NorthStandard

Pre-Renewal Report

2026

PUBLICATION DATE: 17 November 2025

NorthStandard
Pre-Renewal Report 2026

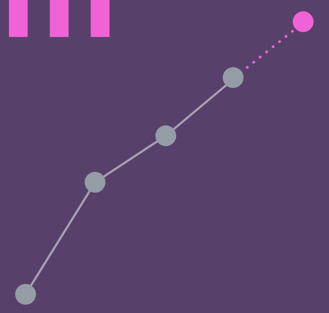
Contents

Key results forecast to 20 Feb 2026

Premium income (US$)

930m*

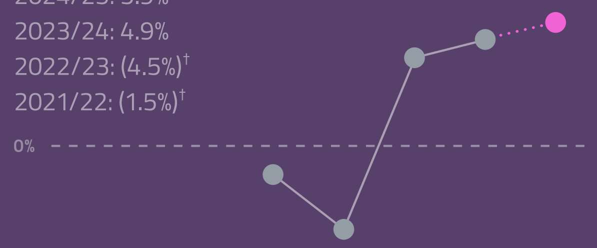
2024/25: 886m
2023/24: 836m
2022/23: 796m†
2021/22: 700m†



Investment return

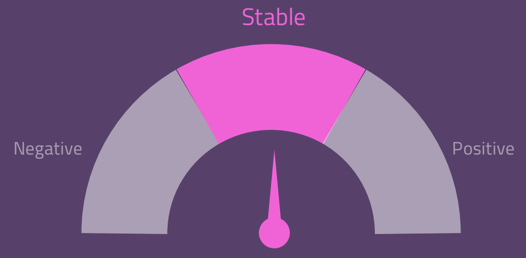
6.8%*

2024/25: 5.9%
2023/24: 4.9%
2022/23: (4.5%)†
2021/22: (1.5%)†



Financial rating (S&P Global)

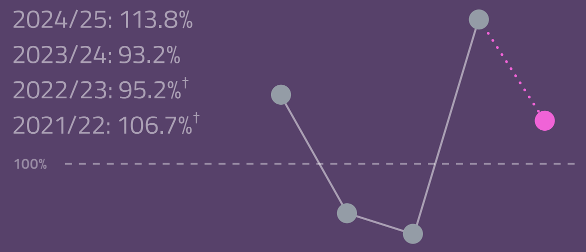
A AAA Capital Strength



Combined ratio

104%*

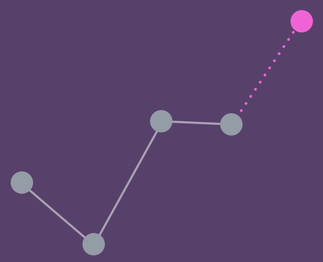
2024/25: 113.8%
2023/24: 93.2%
2022/23: 95.2%†
2021/22: 106.7%†



Free reserves (US$)

900m*

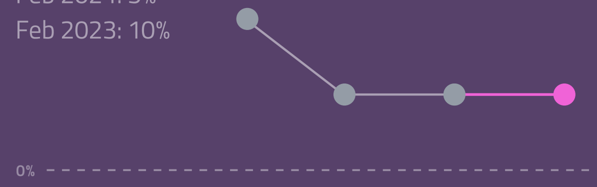
Feb 2025: 800m
Feb 2024: 803m
Feb 2023: 686m†
Feb 2022: 744m†



2026 General Increase

5%

Feb 2025: 5%
Feb 2024: 5%
Feb 2023: 10%



Find out more >

*Forecast as at November 2025
†Based on combined legacy club figures

Chair's welcome

Since the 2024/25 year closed, with an extraordinary year for the International Group pool and an elevated experience for retained claims, we have seen many positive developments for the Club in the subsequent few months. Yet, many of the same challenges remain.

What has changed? A more benign claims experience for NorthStandard and fewer claims falling upon the International Group (IG) pooling arrangements are certainly welcome. As a result, we are currently expecting a combined ratio approximately 10 per cent lower than last year at this stage in the 2025 year's development.

And there have been developments at pace within the Club. Most recently, we launched the Upstream Energy and Marine & Energy Liabilities sectors. This followed quickly on the heels of our combined Hull & Machinery and P&I product, leveraging the expertise of our Sunderland Marine and Coastal & Inland teams alongside our traditional P&I capabilities. Delivering on our commitment to diversification with the confidence that we have a long history and expertise, together with an ambition and willingness to try new things that comes from being such a young organisation.

