



## Press Release

### TT CLUB DISPLAYS STABLE FINANCIAL PERFORMANCE AMID CHALLENGING TRADING CONDITIONS

**London 16<sup>th</sup> April 2012:** In 2011 the TT Club experienced an environment of costly natural disasters and unrelenting competitive pressures. However the specialist liability insurer of the freight transport and logistics sector reports its maintenance of a stable financial platform, increased gross premiums and a very strong capital position for the year end 31<sup>st</sup> December 2011.

Members of the transport insurance Club were affected by a number of the catastrophe events of 2011, including the second Christchurch earthquake, flooding in Queensland (Australia) and Thailand and the Japanese tsunami. The consequent claims depressed the operating returns of TT Club and yet a good underwriting performance, a modest growth in premium income and impressive retention levels lead to a positive net result and record levels of reserves, building on an already very strong capital position.

Chairman of the Board, Knud Pontoppidan comments, "The premium rating environment has been unrelenting and the Club continues to encounter fierce competition. This competition has been very much on price rather than on product as very few, if any, of the Club's competitors seek or are able to replicate the Club's value added product and service offering. There were signs, however, in the latter part of the year that the rating environment was improving and at the renewals on 1 January 2012 the Club achieved increases on most renewing accounts."

Member renewals rates, at 96% were in line with, if not slightly above historical levels and the Club achieved improved premiums on the majority. The increase in take up of TT's cargo insurance product also contributed to a year-on-year rise in Gross Written Premiums of 8.5% to USD181.7 million.

Despite the difficult market conditions the Club's Combined Ratio remained under 100% (2011 actual 98.6%) indicating that claims payments and administrative expenses together were more than offset by premium income which is a healthy position for the Club to be in. In addition, and again in the face of volatile economic circumstances, investment returns were positive at plus 0.8%. This reflected a low risk investment policy with 93% of invested funds in cash and fixed income bonds.

The Club has a small equity allocation with the aim of enhancing returns over the longer term as well as giving the benefits of diversification. The Club has also purchased put options, protecting some of the downside risk on its equities.

As a result an overall net surplus of US\$1.2 million was achieved. This compared to a positive result of US\$12.8 million in 2010, which had been significantly enhanced by a high level of prior year releases.

The key strength of the Club remains it's very strong capital position with Surplus & Reserves now at a record high of US\$145.4 million. The Club's Total Assets are at US\$ 608.8m, and total Capital Resources (including subordinated debt) stands at US\$ 174.5m. All of which gives TT a capital position equivalent to a A++ rating, the highest on AM Best's capital adequacy model.

A further strength derived from TT Club's structure as owned by its Members, is its commitment to loss prevention guidance for Members and the freight transport industry, which it serves. Charles Fenton, Chief Executive high-lights some of the international initiatives in which TT's loss prevention team have been involved over the past twelve-months. "We are justly proud of the contribution the Club makes to safety, security and operational best-practice. Current work includes; practical guidance in framing regulations for weighing containers; advice on packing cargo units, including properly handling hazardous materials and satisfactory training of operatives and the Cargo Incident Notification System (CINS), which aids the sharing of data on potentially dangerous container stowage practices. All such efforts additionally help to minimise claims," Fenton emphasises.

As to the future, while Club Member numbers continue to grow and management's new business generation efforts bear fruit, the Chairman is optimistic despite signs that the global macro-economic climate is unlikely to change dramatically in 2012. "I anticipate further progress in 2012 especially in the Club's strategic objective to improve the balance of the underwriting book with growth in the logistics and transport operators sector," concludes Pontoppidan.

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## Notes to Editors

### Financial Highlights

#### *Year on year:*

	<u>2011</u>	<u>2010</u>
Gross written premium (US\$m)	181.7	167.4
Combined ratio, %	98.6%	83.3%
Investment return, %	0.8%	0.9%
Net result (US\$m)	1.2	12.8
Surplus and reserves (US\$m)	145.4	144.2
Capital resources (US\$m)	174.5	173.2
Member retention, %	96%	96%



## **Key points:**

- 8.5% growth in premium income due to new business, members' volume increases and a continued high level of member retention.
- Good underwriting performance despite challenging market conditions.
- Investment return 0.8%, reflecting low risk policy focussed on capital preservation - 93% cash and fixed income with benchmark duration less than 1 year.
- Small equity allocation (7%) with the aim of enhancing the return over the longer term as well as giving the benefits of diversification; the Club has purchased put options protecting some of the downside risk.
- Net result was a surplus US\$1.2m (2010 net result enhanced by higher prior year release).
- Surplus and reserves at a record level of US\$145.4m.
- Very strong capital position equivalent at A++, the highest rating on the AM Best capital adequacy model.

## **About the TT Club**

The TT Club is the international transport and logistics industry's leading provider of insurance and related risk management services. As a mutual insurer, the TT Club exists to provide its policyholders with benefits, which include specialist underwriting expertise, a world-wide office network providing claims management services, and first class risk management and loss prevention advice.

Customers include some of the world's largest shipping lines, busiest ports, biggest freight forwarders and cargo handling terminals, to companies operating a handful of vehicles.

It specialises in the insurance of Intermodal Operators, NVOs, Freight Forwarders, Logistics Operators, Marine Terminals, Stevedores, Port Authorities and Ship Operator.

Established in 1968, the TT Club's membership comprises ship operators, ports and terminals, road, rail and airfreight operators, logistics companies and container lessors.

## **Chairman's Review**

The full statement from the Chairman is available from TT Club's website

<http://www.ttclub.com/>

**Photographs on request from ISIS Communications – [info@isiscomms.com](mailto:info@isiscomms.com)**

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