

## The mutual approach

The Shipowners' Club has been in existence for over 160 years and was established by ship owners, for ship owners. We have always operated on a mutual basis – that is, the Club exists for the benefit of its Members.

### Mutuality delivers “at cost” insurance

In considering the financial benefits of Club membership the Club's mutuality is an absolutely central element.

Many insurance companies (including marine insurers) are owned by shareholders and consequently have to generate returns for those shareholders to meet their investment demands. These companies have to generate dividends, which are paid from profits and, of course, ultimately those profits are generated through the income charged to policy holders.

The Shipowners' mutual model is different. We have no shareholders and consequently we have no requirement to pay dividends. This means that we can retain surpluses generated within the Club and use this money for the benefit of our Members, through, for example, improving services, enhancing cover levels or by keeping premium levels down.

### Value for money at the heart of the Club's governance

Of course, our mutual model will only benefit our Members if we run ourselves in an efficient manner. We are acutely aware that the money we handle belongs to our Members. We therefore have a constant focus on ensuring that the Club offers value for money.

This value for money focus is enhanced by our corporate governance model, and specifically the fact that:

1. The Club's Board of Directors is strongly represented by shipping Members who act on behalf of the wider Members in ensuring that their money is spent and invested appropriately.
2. The day to day management of the Club is entrusted to a 100% owned management company which exists solely to service the Club, and not to generate returns for third parties.

### Financial Strength

As with any insurance company, our Members want to know that the Club is financially strong

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and is able to pay claims when insured events crystallise. In short, our Members want peace of mind.

Our mutual model, combined with our relentless focus on value for money, all helps towards maintaining the Club's financial strength and giving our Members the confidence that their insurance will perform when required.

The prudent management of the Club has resulted in a gradual accumulation of Member reserves. These reserves are professionally managed and invested by the Club in order to generate further returns for Members. Such reserves mean that the Club stands ready to pay insurance claims as and when they fall due.

The Club's ability to settle claims promptly is reflected in the fact that 99% of the brokers that deal with the Shipowners' Club consider our financial stability to be in the top 3 of all P&I insurers. The financial strength is further underlined by the Club's A rated credit.

## **So, in summary....**

Our Members face many and varied risks in their operations and their P&I insurance is a fundamental part of their risk management – of providing them with peace of mind. They need to know that their P&I insurer provides good products, good service, is financially strong and is well managed. If they couple this with an insurer which does not charge them for shareholder dividends and which exists solely for the mutual benefit of the Members, they have the number one P&I insurance solution – the Shipowners' Club.