Investments continue to perform well, both benefiting our balance sheet and necessary to support underwriting results.

As I suggested, many challenges persist. A better claims year this year must be viewed against the backdrop of inflation and volatility. Whilst claims on the International Group so far are fewer, they are once again very expensive, and the pattern of volatile large claims costing more continues.

We should be concerned not just about inflation in claims, but also the erosion of premiums. Up to now, scrapping has remained subdued, and the world's fleet has continued to age. If, as we expect, this starts to unwind in the coming years, we will see a return to the effect of 'churn' and its deflationary impact on premiums.

We will continue to develop the Club with vigour and ambition, fulfilling the promises we made when creating NorthStandard. At the same time, we will manage it with the financial discipline that underpins long-term success.

Our long-term goal is to deliver more value to our members. We rely upon and greatly appreciate the longstanding support of our members and brokers – those partnerships are the foundation of everything we do.

Cesare d'Amico
CHAIR
17 November 2025

Claims environment

Following a more active claims environment in 2024, NorthStandard has experienced a notably benign first half of the current year. Both the frequency and value of attritional claims are lower than in most of the preceding five years.

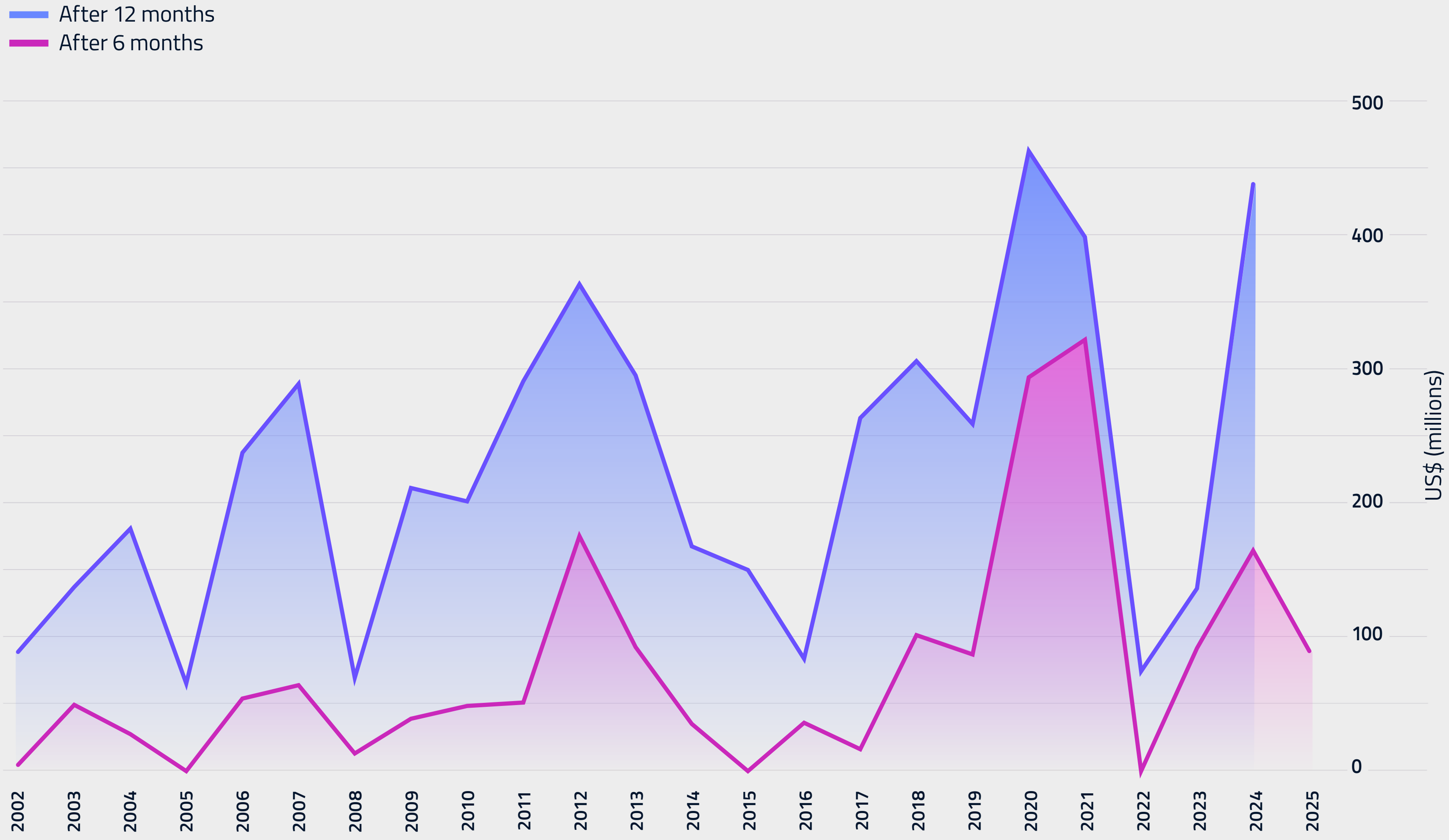
Large claims (namely those exceeding US$1 million) have also decreased significantly, with only eight reported this year versus 18 in 2024 and 11 in 2023. The aggregate value of these large claims has substantially reduced towards 2022 levels. Admiralty claims continue to represent the largest share of this exposure.

