

CIRCULAR

7/18 JULY 2018

OUTLINE

- PRA approve UK Club's plan to redeem hybrid bond
- Club capital improved by \$300 million over the last ten years
- At February 2018 the Clubs Free Reserves stood at \$540 million without hybrid capital

TO THE MEMBERS

REDEMPTION OF HYBRID BOND

At the UK (Bermuda) Board Meeting held on Wednesday 18th July 2018 in Lisbon, the Board agreed to redeem the hybrid bond.

In July 2008, the UK Club was the first P&I club to raise \$100 million of new capital in preparation for the introduction of the EU Solvency II directive in 2012. Hybrid was a cost effective way of increasing the Club's regulatory solvency capital over and above free reserves and allowed greater flexibility in its investment strategy.

The Board have decided it is now the right time to redeem the bond. The Club's capital has improved by \$300 million over the last 10 years. At the year-end 20th February 2018, the Club was in a strong financial position with investment returns of 6.1% and good claims experience increasing free reserves to \$540 million. The Club can meet its risk appetite for capital both with and without the Hybrid capital.

Yours faithfully

THE MANAGERS

For more information

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