



## **Confident profit for British Marine**

Insurer puts in strong performance for new owner QBE, writes James Brewer -  
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INSURER British Marine has turned in a strong performance, markedly stepping up its profit under the ownership of major group QBE.

An official statement from the subsidiary has confirmed the growing confidence detected earlier by brokers and others dealing with the business which specialises in covering risks for thousands of small ships and craft.

With the move to QBE, British Marine has adopted a December 31 year end instead of February 20 — a reflection of the main P&I renewal date, which was even more important when an independent British Marine had a mutuality constitution.

In the 10 months from February 2006 to the year end, the company returned an operating profit of \$23m, which compared with \$18.1m for the 12 months to February 20, 2006.

For the fourth consecutive year British Marine's combined operating ratio was below 90%, indicating consistent profitability on underwriting activity alone. In the same period gross premium income doubled to \$140m.

British Marine's results are now subsumed into those of QBE, but directors undertook to continue to advise on financial developments by way of an annual commentary, "thereby enabling a consideration of British Marine's performance within the context of the marine market generally and the International Group [of P&I Clubs] in particular," said chief executive Robert Johnston.

As a fixed premium insurer, British Marine operates outside the P&I grouping, but inevitably has to demonstrate results that can at least match its peers.

One group member, Shipowners Club, is a particularly robust competitor.

Mr Johnston and his colleagues are making it clear that shipowners and other clients can now benefit from the security that British Marine offers as a core entity of QBE.

For calendar 2006, QBE announced a record net profit after tax of A\$1.48bn (\$1.2bn), an increase of 36% over 2005. Return on equity equated to 26% of average shareholders' funds, and QBE's gross assets stand at A\$31.76bn.

Rating agency Standard & Poor's said at the end of January 2007 that British Marine will be assigned core status and its rating raised to A+ with a stable outlook, on the

completion of the transfer of reserves to Equator Re, another core QBE entity. This is expected at the end of the first quarter of 2007, said Mr Johnston.

He added: "The traditional February P&I renewal season has continued the strong performance. We saw a 97% retention of our February 20 P & I renewals with an average 4% increase in premium paid by the same renewing client base; this increase takes no account of changes in deductibles or conditions.

"New business accounted for a further increase in premium of 18%. Our hull class likewise performed strongly through 2006, returning a 67% gross loss ratio over the 10-month period."

He said the group continues to underwrite profitably in both the traditional hull and P&I classes and has launched International Transport Solutions to provide intermodal and professional liability insurance products to a growing insurance base.

Through 2007 British Marine will seek to explore and develop new insurance products, said Mr Johnston.

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