative basis, subject to quarterly review and approval by the management Reserve Committee.



Regulatory risk

This represents the risk to the Club of reputational damage resulting from a failure to respond to and comply with a changing regulatory landscape. The Club actively adheres to regulatory requirements in worldwide jurisdictions where it operates, and in addition monitors all entities within the insurance and accounting systems against relevant sanction lists on a daily basis.

The Club has a defined process to monitor compliance with worldwide regulatory issues and to respond to any new developments as they are identified.

Credit risk

This is the risk to the Club of a loss resulting from a counterparty being unable to meet its contractual obligations to the Club.

The main credit risk arises from the potential for reinsurers to default on their obligations under the terms of reinsurance policies. The Club manages this risk by ensuring that the reinsurance security used is both strong and diverse. The financial standing of reinsurers is kept under regular review.

The Club is also exposed to its Members not paying premiums when due. Strong credit control procedures are in place to mitigate this risk. In addition, the rules of the Club allow it to terminate an entry from inception in case of non-payment of premiums. Furthermore, the payment of claims in respect of a policy can be suspended if premiums associated with that policy are outstanding.

Market risk

This represents the risk associated with fluctuation in the value of, or income generated from, investments, including the impact of fluctuations in interest and exchange rates.

The Club has an investment strategy in place which is aligned to its business plan, and which is designed to preserve its capital whilst still seeking an appropriate return, so that its liabilities can always be met within risk tolerances agreed by the Board. The investment policy is regularly reviewed, and the portfolio is well diversified to reduce the impact of fluctuations in interest rates, market prices and foreign currency exchange rates.

The investment management and custodian functions are provided by trusted third parties and are regularly monitored by the Finance Committee of the Board, as well as by the internal audit function.

Currency risk

The Club has worldwide insurance operations and undertakes financial transactions in various currencies. As a consequence, it is exposed to foreign currency exchange rate fluctuations.

The Club has a process for seeking to materially match assets and liabilities in the appropriate currencies and also both earns income and pays claims in broadly matching currencies.

Risk Management continued

Liquidity risk

This represents the risk that the Club could fail to meet its financial obligations due to some difficulty or inability to liquidate investments at short notice, or through unanticipated cash flow requirements.

The daily cash flow requirements are forecast and monitored, and the Club maintains a high concentration of liquid assets to ensure that adequate funds are always in place to meet its financial obligations. The investment portfolio has a mix of short-, medium- and long-term investments to satisfy the Club's cash flow requirements.

The Club does not have any borrowings, but it does have credit and guarantee facilities in place with banks. In practice, these facilities are rarely utilised to meet short-term financial obligations.

Operational risk

The major sources of operational risk for the Club are those associated with process reliability, information security and financial crime.
The Club has a number of key performance indicators in place to identify and manage operational risk, and systems are regularly reviewed to ensure that they are streamlined and responsive to the needs of the business.

Capital management

The Club manages the risks it faces through a series of processes and controls, which are reviewed on an ongoing basis. In addition, it holds capital to cover unexpected losses arising from the risks it faces and to meet its regulatory requirements. As a result of its most recent review, credit rating agency Standard & Poor's has confirmed that the Club holds capital in excess of its 99.99% threshold.

The Club is conscious that its capital should be appropriately utilised. In setting the policy of requesting a General Increase for the 2026 renewal in support of maintaining a balanced underwriting result, the Board recognised the continued growth in the level of the Club's free reserves and undertook to review the level of capital required to support the risks that the Club takes.

In undertaking that review, the Board observed that the Club is well capitalised as a result of many years of disciplined underwriting and prudent financial management and that it meets the Solvency II capital requirements. As part of its considerations, the Board noted that the Club's regulatory capital strength relative to other EU non-life insurers (using the latest publicly available information as at 31 December 2024) is not exceptional and that when ancillary own funds are excluded, its solvency ratio is aligned with the median of EU non-life insurers. Under a range of stress scenarios that the Board considers as part of the annual ORSA process, the Board observed that the Club's solvency ratio would reduce but remain within an acceptable range.

Based on its review, the Board concluded that the Club continues to hold appropriate levels of capital to mitigate the risks it faces. The Board further noted that this level of capital provides stability and predictability to the Club's Members through the lowest level of cumulative general increases over the past decade amongst International Group (IG) Clubs and that these increases were inclusive of IG reinsurance costs, that it supported the Club's policy of nil release calls, and that it supported the Club's policy of not applying deductibles to fee payments. In arriving at its conclusion, the Board noted that its ongoing monitoring of the level of capital required to support the risks that the Club takes, would continue.

