

News

Britannia waives a further USD11.5m of deferred calls while requiring no general increase in advance calls for 2017/18

20/10/2016

Policy

Chairman's statement

The Association's Chairman, Nigel Palmer OBE, said:

“Britannia is continuing to support its Members with further waivers of deferred calls while also deciding not to increase its general rates for either P&I or FD&D in 2017/18. The Association's strong finances allow it to take these positive steps, which assist Members in the most mutual way during the continuing difficult shipping market.

The Association has waived a total of USD51 million in recent years while retaining its Standard & Poor's 'A' (stable outlook) rating.”

More detailed information on all of the call decisions for both Class 3 and Class 6 will be circulated to Members shortly, with a summary set out below.

P&I – Class 3

Both the 2014/15 and 2015/16 policy years are developing within projections, enabling Members to benefit from further waivers of deferred call.

Whilst still early, 2016/17 is also developing favourably, with benign claims levels both within the Association's retention and on the Pool.

After a disappointing result in 2015/16, investment returns in the current year to date have been strong, boosted in particular by equities, and are well above the longer-term rate assumed for the policy year.

The Association's projected capital position for 20 February 2017 (which includes the benefit of funds available in Boudicca) remains comfortably over its economic capital benchmark. That financial strength enabled the Committee to agree an 'as expiring' rate for P&I advance calls in 2017/18. The budgeted deferred call remains at 45%.

Taking into account inflation and the fact that they have been unchanged in recent years, the Committee decided that for 2017/18 deductibles would be adjusted as follows:

Type	2017/18 Policy Year
All deductibles at or below USD25,000 will increase by 10%, with the minimum deductibles to increase as follows:	
Cargo claims	USD12,500 minimum (currently USD10,000)
Crew claims	USD3,000 minimum (currently USD2,000)
All other claims	USD7,000 minimum (currently USD5,000)

The Committee also decided that:

- the 2013/14 policy year will be closed with no further calls;
- a further 2.5% will be waived from the 2014/15 deferred call (reducing it to 35%, down from the original 45%) with the 17.5% balance of that deferred call being collected immediately; and
- the budgeted deferred call for 2015/16, originally set at 45%, will be reduced to 40%. The 25% due to have been collected in October 2016 will be reduced to 20%, giving Members an immediate cash benefit.

The Committee recommended that:

- Members continue to budget for a 45% deferred call in the 2016/17 policy year.

FD&D – Class 6

This class continues to see improvement.

Accordingly, the Committee decided that, for the fourth year in a row (and the sixth year out of seven), there should be no general increase in the 2017/18 FD&D advance call, with the deferred call remaining at 30%.

The Committee also decided that:

- the 2012/13 policy year will be closed with no further call; and
- the 30% budgeted deferred call for the 2015/16 policy year be collected immediately.

The Committee recommended that:

- Members continue to budget for the deferred call of 30% for the 2016/17 policy year.

For further information contact:

Andrew Cutler (CEO):

Tel +44 (0)20 7407 3588

Mob +44 (0)7738 997329

Jo Rodgers (CFO):

Tel +44 (0)20 7407 3588

Mob +44 (0)7921 233714