Overall claims values have not continued the upwards trajectory seen over the past three years, with claims at the 6-month development point being US$78 million after climbing to US$133 million in 2024 – a welcome development.

> "**Key drivers of claims costs** include social inflation in US personal injury cases – exacerbated in plaintiff-friendly jurisdictions – general inflation, geopolitical instability, and ongoing trade disruptions related to conflicts"

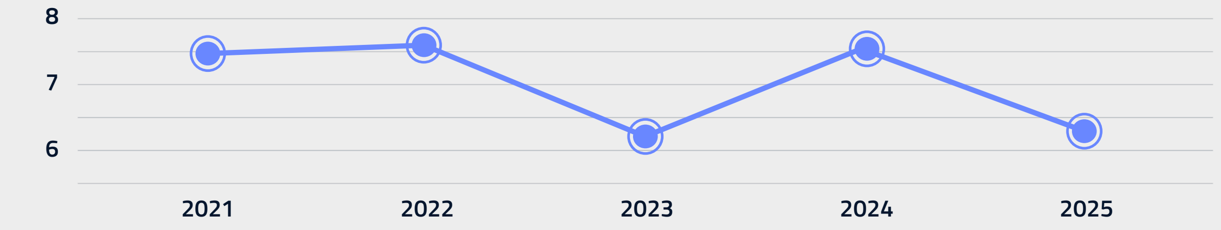
International Group Pool claims long-term trend

Claims capped US$90 million xs US$10 million



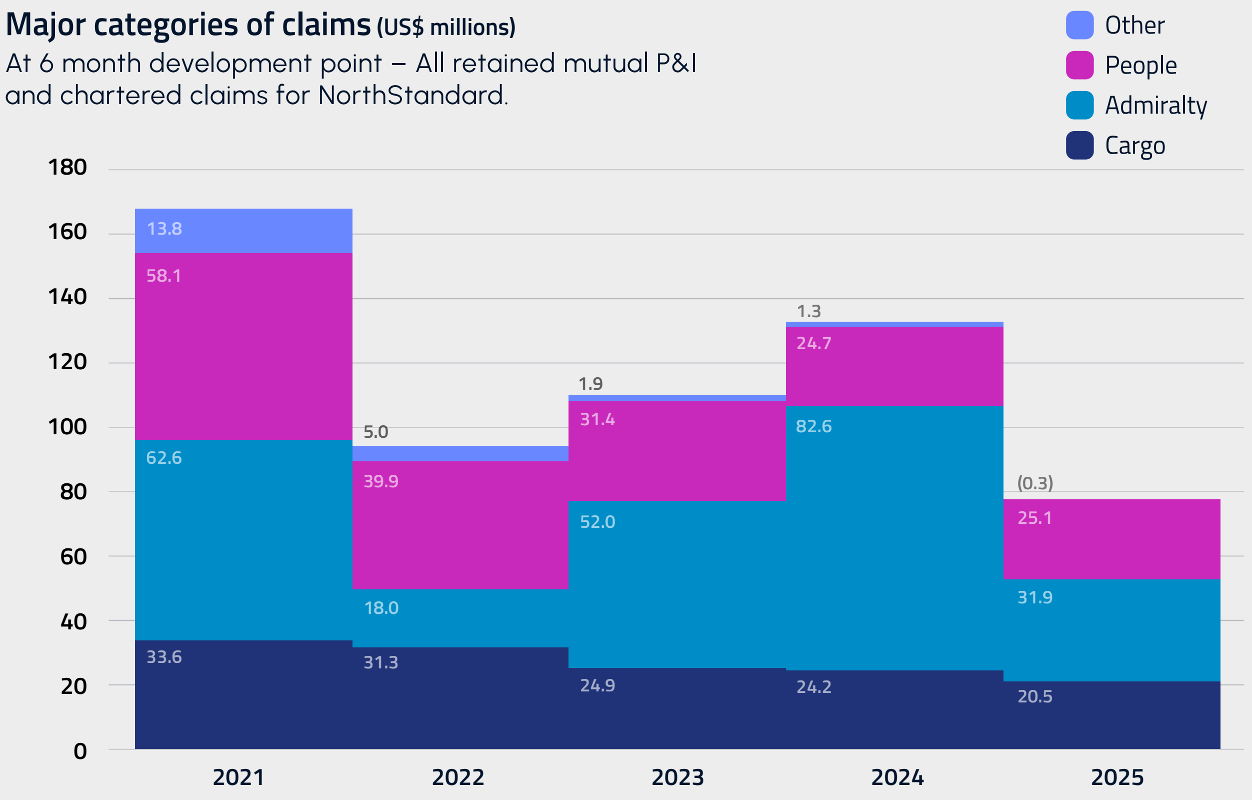
Number of claims (Thousands)

