UKP&I

Circular
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20/26

Update from the Board and Members' Committee meetings in Seoul

The Board and Members' Committee of the Club were delighted to return to Seoul this week for a series of very productive meetings.

The agenda was wide-ranging. Directors considered the Club's financial and underwriting performance, the outlook for the February 2027 renewal, claims and reinsurance developments and several wider industry issues. We also spent considerable time looking at the opportunities created by the forthcoming merger with TT Club.

Financial performance and market outlook

The P&I market has returned to a more normal claims environment following the exceptional losses of 2024/25. Most Clubs reported combined ratios around 105% for 2025/26, with strong investment returns supporting overall financial performance.

The Club's financial performance over the first half of the 2026/27 year is broadly in line with expectations. Current-year Pool experience has been relatively benign, although unusually several claims have been reported without substantive estimates. Retained claims on the mutual book are somewhat above expectations. Positive development on prior-year claims means that the Club currently forecasts a year-end combined ratio of approximately 100%.

Investment performance has also remained positive and the Club continues to be very strongly capitalised.

The Board also considered the outlook for the International Group reinsurance renewal. Deterioration in a number of older large Pool claims within the reinsurance layer, together with the final development of the DALI loss, is expected to put upward pressure on the cost of the Group programme for 2027.

Claims inflation

Claims inflation remains an important concern. It is not uniform across all claims, but there is clear upward pressure in most types of claims, particularly illness and injury claims. The cost and complexity of major casualties is also increasing, with salvage, environmental response, specialist contractors, repairs and third-party liabilities all capable of rising materially faster than general inflation.

This reinforces the need to maintain pricing discipline and ensure that premium keeps pace with the changing cost of claims, even when headline claims frequency or Pool experience appears relatively benign.

Renewal

Against this background, Directors considered the appropriate approach to the February 2027 renewal and agreed a 4.5% General Increase for the 2027 policy year. This strikes an appropriate balance between maintaining underwriting discipline and recognising the benefits of the Club's strong financial position and the developing value of the merger for Members.

Individual renewals will, as always, reflect each Member's record, risk profile and existing terms. The Club will also target a 10% increase in deductibles below US$50,000, subject to a minimum increase of US$1,000.

Claims and industry developments

The Committee reviewed a number of recent major casualties which demonstrate the increasing complexity and cost of modern P&I claims. Cases involving collision, grounding, salvage, pollution and wreck removal continue to show how environmental requirements, specialist response costs and local legal processes can materially increase the ultimate cost of a casualty. The growing scale of passenger vessels and continuing exposure to dock and terminal damage were also highlighted as areas where apparently straightforward incidents can develop into significant claims.

The Board also discussed the International Group's collective overspill arrangements, which provide the final shipowner-funded layer of protection for an exceptionally large claim above the Group's main reinsurance programme. The discussion considered whether the existing framework remains appropriate in light of changes in shipowners' limitation regimes, the scale of the protection provided and the potential exposure of individual Members.

The Committee agreed that the Club should issue Blue Cards and cover liabilities under the 2010 Hazardous and Noxious Substances Convention from its entry into force in November 2027.

Sunday workshop and the future of the Club

The Sunday evening workshop gave Directors the opportunity to look in detail at the forthcoming merger with TT Club, the acquisition of Thomas Miller and the future shape of the enlarged mutual group. The discussion was very positive and reinforced the strategic rationale for bringing together two highly complementary specialist Clubs.

The merger will create greater scale and financial resilience while preserving the specialist identities of each Club. Member relationships and service models that have made both Clubs successful will continue to be the primary focus of our strategy. Importantly, the merger will provide benefits far beyond additional scale. The merger, together with ownership of Thomas Miller, will give us greater capacity to invest in claims and underwriting expertise, loss prevention, data, technology, and other specialist services, while keeping Member-facing decisions close to each Club.

The workshop also highlighted the opportunities the merger creates for the future. A larger and more resilient mutual, with complementary expertise across the transport chain, gives us a stronger platform for sustainable growth, new products and services and continued investment in specialist capability.

Release Calls

The Directors agreed the following release calls for the open policy years:

- 2024: 5%
- 2025: 7.5%
- 2026: 10%
- 2027: 12.5%

New Directors

The Members' Committee was also pleased to welcome seven new Directors elected at the Club's Annual General Meeting in Seoul:

- Dr. Ricardo Alvarez, John T. Essberger GmbH & Co. KG, Germany
- Secretary Elaine Chao, Foremost Group, USA
- Hakki Deval, Devbulk, Turkey
- Young Ju Kim, Pan Ocean Co., Ltd, South Korea
- Takahiro Nito, NYK Line, Japan
- Lavanya Sareen, Norwegian Cruise Line Holdings Ltd., USA
- Fumiyoshi Sato, "K" Line, Japan