

No. 11 2019/2020 - Class 1 (P&I) and Class 2 (FD&D) Renewals 2020/2021

November 2019

Dear Sirs,

CLASS 1 (P&I) AND CLASS 2 (FD&D) RENEWALS 2020/2021

The Board have considered the level at which premium rates should be set for Policy Year 2020.

Recent publications have made clear that premium levels have been steadily eroded to a point where they are no longer sustainable and do not adequately cover expected claims costs. Furthermore, and as per the Club's Notice to Members No. 10 2019/2020, a higher than expected cost of other Clubs' Pool claims in the last two years has been evident.

Consequently, the Club has become increasingly reliant upon investment return to subsidise underwriting deficits. The Board has therefore set general renewal terms to strengthen premium rates in order to reduce the current imbalance between premium and claims.

A firm approach will be taken to renewal discussions and Members' rates and terms will be adjusted to reflect their individual records and prospective risk. For certain Members, where records are adverse, rates and terms will be increased and adjusted appropriately and by more than the standard surcharge referred to below.

The Board's key decisions are as follows:

i) CLASS 1 (P&I) OWNED

- A 2.5% standard surcharge has been set to apply to the mutual call rate.
- For Members whose records are adverse, rates and terms will be adjusted as appropriate to reflect record and / or risk exposure.
- Any change in the cost of the International Group reinsurance will be passed on to the Mutual Members.
- Deductibles for all Members will be reviewed on an individual basis to reflect record and any changes in risk and exposure.
- The mutual call will be payable in 5 equal instalments (each of 20% of the total mutual call). Four instalments shall be paid during the policy year with the fifth in August the following year.
- A release call of 15% shall apply to the mutual call rate.

ii) CLASS 2 (FD&D) OWNED

- A nil standard surcharge has been set to apply to all mutual rates.
- For Members whose records are adverse, rates and terms will be adjusted as appropriate to reflect record and / or risk exposure.

- As with Class 1, the mutual call will be payable in 5 equal instalments (each of 20% of the total mutual call). Four instalments shall be paid during the policy year with the fifth in August the following year.
- A release call of 15% shall apply to the mutual call rate.

iii) CLASS 1 (P&I) AND CLASS 2 (FD&D) CHARTERERS COVER

- A nil standard surcharge has been set.
- For Members whose records are adverse, rates and terms will be adjusted as appropriate to reflect record and / or risk exposure.
- For charterers rates, no change will be made to current practice; premium shall be payable in up to 4 equal instalments during the policy year.

Details of any changes in the Group reinsurance programme and limits will be advised once finalised.

Yours faithfully,

For: West of England Insurance Services (Luxembourg) S.A.
(As Managers)

T. J. Bowsher
Group CEO