

# CIRCULAR

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## OUTLINE

- General Increase for the 2015 policy year is 6.5 per cent.
- The standard deductible will increase to \$10,000.
- Any change in the cost of the International Group reinsurance will be passed on to the mutual Members.
- An explanation of the financial background to the Board's decisions can be found in the "October Review 2014" which accompanies this Circular.

TO THE MEMBERS

Dear Sirs,

## REVIEW OF OPEN POLICY YEARS & 2015 POLICY YEAR GENERAL INCREASE

At its meeting on 27th October 2014, the Board reviewed the financial position of the Club, the performance of the open and closed years and decided on the required premium levels for 2015.

### 2012 policy year

There is no supplementary premium estimated for this policy year. The release call is set at 5 per cent.

### 2013 policy year

There is no supplementary premium estimated for this policy year. The release call is set at 10 per cent of mutual premium plus any outstanding instalments of mutual premium.

### 2014 policy year

There is no supplementary premium estimated for this policy year. The release call is set at 15 per cent of mutual premium plus any outstanding instalments of mutual premium.

### 2015 policy year - General Increase

The Board has concluded that the premium rating of all Members shall be increased by 6.5 per cent, plus any change in the cost of the International Group reinsurance premium for 2015 for the mutual Members.

The Board is well aware that the shipping markets are likely to remain depressed for at least the medium term and that any increase in cost will be unwelcome. However, the decision to make a 6.5 per cent General Increase reflects the Board's determination to maintain the Club's underwriting balance and to ensure it is in a strong position to meet the inevitable increase in claims when markets recover.

The release call is set at 15 per cent of mutual premium plus any outstanding instalments of mutual premium. As normal, mutual premium for 2015 will be payable in four instalments. A detailed explanation of the background to the Board's decisions can be found in the "October Review 2014" which accompanies this circular. Both documents are also published electronically in the "Club Circulars" section of the website, ([www.ukpandi.com](http://www.ukpandi.com)).

## **Release calls**

In assessing release calls, the Directors take account of premium risk, catastrophe risk, reserve risk, counter-party default risk, market risk and operational risk.

## **Deductibles**

The standard deductible will be \$10,000 per event, including fees and expenses, for the 2015 policy year (or the dollar equivalent in other currencies). Members will still be able to elect for different deductibles from the standard at an appropriate premium adjustment, but will be encouraged to agree the standard as a minimum. The Club may also propose higher than standard deductibles as part of the renewal terms for Members with adverse records.

Yours faithfully

**THE MANAGERS**

### **For more information:**

Members requiring further information should contact their usual underwriting contact at the Club.