

GENERAL INCREASE BULLETIN NO. 9 / 21

Club – Standard

10th November 2021

P&I

- A +12.5% general increase.
- An increase of +10% on all expiring deductibles subject to a minimum of USD 2,500 for crew and cargo and a minimum of USD 7,500 for collision/fixed and floating objects.

FDD

- A +12.5% general increase.

The results of the recent Board meeting and the general requirements set for the 2022/23 renewal can be summarised as follows.

By way of background the club notes,

“The club made positive progress at the last renewal towards its goal of breakeven underwriting. The board remains firmly focussed on achieving a sustainable underwriting result and increases in owners and members’ premium contributions are necessary at the 2022 renewal.”

Whilst the 2021/22 policy year is seen to be performing better than 2020/21 it is still predicted to run with a combined ratio in the region of 115%. The main determining factors for this are identified as,

- primarily due to the frequency and cost of large claims in the International Group Pool (the Pool) and Covid-related claims, but also reflects the general low level of premium rating across the industry. The first six months of the current policy year have seen a reduction in the frequency of other clubs’ Pool claims. However, the average value of these claims has significantly increased, generating claims estimates of a similar magnitude to 2020/21.
- the investment portfolio remains defensively positioned and is not expected to offset the underwriting deficit.

Beyond the general increase to be applied on expiring P&I and FDD premiums and the deductible adjustments to be applied on P&I terms the club notes,

“Additional costs in respect of the International Group excess of loss reinsurance programme will be passed to owners and members. Similarly, the cost of the club's non-pool reinsurance programme has increased and indications are that it is expected to increase further into 2022/23.”

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