Own shares and research and development

The Company does not hold any own shares as at 31 December 2025, as it has no share capital. There has been no research expenditure incurred during the year.

Auditors

The Annual General Meeting held on 22 May 2025 appointed Deloitte Audit S.à r.l. as Statutory Auditor for the financial year ended 31 December 2025. The Annual General Meeting in 2026 will consider the appointment of auditor for the financial year-end 31 December 2026.

By Order of the Board:

Donald A. MacLeod KC
Chair

1 April 2026



Report of the Réviseur d'entreprises agréé

To the Members of The Shipowners' Mutual Protection and Indemnity Association (Luxembourg) 1, Place d' Armes L-1136 Luxembourg



Report on the Audit of the Consolidated Annual Accounts

Opinion

We have audited the consolidated accounts of The Shipowners' Mutual Protection and Indemnity Association (Luxembourg) and its subsidiaries (the 'Association', the 'Group'), which comprise the consolidated balance sheet as at 31 December 2025, and the consolidated income and expenditure account for the year then ended, and notes to the consolidated accounts, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated accounts present fairly, in all material respects, the financial position of the Association as at 31 December 2025, and the results of its operations for the year then ended, in accordance with the basis of accounting described in notes 1 and 2 to these consolidated accounts.

Basis for Opinion

We conducted our audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier (CSSF).

Our responsibilities under the EU Regulation N° 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the 'Responsibilities of the réviseur d'entreprises agréé for the Audit of the consolidated accounts' section of our report. We are also independent of the Association in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF, together with the ethical requirements that are relevant to our audit of the consolidated accounts, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Presentation

We draw attention to notes 1 and 2 of these consolidated accounts, which describe the basis of accounting. These consolidated accounts have been prepared to assist The Shipowners' Mutual Protection and Indemnity Association (Luxembourg) to meet its financial information requirements to its Members and to be consistent with the basis adopted by the other members of the International Group of P&I Clubs. As a result, these consolidated accounts may not be suitable for another purpose.

Our opinion is not modified in respect of this matter.

Report of the Réviseur d'entreprises agréé continued

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated accounts of the current period. These matters were addressed in the context of the audit of the consolidated accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of incurred but not reported (IBNR) claims reserves:

Risk description:

Gross claims outstanding include incurred but not reported (IBNR) claims reserves which are typically recognised to reflect the uncertainty around the ultimate losses that will be incurred arising from claims due to the long-term nature of the Association's exposure. The judgements that are made by management in determining the valuation of incurred but not reported (IBNR) claims reserves, as mentioned in note 2 to the consolidated accounts, are significant to the Association's financial position. Determining these incurred but not reported (IBNR) claims reserves require subjectivity, and alterations in underlying assumptions may have a material impact on the financial position of the Association and on the results of its operations. In this context, the valuation of incurred but not reported (IBNR) claims reserves in respect of management's selection of methodology and assumptions underlying the valuation of incurred but not reported (IBNR) claims reserves have been assessed as a key audit matter.

Audit responses:

We have assessed the design and implementation of key controls which management performs in relation to insurance reserving. This included assessing the design and implementation of controls over the data used by the Association's actuarial experts, the internal challenge of that work and the appropriate governance oversight in determining the key assumptions underpinning the valuation of incurred but not reported (IBNR) claims reserves. We completed procedures to assess the competence and objectivity of management's actuarial experts and involved our own actuarial specialists to assess the appropriateness of the methodology applied and the suitability of the key assumptions and judgements taken in determining the incurred but not reported (IBNR) claims reserves.

Other matters

The Shipowners' Mutual Protection and Indemnity Association (Luxembourg) has prepared a separate set of consolidated accounts as at 31 December 2025, in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the consolidated accounts on which we issued a separate auditor's report to the Members of The Shipowners' Mutual Protection and Indemnity Association (Luxembourg) dated 16 April 2026.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the Annual Report but does not include the consolidated accounts and our report of the réviseur d'entreprises agréé thereon.

Our opinion on the consolidated accounts does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and Those Charged with Governance for the consolidated accounts

The Board of Directors is responsible for the preparation and fair presentation of these consolidated accounts in accordance with the basis of accounting described in notes 1 and 2 to these consolidated accounts and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated accounts, the Board of Directors is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

Responsibilities of the *réviseur d'entreprises agréé* for the Audit of the consolidated accounts

The objectives of our audit are to obtain reasonable assurance about whether the consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the réviseur d'entreprises agréé that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated accounts.

