

## **Renewal 2024/2025**

**2 NOVEMBER 2023 - At the half year stage, the Club reported a combined ratio of 98.5%, with an underwriting surplus of US\$ 1.8m, compared with 96.2% and US\$ 4.3m at the same stage of the prior year. Mindful of the impact of inflation on the cost of claims going forward the Board resolved that a 5% General Increase should be applied for 2024.**

## **2023 FINANCIAL YEAR**

Claims from the Club's Membership are at a higher level than was the case in 2022. Whilst the usual volatility in claims is a factor, it is also clear that the impact of inflation is feeding through to the cost of physical damage claims, illness and injury claims and the cost of experts to handle incidents. The same claims cost more today than was the case previously.

Balanced against a higher level of claims, the level of income we derive has increased. This has been achieved from a mixture of new business, organic growth and from targeted premium increases from the Dry Cargo and Yacht sectors to address the performance in these specific areas. This increased income, together with reasonably favourable development on prior year claims means we expect to deliver a break-even underwriting result for 2023.

From an investment perspective the year to date has been favourable, a positive investment result is therefore expected.

## **2024 FINANCIAL YEAR**

Building on growth in the Club's Membership in 2023, we expect to continue to see steady growth in the number of Members, vessels and gross tonnage during 2024.

Inflation will continue to be influential in terms of overall claims costs, some increases in reinsurance costs must also be expected. The Club will continue to target a break-even combined ratio, providing ongoing stability and cover to Members at cost. The Club remains focused on helping Members mitigate the risks that are faced, through Loss Prevention advice and our Medisea initiative, both of which helps to offset the increasing cost of claims.

## **2024 RENEWAL**

When the Board met on 31 October 2023 it was noted that the Club remained in an excellent position, despite no general increase having been applied for 2023. However, claims on the

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2023 year were running at a significantly higher level than in previous years, partly due to the impact of inflation. Despite this, the Board were pleased to note that this should not, for 2023 at least, put the Club into a negative underwriting position.

Mindful of the impact of inflation on the cost of claims going forward the Board resolved that a 5% General Increase should be applied for 2024. This increase will apply to all vessel sectors with the exception of Yachts. The 10% increase in premium secured from the Yacht sector for 2023 improved the underwriting result in this area. This same targeted approach was also applied to Dry Cargo vessels in 2023 and although it went some way to address the record in this sector, the 2024 general increase will still apply to assist in improving it further to an acceptable level.

The Board also resolved that no across the board increase in deductibles would be applied, deductible levels having been uplifted at the 2023 renewal, and that premiums offered for renewal would be inclusive of any adjustment to reinsurance costs, as has been our practice for many years.

As in previous years the Managers will also review individual Members' claims records and operational risks, applying commensurate adjustments in premiums and terms where appropriate. This may include adjustments to deductible levels applied on a targeted basis. The Club's policy of applying selective condition surveys and management audits will also remain.

**It is at this time that the Club would kindly like to remind all Members and their brokers that renewal terms cannot be concluded whilst any premiums remain outstanding.**