

## GENERAL INCREASE BULLETIN NO. 9 / 20

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### *Club – American Club*

23<sup>rd</sup> November 2020

#### **P&I**

- A 5% general increase ordered.  
Expiring deductibles of US\$ 10,000 or less to be increased by US\$ 1,000  
All other deductibles to be increased by 10% on expiring values subject to a cap of USD 15,000

#### **FDD**

- A 5% general increase ordered.

The American club renewal circular sets out the drivers which the Board took into consideration for their deliberations on the general requirements for the forthcoming renewal. In line with all other clubs which have so far announced the club notes the relentless increase in large losses falling on the International Group pooling system resulting in a substantial exposure to other clubs declared losses. Claims falling within the club retention have shown a lower incidence in the first eight month cut off than in the previous year. With regards to investment income they note that it is unlikely that the earnings seen in 2019 will be replicated in 2020 as the financial markets continue to demonstrate volatility.

Against this background the club circular notes,

“there remains an overarching market consensus that pricing levels for P&I risks are at an unsustainably low point and require, as a matter of principle, sensible movement upward.”

On conclusion the Board reversed the decision taken at the 2020/21 renewal whereby no general increase was fixed reverting to a general increase set at 5% and applicable to all expiring mutual premiums, P&I and Defence with deductible increases as set out above, noting in their circular that,

“the increase of 5% on rates ordered for 2021 is to be regarded as the minimum necessary to ensure that premium volume and prospective exposure move into greater balance over the forthcoming year.”

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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