Report of the Réviseur d'entreprises agréé continued

As part of an audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the réviseur d'entreprises agréé to the related disclosures in the consolidated accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the réviseur d'entreprises agréé. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated accounts, including the disclosures, and whether the consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Association to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated accounts of the current period and are therefore the key audit matters.



We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on Other Legal and Regulatory Requirements

We have been appointed as réviseur d'entreprises agréé by the General Meeting of the Shareholders on 22 May 2025, and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 7 years.

The Report of the Directors is consistent with the consolidated accounts and has been prepared in accordance with applicable legal requirements.

We confirm that the audit opinion is consistent with the additional report to the audit committee or equivalent.

We confirm that the prohibited non-audit services referred to in the EU Regulation N° 537/2014 were not provided and that we remained independent of the Association in conducting the audit.

For Deloitte Audit, *Cabinet de révision agréé*

Ludovic Bardon
Partner, *Réviseur d'entreprises agréé*
16 April 2026

Consolidated Annual Accounts

Consolidated Balance Sheet

as at 31 December 2025

	Note	31 December 2025 US$'000	31 December 2025 US$'000	31 December 2024 US$'000	31 December 2024 US$'000
Assets					
Intangible assets	4		**34,766**		33,762
Investments					
Other financial investments					
Shares and other variable yield transferable securities and units in unit trusts	5	**205,612**		191,312	
Debt securities and other fixed income transferable securities	5	**554,190**		493,835	
Deposits with credit institutions	5	**133,320**		114,129	
			893,122		799,276
Reinsurers' share of technical provisions					
Provision for unearned premiums		**5,725**		5,519	
Claims outstanding	6	**101,422**		131,067	
			107,147		136,586
Debtors					
Debtors arising out of direct insurance operations					
Policy holders		**62,890**		68,061	
Intermediaries		**427**		182	
Debtors arising out of reinsurance operations	7	**5,982**		2,078	
Other debtors		**1,604**		2,050	
			70,903		72,371
Other assets					
Tangible assets and stocks	8	**9,901**		10,254	
Cash at bank and in hand		**98,677**		87,832	
			108,578		98,086
Prepayments and accrued income					
Accrued interest		**5,164**		4,316	
Deferred acquisition costs		**14,333**		14,369	
Other prepayments and accrued income		**2,234**		1,921	
			21,731		20,606
Total Assets			**1,236,247**		1,160,687

	Note	31 December 2025 US$'000	31 December 2025 US$'000	31 December 2024 US$'000	31 December 2024 US$'000
Liabilities					
Capital and reserves					
Legal reserve		**300**		300	
Contingency reserve		**447,157**		406,538	
(Loss)/profit for the financial year		**83,207**		40,619	
	9		**530,664**		447,457
Technical provisions					
Provision for unearned premiums		**96,266**		95,442	
Claims outstanding	6	**571,276**		579,574	
			667,542		675,016
Provision for other risks and charges					
Provision for taxation			**1,927**		592
Creditors					
Creditors arising out of direct insurance operations					
Policy holders		**2,944**		3,097	
Intermediaries		**17,071**		18,050	
Creditors arising out of reinsurance operations		**6,980**		6,403	
Other creditors, including tax and social security		**1,378**		2,703	
			28,373		30,253
Accruals and deferred income			**7,741**		7,369
Total Liabilities			**1,236,247**		1,160,687

The notes on pages 45 to 50 form part of these Consolidated Annual Accounts.

Approved by the Board on 1 April 2026

Donald A. MacLeod KC
Chair

Dr. Yves Wagner
Director

Consolidated Annual Accounts continued

Consolidated Income and Expenditure Account

for the year ended 31 December 2025

	Note	31 December 2025 US$'000	31 December 2025 US$'000	31 December 2024 US$'000	31 December 2024 US$'000
Technical account – non-life insurance business					
Earned Premiums					
Gross premiums written	10	**307,707**		304,828	
Outward reinsurance premiums	11	**(36,306)**		(34,094)	
Change in the gross provision for unearned premiums		**(824)**		(4,467)	
Change in the provision for unearned premiums, reinsurers' share	11	**206**		586	
			270,783		266,853
Allocated investment return transferred from the non-technical account			**85,080**		38,433
Claims incurred net of reinsurance					
Claims paid					
Gross amount	12	**(218,045)**		(185,130)	
Reinsurers' share	11, 12	**48,000**		8,208	
Net claims paid		**(170,045)**		(176,922)	
Change in the provision for claims					
Gross amount	12	**8,298**		(49,837)	
Reinsurers' share	11, 12	**(29,645)**		38,292	
Change in the net provision for claims		**(21,347)**		(11,545)	
			(191,392)		(188,467)
Net operating expenses					
Acquisition costs	13	**(42,634)**		(42,876)	
Change in deferred acquisition costs		**(36)**		678	
Administrative expenses		**(35,704)**		(33,034)	
			(78,374)		(75,232)
Balance on the technical account for non-life insurance business			**86,097**		41,587