At 6 month development point – All retained mutual P&I and chartered claims for NorthStandard.



Major categories of claims (US$ millions)

At 6 month development point – All retained mutual P&I and chartered claims for NorthStandard.



At the six-month mark, NorthStandard had reported one IG Pool claim, shared among three other clubs, with each individual club bearing its agreed share of the claim. This incident, involving environmental damage from plastic nurdles off the coast of India, highlights the growing complexity and potential costs associated with such claims.

Across the IG, five Pool claims had been notified at the six-month mark in 2025, similar to the seven notified at the same point last year. However, the total claim on the Pool was markedly lower in 2025 (US$89 million) than in 2024 (US$165 million).

Key drivers of claims costs include social inflation in US personal injury cases – exacerbated in plaintiff-friendly jurisdictions – general inflation, geopolitical instability, and ongoing trade disruptions related to conflicts in Ukraine and the Middle East. Ship fires and environmental incidents further complicate the risk landscape.

Looking ahead, the Club is closely monitoring potential impacts from proposed changes to the US limitation regime following the DALI incident, the imposition of tariffs and trade restrictions (which may increase FD&D disputes and exacerbate claims inflation), as well as the implications of the net-zero transition.

While the first half of the year is encouraging, large claims remain inherently volatile and unpredictable, particularly with the approach of the northern hemisphere winter and the associated risk of significant (particularly admiralty) claims. This ongoing uncertainty reinforces the need for a prudent outlook for the full policy year.

> "Across the IG, **five Pool claims** had been notified at the six-month mark in 2025"

Financial performance

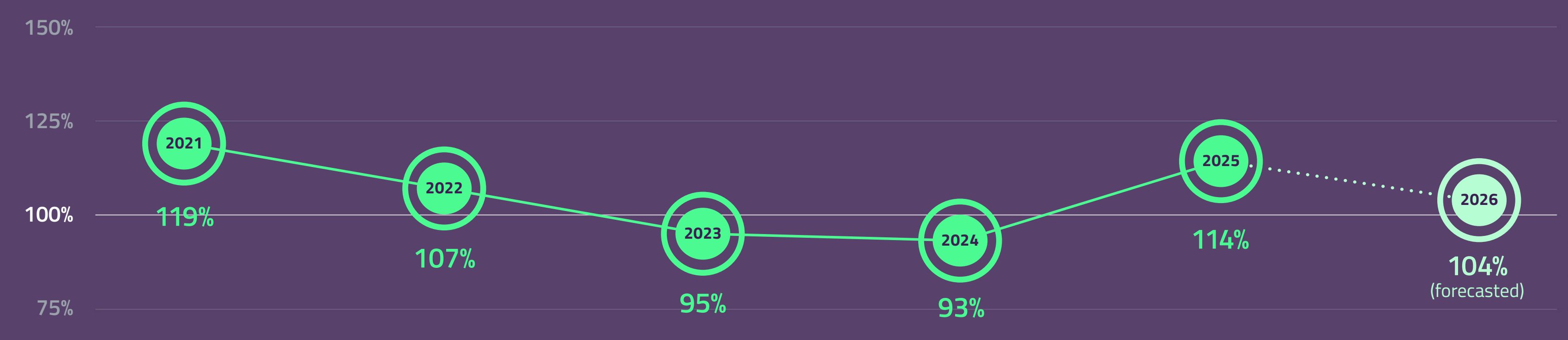
The claims picture translates into a forecast improvement to 104% in our combined ratio for 2025/26. Naturally, at this stage of the year we remain somewhat cautious and there may be development in this projection by the 20 February year-end.

