

## GENERAL INCREASE BULLETIN NO. 12 / 21

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### *Club – North*

19<sup>th</sup> November 2021

#### P&I Mutual and Fixed entries

- A +15% general increase.
- All Owned deductibles below US\$ 50,000 increased by a minimum of US\$ 2,500 per deductible except for crew and other people related claims below US\$ 50,000 which will be increased by a minimum of US\$ 5,000 per deductible.

#### FDD Mutual and Fixed Entries

- A +7.5% general increase.

In the accompanying Pre-Renewal Report the club describes 2021 as “one of the most challenging years on record”.

Commenting upon the Board decision for renewal at 2022 the following main factors have been noted as forming the basis of their decisions,

- a further increase in the cost of Pool claims, with the result that the aggregate value at the half-year point is more severe than the historically high-level of last year. The club considers that the inescapable conclusion is that the elevated experience on the Pool will continue into the future, particularly now that global trade has returned to pre-pandemic levels of activity.
- an increased frequency and severity of retained COVID-19 related crew claims.
- inflationary pressures on retained claims.
- subdued investment returns through the year to date.

In summarising the above factors playing on the P&I club system the club notes that they been exacerbated by the fact that mutual premium rates remain generally inadequate across the P&I sector coupled with the uncertainty surrounding future investment performance means that Clubs can no longer rely on this to subsidise underwriting deficits.

Accordingly, the Board considers and concludes that responsible action to increase premium rating levels to a sustainable position will be required in order to halt any longer-term decline in capital and to preserve the financial equilibrium of the Club with remedial action been required to resolve the legacy of the recent “soft” marine insurance market and elevated Pool claims experience.

In substance this is translated into the following decisions.

P&I Mutual and Fixed Premiums – a +15% increase in premium rates at the forthcoming renewal. Of this rise, the Directors have decided that 7.5% is directly attributable to the costs of meeting the Club’s contribution to the escalating value of IG Pool claims. **They have therefore mandated that this contribution will be applicable to all mutual P&I Members, irrespective of their Record and performance.**

The remaining 7.5% is attributable to the Club’s own retained claims experience and the need to increase premium levels to ensure sustainable underwriting in the future.

The Managers have advised that they will nevertheless also continue to robustly review all Member’s premiums and terms in order to ensure that premiums are further adjusted to properly reflect performance and exposure going forward. Members with adverse loss records, will have their rates and terms adjusted in excess of these minimum requirements

Deductible increases are set out above. In addition, Members’ rates will also be adjusted to incorporate any changes in the costing and structure of the International Group General Excess of Loss Reinsurance Programme.

FDD Mutual and Fixed Premiums – a +7.5% general increase in premium rates, with the FD&D Rules deductible remaining unchanged. Premiums will however further be adjusted to reflect individual Members’ claims performance and exposure.

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