	Note	31 December 2025 US$'000	31 December 2025 US$'000	31 December 2024 US$'000	31 December 2024 US$'000
Non-technical account					
Balance on the technical account for non-life insurance business			**86,097**		41,587
Investment income	14	**106,920**		66,341	
Investment charges	14	**(21,840)**		(27,908)	
			85,080		38,433
Allocated investment return transferred to the non-life insurance technical account			**(85,080)**		(38,433)
Other income			**20**		59
Tax on profit on ordinary activities	15		**(2,910)**		(1,027)
Profit/(Loss) for the financial year	9		**83,207**		40,619

The notes on pages 45 to 50 form part of these Consolidated Annual Accounts.

Notes to the Consolidated Annual Accounts

1. General

The Shipowners' Mutual Protection and Indemnity Association (Luxembourg) (the "Club" or the "Association") is registered in the Grand-Duchy of Luxembourg. It is a mutual insurance association, whose principal activity is the insurance and reinsurance of marine protection and indemnity risks on behalf of its membership. As a mutual insurance association, the Club does not have a share capital and the liability of its members is limited to the calls and supplementary premiums set by the Directors of the Club.

Basis for Preparation

These consolidated annual accounts have been prepared in accordance with the significant accounting policies set out in Note 2.

These accounting policies and disclosures are consistent with those required by the amended law of 8 December 1994 on the annual accounts of insurance and reinsurance undertakings in Luxembourg, except for the shares and other variable yield transferrable securities, and debt securities and other fixed income transferrable securities, which are valued at market value.

The presentation of the investment income and investment charges sections in the consolidated income and expenditure account summarises the categories for investment income and investment charges. The breakdown of the investment income and investment charges has been included in note 14.

Basis of Consolidation

The consolidated annual accounts have been prepared in US dollars and comprise the consolidated accounts of the Association and its affiliated undertakings as shown below. The profits and losses of affiliated undertakings are consolidated as from the effective date of acquisition or to the effective date of disposal. The group undertakings are fully consolidated.

Group Undertakings

The Shipowners' Protection Limited	UK	100%
S.O.P. (Bermuda) Limited	Bermuda	100%
Spandilux S.A.	Luxembourg	100%
Hydra Insurance Company Limited, Shipowners' Cell	Bermuda	100%
The Shipowners' Management Limited	UK	100%
The Shipowners' Protection (Hellas) LLC	Greece	100%
Waterborne Underwriting Agency Limited	UK	100%

2. Accounting policies

(i) Translation of items expressed in foreign currencies

Assets and liabilities in foreign currencies are converted into US Dollars at the rates of exchange ruling on the Balance Sheet date. Income and Expenditure items are converted at the daily rate prevailing at the transaction date. Differences arising on currency translation are included in the exchange gains and losses in the non-technical account.

(ii) Premiums

Premiums incepting prior to the balance sheet date are shown gross of acquisition costs and net of applicable refunds, discounts and cancellations. The income is accounted for on an accruals basis and is therefore recognised in the accounting periods to which the underwritten risk relates.

(iii) Reinsurance Premiums

Reinsurance premiums are charged to the consolidated income and expenditure account on an accruals basis and allocated to the Policy Year to which they relate.

(iv) Claims Paid

Claims, which include internal and external claims handling costs and the Club's share of claims under pooling agreements, are charged to the consolidated income and expenditure account when they have been paid and do not include any estimated outstanding claims. Claims are allocated to the Policy Years in which the incidents occurred.

(v) Reinsurance Recoveries

Certain liabilities of the Club are reinsured with similar associations under the International Group's pooling agreement and with market underwriters. Reinsurers' share represents actual recoveries received and due in respect of claims paid by the Club. They are allocated to the same Policy Year as the claims to which they refer.