A favourable experience in our own retained claims, notably in a reduced number and cost of larger claims, is the main driver behind the improved forecast. Our specialty lines continue to deliver positive performance which increases our financial resilience through diversification of risk and makes an important contribution to the financial result.

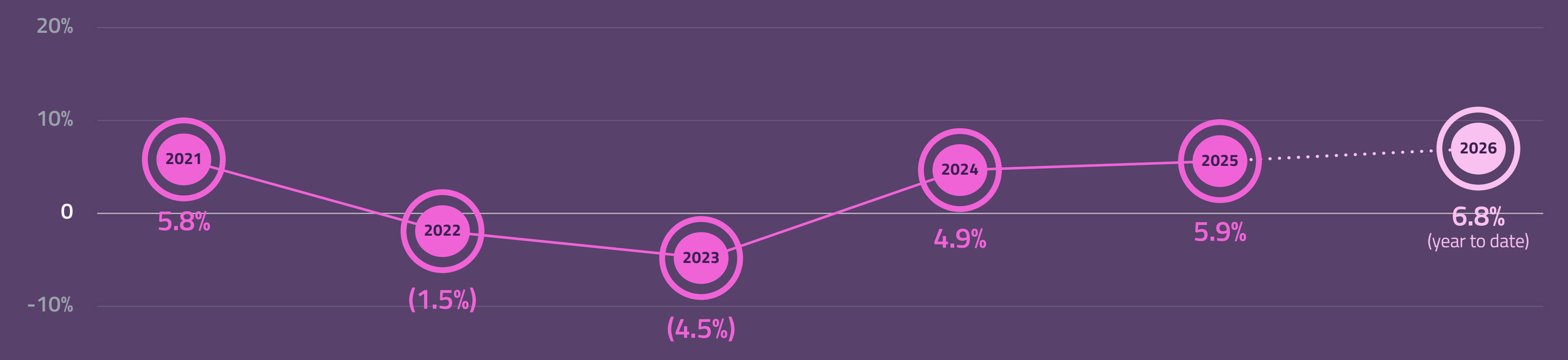
In relation to claims on the International Group pool, the current year experience is certainly better – albeit two of the claims reported so far are sizable casualties that will involve significant cost. The 2024 policy year for the pool has deteriorated in this financial year, and with 15 claims declared to back-years on the pool since 20 February, this is a factor which both drags on results and gives pause for thought as to future costs for the pool.

> "Our specialty lines continue to deliver positive performance which **increases our financial resilience** through diversification of risk"

Combined ratio Year ending 20 February



Investment returns Year ending 20 February



In the first eight months of the current financial year the Club's investments continue to perform strongly, returning an estimated 6.8% (around US$115 million). That follows a 5.9% return for the whole of the previous financial year.

The cornerstone of the Club's investment approach is a conservative portfolio of government and investment grade corporate bonds, structured to match the Club's liabilities. A portion of the Club's surplus is invested in a diversified portfolio of growth assets that have the potential to produce higher long-term returns (equities, alternatives and higher yielding fixed income). NorthStandard's improved capital position has enabled the Club to allocate more money to growth assets which have been the key driver of the Club's strong investment performance. Equities have benefited from the AI revolution and the prospect of central bank rate cuts. Headwinds remain in the form of uncertainty over US tariff policy and the possibility that some AI stocks have overshot. Nevertheless the portfolio is supported by a strong level of underlying income.

