

GENERAL INCREASE BULLETIN NO. 7 / 21

Club – London

8th November 2021

P&I Mutual entries

- No general increase ordered however the Board is targeting an increase in rates of +12.5%, this is subject to a focus on individual Member loss records and risk profiles.

FDD Mutual entries

- No general increase ordered however the Board is targeting an increase in rates of +12.5%, this is subject to a focus on individual Member loss records and risk profiles.

The Board has met following on to the recently announced Supplementary Call revision on the three most recent policy years to set the requirements for the renewal at 20th February 2022. As a follow on to last announcement the decisions for renewal form part of the overall determination of the Board to take measures in order that the club delivers sustainable technical performance and financial resilience going forward.

In commenting with regards to the background the club notes,

- The cost of Mutual P&I claims in the current year is at an elevated level. A high frequency of claims involving Covid-19 is a particular factor. The average severity of claims on the IG Pool is also unusually high and includes one claim brought by the Club.
- The Club's defensively positioned portfolio of invested assets has recorded a small positive return year-to-date. Planning for the 2022/23 renewal assumes a similar modest full-year return.

As noted above, the renewal strategy provides for no set general increase. In what is referred to as a 'tailored approach to individual members' an underlying agenda target has been put forward wherein the club advises, "the Board is targeting an increase in rates of 12.5%, this is subject to a focus on individual Member loss records and risk profiles. Rates and deductibles will be adjusted accordingly."

Furthermore,

- Any adjustment to the cost of the Club's share of the International Group's excess loss reinsurance programme, which has not yet been determined, will also be applied.

The renewal circular dedicates space also for the Class 8 (FD&D) requirements setting out,

“The incurred cost of claims after six months of the current year is one of the higher cost H1 periods in recent years, but not necessarily an outlier. There has also been an upward trend in FD&D claims costs over recent years, during which time premium levels have been under pressure. In the circumstances, the Board determined that as with the P&I Class no general increase is set and whilst it is targeting an increase in rates of 12.5%, this is subject to a focus on individual Member loss records and risk profiles. Ratings and deductibles will be adjusted accordingly.”

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