(vi) Policy Years

Premiums and reinsurance premiums are credited or charged to the Policy Year to which cover relates. Claims are included in Policy Years by reference to the date of the incident and reinsurance recoveries are matched accordingly. Management expenditure is allocated to the current Policy Year.

(vii) Administrative Expenses

Administrative expenses include management costs and general expenses but exclude internal claims handling costs. They are dealt with on an accruals basis and charged to the consolidated income and expenditure account.

Notes to the Consolidated Annual Accounts continued

2. Accounting policies continued

(viii) Investment Return

Investment return comprises all investment income, realised investment gains and losses, value re-adjustments, net of investment expenses, charges and interest. Dividends are recorded on the date on which the shares are quoted ex-dividend and include the imputed tax credits. Interest and expenses are accounted for on an accruals basis. Realised gains and losses on investments are calculated as the difference between net sales proceeds and purchase price. Value re-adjustment gains and losses on investments represent the difference between the valuation at the balance sheet date and their purchase price.

(ix) Allocated investment return from non-technical account

A transfer of the investment return is made from the non-technical account to the technical account to reflect the return made on those assets directly attributable to the insurance business.

(x) Taxation

The charge for taxation is shown in the non-technical account.

(xi) Investments

Other financial investments

Investments are carried at their market value at the Balance Sheet date.

(xii) Debtors

Provision has been made for debts which are thought not to be wholly recoverable.

(xiii) Tangible assets and stocks

Tangible assets are stated at historical cost less accumulated depreciation. Depreciation is provided on a straight line basis over the anticipated useful life of the assets concerned at the following rates:

Computer equipment	50% per annum
Furniture & Fixtures	33.3% per annum
Leasehold improvements	Over the remaining life of the lease
Communications hardware	20% per annum
Property and Plant	Consists of a leasehold property which is depreciated over the lease term of 70 years

(xiv) Intangible Assets

Software Development

Intangible assets are stated at historical cost less accumulated depreciation. Depreciation is provided on a straight line basis over the anticipated useful life of the assets. The Club capitalises internal and external computer software development costs when the following apply: where the software is separately identifiable, the Club has control over the software and where it can be demonstrated that they provide future economic benefits for the Club through facilitating revenue or improved processes. The costs capitalised include administrative and other general overhead expenditure when they can be directly attributed to the software development and preparing it for use. The useful economic life of internally generated software is estimated to be five years.

Goodwill

Goodwill represents the excess of the cost of acquisition over the book value of the net assets acquired in the participating interests. Goodwill is amortised over the period of 5 years. Goodwill deemed to be impaired will be written down to its impaired value. Goodwill will be derecognised when an asset is sold.

(xv) Deferred Acquisition Costs

Acquisition costs represent the brokerage and commissions attributable to the processing of proposals and the issuing of policies. Acquisition costs are deferred and amortised over the periods in which the premiums are earned.

(xvi) Technical Provisions – Unearned Premiums

Provision for Unearned Premiums represents that part of gross premiums written that is estimated to be earned after the balance sheet date. The unearned premium reserve is calculated on a daily pro-rata basis.

(xvii) Technical Provisions – Claims Outstanding

Claims are subject to prolonged delay, both as to notification and settlement. Accordingly, the likely final cost of claims outstanding, which include a projection for claims incurred but not reported (IBNR) as well as future development of reported losses, is based upon current information and the experience and judgment of the Directors. Large claims are assessed separately, being measured on a case by case basis in order to allow for the possible distortive effect of the development and incidence of these large claims. The ultimate costs thereof cannot be ascertained with certainty at the date of the Consolidated Balance Sheet. Provision for the cost of claims handling is included within the IBNRs. Reinsurers' share is accounted for on an accruals basis and allocated to the same Policy Year as the claims to which they refer.

Notes to the Consolidated Annual Accounts continued

2. Accounting policies continued

(xviii) Creditors

Creditors are included in liabilities at settlement value. Any differences arising on settlement of the debt are recognised then.

(xix) Accruals and deferred income

This item consists of both charges that relate to the current financial year but are payable after the balance sheet date and income received before the balance sheet date but relating to a subsequent financial year.

3. Creditors

There are no creditors due after more than five years.

