

GENERAL INCREASE BULLETIN NO. 4 / 18

Club – UK P&I Club

31st October 2018

P&I

- No General Increase will be applied

Our fourth Renewal Bulletin sets out the background and decision taken by The UK P&I Club at their recent Board Meeting held on 29 October 2018.

A review of the clubs claims experience notes that the Total number of claims notified to the Club over the first six months of the 2018 policy year has fallen significantly when compared to recent years. Looking at the two value categories the total cost of the attritional claims category, considered to be those with a cost below \$0.5m, is broadly similar to last year. When looking to large claims these have increased. Compared to the last three years the club advises that the cost of large claims in the current year is more than double that previously experienced. Ordinarily the large claims sit within the 'casualty' type of incident but this year the club has seen more originating from personal injury. Pool claims in the first half of the year have seen more activity since 2013 with the club however noting that none of the 2018 policy year notified claims relate to vessels entered in the UK Club.

The total investment return of 1.4% (including Currency) for the first six months of the year is stated to be broadly in line with expectation. The Club continues to invest prudently with approximately 80% of all assets invested in fixed income securities and cash.

With regards to P&I entered Members the renewal requirements have been decided as follows:

2019 / 20 policy year

For the 2019 policy year, the Board has elected not to announce a General Increase. The Managers will focus on the risks brought to the Club by each Member, and those with adverse loss records may anticipate adjustments to ratings or terms. Any changes in the cost of the International Group reinsurance will be passed on to mutual Members.

The club has sent a message in their Autumn statement 2018, issued in conjunction with their renewal circular, regarding some of the fundamental drivers currently sitting over the mutual P&I market. With premium rates at historically low levels, there is a greater exposure to an increase in larger claims. Club combined ratio will be consequently affected and will increase. If this trend continues increases in premium will be necessary in the future for the Club to continue to meet its underwriting targets.

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