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TO MEMBERS OF THE ASSOCIATION

Dear Member:

AMERICAN CLUB AND EAGLE OCEAN MARINE: 2019 P&I & FD&D RENEWAL OUTCOME

Your Managers are pleased to report that the American Club experienced a positive outcome to the recently concluded 2019 P&I renewal season. The Club's mutual P&I and FD&D business saw increases in both tonnage and revenue, while the Club's fixed premium facility, Eagle Ocean Marine (EOM), recorded a significant rise in year-on-year income. There was also good news on the claims and investment fronts.

The American Club's mutual P&I business saw tonnage increase by more than 1.6 million gt as of February 20, 2019 by comparison with the previous year, and by just under 900,000 gt in regard to mutual FD&D entries. Year-on-year premium growth was more subdued – as soft market conditions continued to prevail – with increases of 4% for P&I and 2% for FD&D entries. However, the average rate per gt on renewing P&I entries was about 1.5% higher than the expiring figure, an encouraging sign for risk pricing into 2019 and beyond.

The Club's retained claims development for the most recent policy year has remained favorable, emergence for 2018 at the twelve-month point being some 26% better than 2017. While the figures are immature, they augur well for the future, although the incidence of larger claims within the International Group Pool over recent months will counterbalance to some extent the positive results of the Club's own Members.

The Club's fixed premium brand, Eagle Ocean Marine (EOM), also saw substantial growth. It acquired nearly 450,000 gt of new business over the renewal season, reflecting additional revenue of about \$2.75 million. Year-on-year premium for EOM increased by 42% as of February 20, 2019, while its claims performance continued to develop favorably. EOM complements the Club's mutuality as it grows its footprint throughout the world. In a period of some uncertainty for the fixed premium P&I market, EOM remains committed to providing the gold standard of service in its field.

Having successfully weathered financial market turmoil toward the end of 2018, the American Club's investment portfolio has performed well into the current year. While the Club's investment return was flat at year-end 2018 (although substantially better than benchmark), its portfolio generated a return of 2.7% for January 2019 alone, with a positive 1% in the fixed income space being further buoyed by an equities' performance in excess of 7% for the period.



The success of both the Club and EOM is ultimately made possible by the support of Members, Insureds, their intermediaries, and the many other friends and business counterparties who, in their different ways, support their respective missions. Your Managers also like to think that it reflects the dedication of those who work for the American Club and EOM, and is a sign of their single-minded commitment to remain the leading choice for those they are proud to serve over the years ahead.

Yours faithfully,

Joseph E.M. Hughes, Chairman & CEO
Shipowners Claims Bureau, Inc., Managers for
THE AMERICAN CLUB