4. Intangible assets

	31 December 2025 US$ '000			31 December 2024 US$ '000		
	Software Development	**Goodwill**	**Total**	Software Development	Goodwill	Total
Cost						
At the beginning of the year	**102,972**	**542**	**103,514**	91,379	–	91,379
Disposals/Decommissioning	**(22,746)**	**–**	**(22,746)**	–	–	–
Additions	**10,178**	**–**	**10,178**	11,593	542	12,135
At the end of the year	**90,404**	**542**	**90,946**	102,972	542	103,514
Accumulated Depreciation						
At the beginning of the year	**(69,752)**	**–**	**(69,752)**	(58,005)	–	(58,005)
Disposals/Decommissioning	**22,746**	**–**	**22,746**	–	–	–
Annual amortisation	**(9,033)**	**(141)**	**(9,174)**	(11,747)	–	(11,747)
At the end of the year	**(56,039)**	**(141)**	**(56,180)**	(69,752)	–	(69,752)
Carrying Amount	**34,365**	**401**	**34,766**	33,220	542	33,762

Goodwill as at 31 December 2025 represents goodwill related to the acquisition of 100% of Waterborne Underwriting Agency Limited which was purchased during 2024.

5. Investments

	31 December 2025 US$ '000	31 December 2024 US$ '000
Other financial investments		
Shares and other variable yield transferable securities and units in unit trusts		
Market value	**205,612**	191,312
Debt securities and other fixed income transferable securities		
Market value	**554,190**	493,835
Deposits with credit institutions		
Market value	**133,320**	114,129

6. Technical provision – claims outstanding

	31 December 2025 Total US$ '000	31 December 2024 Total US$ '000
Claims Outstanding – Gross amount		
Own claims	**359,322**	376,303
Own claims IBNR	**139,232**	128,581
Other Clubs' pool claims	**49,546**	47,562
Other Clubs' pool claims IBNR	**23,176**	27,128
	571,276	579,574
Reinsurers' Share		
Other reinsurers	**65,057**	79,155
Other reinsurers IBNR	**11,354**	24,109
Pool claims	**18,228**	26,176
Pool claims IBNR	**6,783**	1,627
	101,422	131,067

7. Debtors arising out of reinsurance operations

	31 December 2025 Total US$ '000	31 December 2024 Total US$ '000
Other reinsurers	**5,982**	2,078
	5,982	2,078

Notes to the Consolidated Annual Accounts continued

8. Tangible assets and stocks

	31 December 2025 US$ '000					
	Leasehold Improvements	**Computer Equipment**	**Communications Hardware**	**Furniture and Fixtures**	**Property and Plant**	**Total**
Cost						
At the beginning of the year	**4,419**	**1,757**	**15**	**914**	**10,022**	**17,127**
Disposals	**–**	**–**	**–**	**–**	**–**	**–**
Additions	**589**	**369**	**14**	**65**	**–**	**1,037**
At the end of the year	**5,008**	**2,126**	**29**	**979**	**10,022**	**18,164**
Accumulated Depreciation						
At the beginning of the year	**(3,856)**	**(975)**	**(15)**	**(870)**	**(1,157)**	**(6,873)**
Disposals	**–**	**–**	**–**	**–**	**–**	**–**
Annual amortisation	**(766)**	**(434)**	**(3)**	**(44)**	**(143)**	**(1,390)**
At the end of the year	**(4,622)**	**(1,409)**	**(18)**	**(914)**	**(1,300)**	**(8,263)**
Carrying Amount	**386**	**717**	**11**	**65**	**8,722**	**9,901**

	31 December 2024 US$ '000					
	Leasehold Improvements	Computer Equipment	Communications Hardware	Furniture and Fixtures	Property and Plant	Total
Cost						
At the beginning of the year	5,509	1,720	15	878	10,022	18,144
Additions	(1,120)	(786)	–	–	–	(1,906)
Disposals	30	823	–	36	–	889
At the end of the year	4,419	1,757	15	914	10,022	17,127
Accumulated Depreciation						
At the beginning of the year	(4,572)	(1,514)	(15)	(822)	(1,014)	(7,937)
Annual amortisation	1,061	786	–	–	–	1,847
Disposals	(345)	(247)	–	(48)	(143)	(783)
At the end of the year	(3,856)	(975)	(15)	(870)	(1,157)	(6,873)
Carrying Amount	563	782	–	44	8,865	10,254

9. Reserve movements

	31 December 2025			31 December 2024		
	Legal Reserve US$ '000	**Contingency Reserve US$ '000**	**Income and Expenditure Account US$ '000**	Legal Reserve US$ '000	Contingency Reserve US$ '000	Income and Expenditure Account US$ '000
Balance brought forward	**300**	**447,157**	**–**	300	406,538	–
Profit/(Loss) for the financial year	**–**	**–**	**83,207**	–	–	40,619
Transferred to contingency reserve	**–**	**83,207**	**(83,207)**	–	40,619	(40,619)
Balance carried forward	**300**	**530,364**	**–**	300	447,157	–

