

GENERAL INCREASE BULLETIN NO. 3 / 20

Club – Britannia

28th October 2020

P&I

- No general increase ordered.

FDD

- No general increase ordered.

Our third PLF Renewal Bulletin introduces the deliberations of Britannia following their recent Board Meeting.

The Club statement issued following the Board meeting resonates with the main themes and strategic objectives which the P&I Clubs of the International Group are currently facing and seeking to carry forward, investment return volatility, an exceptional level of pool claims activity relative to proceeding years and a current underwriting imbalance which needs to be addressed.

Our PLF renewal bulletin quotes the salient bullet points expressed by the Club to better comprehend the orientation of the club towards the forthcoming renewal,

“Retained claims in the current year are within projections. The picture is different for the Pool, with claims on the Pool during the first six months of 2020/21 being the highest ever recorded. Our overall claims experience, retained and Pool claims, for the past two years, is significantly in excess of the four prior policy years, bringing further pressure on rates. **Combined ratios in recent years are evidence that premium income is not keeping pace with claims exposure. This is not sustainable.” (PLF highlighting).**

“We will continue to undertake a technical based renewal of our membership. Members will be underwritten individually to achieve an increase on the Association’s current estimated total call (ETC) but there will be no declared general increase. Members’ rates will be adjusted to reflect their individual claims records and risk profiles together with any Group Excess of Loss premium adjustments”

“Our focus for renewal is to progress our strategic objectives of addressing the current underwriting imbalance, whilst using our capital strength to assist Members.”

In this respect and relative to the declared financial strength the Board has deliberated a further capital distribution of USD10 million to mutual P&I Members with ships on risk at midnight (BST) on 20 October 2020 (using the same method of calculation for each Member’s share as for prior distributions).

With regards to the Capital Distribution it is worth mentioning the club comment in this respect, to put into context the club approach to the renewal at 20th February 2021 and the premium adjustments which will inevitably follow,

“Whilst the Club cannot use excess capital to correct the underwriting deficit, the principle challenge remains how to balance the financial strength with the need to reverse the decline in rates.”

Should you have any queries regarding the above arguments and insurance issues, please do not hesitate to get in touch with your usual P.L. Ferrari contact or get in touch via our website at <https://www.plferrari.com>

P.L. FERRARI & CO S.r.l.