

- A minimum market adjustment of 10% for all mutual P&I and FDD tonnage regardless of performance



## GENERAL INCREASE BULLETIN NO. 5 / 21

### *Club – Skuld*

4<sup>th</sup> November 2021

#### P&I Mutual entries

- A minimum market adjustment of +10% for all mutual P&I tonnage regardless of performance

#### FDD Mutual entries

- A minimum market adjustment of +10% for all mutual FDD tonnage regardless of performance

The recent Board meeting has concluded by setting requirements which the Board recognises as been necessary in order to secure the sustainability of the mutual portfolio and Skuld's financial position. Whilst for recent years the club has abandoned the concept of general increases, due to continued under-performance of the mutual portfolio and growing concern from the rating agencies in relation to the overall performance of the mutual P&I market, the Board sees a need for rate rectification at this coming renewal using the terminology of "minimum market adjustment", "regardless of performance".

In commenting further, they add,

"Mutual rate adjustments at recent renewals have shown to inadequately cater for the significant increase in severity for pool and large claims. In addition, the negative effects of general inflation and Covid-19, such as increased costs due to repatriation, quarantine, and substitution of crew, are not reflected in current mutual rates. Furthermore, the overall levels of global investment volatility and outlook of more modest returns highlight the need for securing a more balanced underwriting result for the club."

In addition to the “minimum market adjustment” that will be applied to expiring mutual P&I and FDD premiums the club will make,

- Additional individual adjustments for members with challenging records
- Adjustment of any changes in the International Group reinsurance rates

The renewal for entries based upon non-mutual premiums, P&I renewals will be subject to individual performance adjustments with an additional focus on increased large and attritional claims exposures and increased reinsurance costs.

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