10. Gross premiums written

The total gross direct insurance premiums may be broken into country of risk location as below:

	31 December 2025 US$ '000	31 December 2024 US$ '000
Luxembourg	**1,133**	1,324
Other EU countries	**51,482**	51,323
EEA countries outside EU	**2,139**	2,109
Countries outside EEA	**252,953**	250,072
	307,707	304,828

11. Reinsurance balance

	31 December 2025 US$ '000	31 December 2024 US$ '000
Outward reinsurance premium	**(36,306)**	(34,094)
Change in the provisions for unearned premiums, reinsurers' share	**206**	586
Claims paid, reinsurers' share	**48,000**	8,208
Change in the provisions for claims outstanding, reinsurers' share	**(29,645)**	38,292
	(17,745)	12,992

Notes to the Consolidated Annual Accounts continued

12. Claims incurred net of reinsurance

	31 December 2025 US$ '000	31 December 2024 US$ '000
Claims paid		
Gross Amount		
Own claims	**(196,884)**	(169,152)
Other Clubs' pool claims	**(21,161)**	(15,978)
	(218,045)	(185,130)
Reinsurers' Share		
Pool	**10,090**	6,631
Other reinsurers	**37,910**	1,577
	48,000	8,208
Change in the provision for claims outstanding		
Gross Amount		
Own claims	**6,331**	(58,925)
Other Clubs' pool claims	**1,967**	9,088
	8,298	(49,837)
Reinsurers' Share		
Pool	**(7,948)**	(4,499)
Other reinsurers	**(21,697)**	42,791
	(29,645)	38,292

13. Commissions

The caption "Net operating expenses – Acquisition costs" comprises only commissions linked to the direct insurance business of the Club amounting to US$ 42,634k and US$ 42,876k for the years ended 31 December 2025 and 31 December 2024, respectively.

14. Investment income and charges

	31 December 2025 US$ '000	31 December 2024 US$ '000
Investment Income		
Income from other investments	**22,125**	22,108
Gains on foreign exchange	**30,349**	5,680
Value readjustments on investments	**41,760**	32,491
Gains on realisation on investments	**12,686**	6,062
	106,920	66,341

	31 December 2025 US$ '000	31 December 2024 US$ '000
Investment charges		
Investment management charges, including interest	**(4,341)**	(4,061)
Losses on foreign exchange	**(12,482)**	(17,986)
Value adjustment on investments	**–**	(282)
Losses on realisation on investments	**(5,017)**	(5,579)
	(21,840)	(27,908)

15. Taxation

	31 December 2025 US$ '000	31 December 2024 US$ '000
Luxembourg municipal and state taxes	**(949)**	(90)
UK Corporation Tax	**(1,896)**	(937)
Other Taxes	**(65)**	–
	(2,910)	(1,027)

16. Contingency reserve

In accordance with the Club's Rules, all available funds after making full provision for claims outstanding have been, and will continue to be, transferred to the Contingency Reserve.

Notes to the Consolidated Annual Accounts continued

17. Auditor's remuneration

The split of the fees (excluding VAT) accrued by the Club and payable to the Club's auditors for the year ended 31 December 2025 are as follows:

	31 December 2025 US$ '000	31 December 2024 US$ '000
Audit Fee (including Special Report and other reporting requirements instructed by the *Commissariat aux Assurances*)	**769**	643
	769	643

The fees above include US$ 12k (2024: US$ 12k) relating to the contractual audit of a separate set of special purpose financial statements.

18. Personnel employed during the year

	31 December 2025	31 December 2024
The average number of persons employed by the Group during the year was:	**212**	203
The persons employed during the year fell into the following categories:		
Administrative	**61**	61
Technical	**119**	111
Financial	**32**	31
	212	203

Staff costs during the year were as follows:

	31 December 2025 US$ '000	31 December 2024 US$ '000
Wages and Salaries	**27,961**	25,511
Other staff related costs	**1,758**	1,305
Social Security costs	**3,500**	2,833
Other pension costs	**1,919**	1,583
	35,138	31,232

19. Directors fees

The aggregate amount paid to Directors during the year ended 31 December 2025 was US$ 2.1m (2024: US$ 1.8m).

