

GENERAL INCREASE BULLETIN NO. 2 / 21

Club – UK P&I Club

21st October 2021

P&I Mutual entries

- A +12.5% General Increase on expiring premiums

The recent Board meeting has concluded by setting a +12.5% general increase to be applied on expiring P&I mutual premiums at 20th February 2022. In addition, rates will be adjusted to reflect any changes in the cost of the International Group reinsurance programme. Members with adverse records will in addition have rates and terms increased to reflect as appropriate record and/or risk exposure.

The club renewal circular is synthetic and should be read in conjunction with the Autumn Statement 2021 which provides more detail to the status of the club and the driving factors which have led to the Board decision on general renewal requirements at 20th February 2022.

The pertinent sound bites from the Autumn Statement 2021 are set out below.

- COVID-19
COVID-19 continues to impact upon the Club's results and does not appear to be a one-off cost. 2021 has been very different (to the 2020 experience) with a steady flow of relatively small Non-Cruise related claims amounting to approximately 5% of club mutual premium.
- International Group Pool Claims
After six months the number of Pool claims was consistent with previous years, however the estimated cost for these claims is the largest in history. UK Club's share of those claims exceed the Club's own claims. After 6 months of 2021-22 policy year the cost of Pool claims made up over half the cost of club notified claims.

- Non-Pool attritional claims by size.
After 6 months of the 2021-22 policy year are in line with the low levels of recent year by frequency but inflationary pressures remain as the average cost of claims continues to trend upwards.
- Premium adequacy
Mutual premiums continue to be insufficient to cover the associated claims and expenses. The pressure on policy year results is increasing as large claims and reinsurance costs increase. Action must be taken in order to restore premium levels and preserve financial stability going forward. The combined ratio for the first 6 months of the 2021-22 policy year was 115%.

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