



Circular

Ref: 15/13

OCTOBER 2013

OUTLINE

- General Increase for the 2014 policy year is 10 per cent
- The standard deductible will increase to \$8,500
- Any increase 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 2013" which accompanies this Circular

TO THE MEMBERS

Dear Sirs

REVIEW OF OPEN POLICY YEARS & 2014 POLICY YEAR GENERAL INCREASE

At its meeting on 28th October 2013, 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 2014.

2011 policy year

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

2012 policy year

There is no supplementary premium estimated for this policy year. The release call is set at 12.5 per cent of mutual premium plus any outstanding instalments of mutual premium.

2013 policy year

There is no supplementary premium estimated for this policy year. The release call is set at 20 per cent of mutual premium plus any outstanding instalments of mutual premium.

2014 policy year – General Increase

The Board has concluded that the premium rating of all Members shall be increased by 10 per cent, plus any increase in the cost of the International Group reinsurance premium for 2014 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 10 per cent General Increase reflects the Board's determination to restore 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 2014 will be payable in four instalments.

A detailed explanation of the background to the Board's decisions can be found in the "October Review 2013" which accompanies this circular. Both documents are also published electronically in the "Club Circulars" section of the website, (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 moderately increased from \$7,500 to \$8,500 any claim per event, including fees and expenses, for the 2014 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**CONTACT**

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