20. Related party transactions

Luxembourg Law requires disclosure of material transactions with related parties. The Club has no share capital and is controlled by the members who are also the insureds. The subsequent insurance transactions are consequently deemed to be between related parties. These are the only transactions between the Club and the members. No single transaction with related parties is of such materiality and nature as to require disclosure.

21. Financial commitments and guarantees

The Association, through its subsidiary, S.O.P. (Bermuda) Limited – Bermuda, has pledged liquid assets of US$ 26.6 million (2024: US$ 22.9 million) as security to obtain credit facilities of US$ 29.4 million (2024: US$ 75.9 million).

Total non-insurance related bank guarantees and letters of credit issued on behalf of the Association at 31 December 2025 were:

	31 December 2025 US$ '000	31 December 2024 US$ '000
Letters of credit and other guarantees	**–**	9,319
	–	9,319

As at 31 December 2025, the Association has committed to the future use of office space for a value of US$ 9.5m (2024: US$ 1.6m).

22. Subsequent events

There have been no events to report occurring after the 31 December 2025 balance sheet date, which have a material impact on these consolidated annual accounts.

The early part of 2026 saw the commencement of the conflict between the US, Israel and Iran, spreading to the wider Middle East region. The Association had some modest exposure in the region. The Board of Directors will continue to closely monitor the potential impact on the business and development/performance of the Association.

Additional Information (Unaudited)

Consolidated Policy Year Statement

20 February 2026

	2023 US$'000	2024 US$'000	**2025 US$'000**
Calls and premiums			
Debited in 2025 financial year and prior	282,768	303,005	**306,555**
Debited/(credited) in 2026 financial year	(18)	(66)	**1,012**
	282,750	302,939	**307,567**
Reinsurance premiums	(32,412)	(32,836)	**(36,558)**
Claims paid			
Own claims	(135,481)	(144,918)	**(35,710)**
Other Clubs' Pool claims	(2,734)	(14,688)	**(5,159)**
Reinsurance recoveries			
Pool	17,588	2,377	**–**
Other reinsurers	(17,113)	(2,320)	**35,284**
Estimated outstanding claims			
Own claims	(75,450)	(99,152)	**(152,764)**
Other Clubs' Pool claims	(11,740)	(13,228)	**(10,504)**
Estimated reinsurance recoveries			
Pool	(9,415)	5,581	**651**
Other reinsurers	41,651	66,834	**(21,284)**
Administrative expenses	(31,568)	(41,774)	**(35,705)**
Acquisition costs	(39,612)	(42,469)	**(42,630)**
Surplus/(deficit) at 20 February 2026	(13,535)	(13,655)	**3,188**

The Policy Year statement shows the position of open policy years as at 20 February 2026.

Average Expense Ratio

In accordance with Schedule 3 of the International Group Agreement 2013 we are required to include a statement of the Average Expense Ratio for the Club's P&I business for the five years immediately preceding completed financial years. The ratio of 23.8% has been calculated in accordance with the Schedule and the guidelines issued by the International Group of P&I Clubs and is consistent with the relevant Financial Statements.

Corporate Information

Board of Directors

D. A. MacLeod KC (Chair), Canada
J. Vermeij, (Vice Chair) Chile
A. Gürün, Turkey
Dr D.C.S. Ho, Hong Kong
T. G. Kailis, Australia
M. Ko, Singapore
K. Meads, New Zealand
Rev. Canon S. Miller, Hong Kong
E. Muller, The Netherlands
P. D. Orme, United Arab Emirates
S. Surya, Indonesia
S.J. Swallow, United Kingdom
P. Sydenham, United Kingdom
Dr Y. Wagner, Luxembourg
J.M. Whitaker, United Kingdom

Registered Office

The Shipowners' Mutual Protection and Indemnity Association (Luxembourg)
1, Place d' Armes
L-1136 Luxembourg

Tel: +352 229 7101
E-mail: info@shipowners.lu

Auditors

Deloitte Audit,
Société à responsabilité limitée
20 Boulevard de Kockelscheuer
L-1821 Luxembourg

Managers

The Shipowners' Protection Limited
White Chapel Building, 2nd Floor,
10 Whitechapel High Street
London E1 8QS

Tel: +44 (0)20 7488 0911
E-mail: info@shipownersclub.com

9 Temasek Boulevard
Suntec Tower Two #22-02
Singapore 038989

Tel: +65 6593 0420
E-mail: info@shipowners.com.sg

Acknowledgements

With thanks to Oceânica for providing the cover image of the vessel – Oceanicasub VIII.

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