

GENERAL INCREASE BULLETIN NO. 9/22

Club – American

23rd November 2022

- A supplementary call of 30% of currently estimated total premium for the 2021 policy year be applied to both Class I (P&I) and Class II (FD&D) for all open entries at 30th Sept 2022.
- All expiring estimated total premium to have no standardized general increase for both Class I (P&I) and Class II (FD&D) insurance.
- However, given the inflation and hostile trends in the claims environment, the implementation for 2023 of a year-on-year increase in the pricing risk of at least 10% on expiring rates overall has been decided.
- All deductibles from \$10,000 to \$50,000 per claim will be increased by 10%, and any below the \$10,000 threshold will be increased in all cases by \$1,000.

At the recent Board meeting, the Club has considered its financial position and decided the renewal requirements as above. In addition, the Club circular sets out the main highlights:

- The impact of inflation continues to be evident across a broad spectrum of exposure, particularly in regard to people and environmental claims.
- The COVID-19 pandemic has also continued to exert a negative influence on claims for the 2020 and 2021 policy years, the latter year having been unable to take the benefit of reinsurance protection for such claims following the withdrawal of cover by market underwriters at the 2021 renewal.
- Notwithstanding, the increases in premium obtained at the last renewal have raised the Club's overall income levels on its mutual P&I portfolio substantially to have a healthy growth in tonnage both organically on existing accounts and by the addition of new business.
- Also, Eagle Ocean Marine (EOM), the Club's fixed premium facility, has continued to make a strong contribution to the mutuality, with steadily rising premium and continuingly favourable underwriting results.

- While the Club's investment in American Hellenic Hull has struggled to achieve profitability, it has been able to consolidate its position in the market as part of the enlarged portfolio of the Club's European subsidiary, the American Club (Europe), in Cyprus.

Against this background and in addition to the above-mentioned renewal requirements, the Club has decided the following:

- The component of premium represented by the Club's International Group reinsurance arrangements for 2023 to be adjusted separately and additionally.
- Additional cost relating to Club's own reinsurances will also be adjusted separately and additionally.
- All Fixed Premium P&I and Damage to Hull (DTH) entries to have no standardized, or general increase.
- All fixed premium FD&D entries to have no standardized, or general, increase.
- Subject to these general conditions, and as discussed above, Members' premium rates and terms of entry for 2023 will be assessed by reference to their own particular circumstances, including their loss records, vessel-type, trade and regional factors, as well as other relevant matters, including the consideration of Members' individual risk profiles, in consequence of which further adjustments may be made as appropriate

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