> "In the first eight months of the current financial year the Club's investments continue to perform strongly, **returning an estimated 6.8%**"

AAA

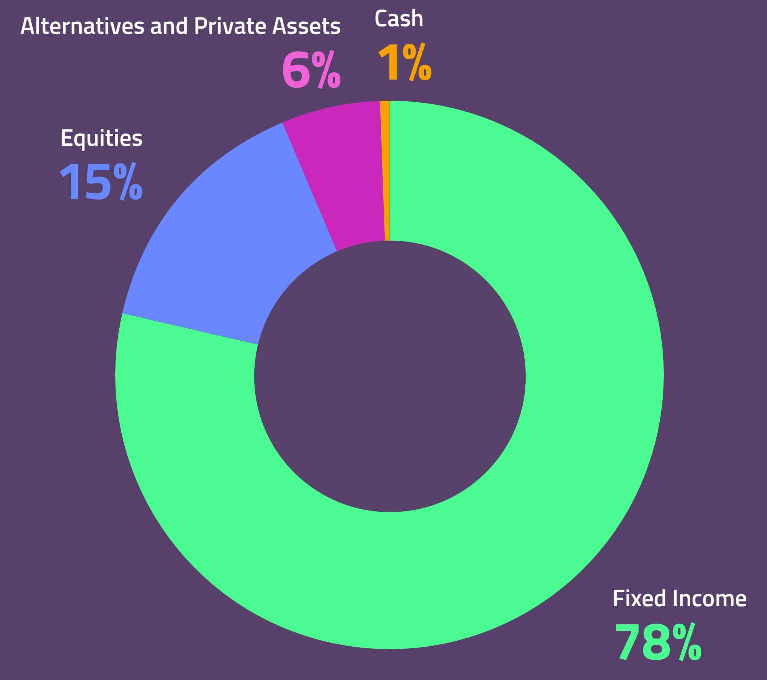
Capital Strength

Capital position

Our capital position remains strong, as reflected by the continuing A (stable) rating awarded by S&P Global Ratings.

Club investment portfolio allocation

November 2025



Specialty developments

We are committed to more diversification and the positive impact that it has for the Club, making it one of the founding objectives of NorthStandard. The results over the past few years continue to prove the value of following our diversification strategy.

Our five-year performance for the specialty sectors has seen positive annual combined ratios under 90%, including the forecast outturn for the current year, and has provided a positive contribution to the Club in every financial year.

It is also in our specialty lines that we see many exciting developments. NorthStandard has been the leader in the Offshore & Renewables P&I sector for some time. Members and brokers value our service-led approach, and we are committed to growing our portfolio in a disciplined and sustainable manner. Building on this foundation, and recognising the high operational standards across the Oil & Gas industry, we have recently expanded into Upstream Energy property damage.

This expansion is a natural extension of our existing expertise. We also heard clear feedback from members and brokers: Upstream property placements often include liability exposures that fall outside of traditional P&I coverage.

To meet that need, we are launching a new Marine & Energy Liabilities sector, allowing us to provide liability cover that complements our P&I and our new property offerings. Following a rigorous recruitment process, we have appointed two highly experienced leaders: Matt Holmes as Head of Upstream Energy and Andrew Carter as Head of Marine & Energy Liabilities. They are now in post and actively building their teams.

The market response to these launches has been excellent. We are grateful for the strong support from members and brokers as we continue to expand our Specialty capability.

> "Our **five-year performance** for the specialty sectors has seen **positive annual combined ratios under 90%**"

The 2026 Renewal

Whilst we have seen a benign claims experience and a return to a more stable pool, the growth in the cost of large claims continues to be of concern. We anticipated a moderation in pool costs when setting our budgeting for last year's renewal, although the two significant incidents we have seen so far illustrate the costly exposures that exist.

Whilst there are inflationary effects on our claims and the other expenses involved in running the Club, our income is exposed to the deflationary effect of churn as new buildings deliver, and it becomes less economical to operate older tonnage.

The positive returns on the specialty lines of business have also provided support to the underwriting results of the P&I and FD&D classes. Viewed in isolation, these would still be in the region of 110%, as the continuing pressure of price inflation, social inflation and 'churn' counter the effect of our modest rate rises over more recent years.

This means that the delta we referred to last year between claims and premium remains. It would be imprudent not to allow for these circumstances and ensure that underwriting remains sustainable. In order to do this the Directors have confirmed that a 5% General Increase in P&I premium rates will be required. Where minimum deductibles are below US$30,000 then these will increase by US$1,000.

The increase will apply across all members, although each individual member's renewal will be negotiated and agreed based on their own claims performance and risk exposure.

We will also apply a general premium rating increase of 5% for the FD&D class of business.

2026 General Increase

5%

Feb 2025: 5%
Feb 2024: 5%
Feb 2023: 10%

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