

GENERAL INCREASE BULLETIN NO. 4 / 20

Club – Standard

30th October 2020

P&I

- A 10% general increase ordered.

FDD

- No general increase ordered.

The Standard is the fourth Club of the International Group of P&I Clubs to announce their general requirements for the forthcoming P&I and FDD renewal at 20th February 2021.

The Club renewal circular starts by noting that the 2020/21 policy year is currently forecast for a better performance relative to the 2019/20 year however the pressures of a general low level in premium rating and the impact of an increased frequency and magnitude of large claims with contributions to these claims shared between the International Group Clubs through the pooling arrangement leads to an anticipation of an underwriting deficit for the year. A defensively placed investment portfolio, at protection to the current and ongoing global financial market volatility, whilst currently producing a positive result is unlikely to culminate in the cancellation of an underwriting deficit.

The Club circular resonates with the shared commentary so far expressed by those clubs who have issued their respective renewal deliberations with reference to the drivers and the challenges being faced by the P&I market at the forthcoming renewal.

In addressing the balance of premium rating levels vs. claims the Board has instructed the application of a general increase of 10% to be applied to expiring P&I premiums at 20th February 2021 with consideration then to be given to each individual Members premium rating adequacy, terms and deductible structure. The club circular notes that following this analysis of premium and terms adequacy in the light of individual records where an insufficiency in current rating levels to cover a Members individual claims costs, the costs of reinsurance and a proportionate share of large market losses is evidenced further remedial increases to premium contributions in excess of the general increase will be required.

For the FDD class the club notes a stable performance and accordingly the Board has determined that no general increase will be applied on renewal. Individual Member records for the FDD class will determine if an increase in premiums will be required to manage the evidenced claims activity.

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>

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