

Renewal 2018/2019

In our Half Year Report, it was noted that the Club had achieved a positive underwriting result, reporting a 99.3% combined ratio. The Board noted that during the third quarter there had been ongoing pressure on income and that claims activity had continued in line with the first half of the year, which included enhanced activity of claims reported by Clubs to the International Group through the Pooling mechanism. This may be an indication of an uplift in global claims activity, and a returning to higher utilisation in shipping. The Club therefore anticipates an underwriting result close to breakeven for the year.

Investments

The Club's return on investments has been ahead of expectations and as a result an overall surplus for the year is expected. The ability to utilise reserves is a unique feature of mutuality and, by maintaining a strong financial position, the Club is able to address any future underwriting imbalance. This facet allows us to offer Members stable premiums, as is reflected by both our supplementary call record and our history of the lowest general premium increases.

2018 Financial year

Looking ahead to 2018, premium income and claims are broadly expected to be in line with 2017. However, it is anticipated that the strengthening of sterling against the US dollar will impact the expenses incurred in managing the Club. It has also been noted that the catastrophic losses experienced from natural disasters earlier this year are likely to cause a slight hardening of the reinsurance market. Such factors will inevitably place pressure on achieving a technical underwriting balance for 2018. Therefore at present, the Club anticipates a small underwriting deficit on the 2018 financial year.

2018 General increase

While the Club has a policy of underwriting to a breakeven position, the Board recognise the strong financial position of the Club despite the challenging operating conditions. It has therefore been agreed to utilise encouraging investment returns to subsidise the underwriting position, essentially returning capital to Members by providing insurance at below cost. The Board were in agreement that no General Increase for 2018 should be applied. This will be inclusive of any adjustment for reinsurance premiums.

As with all previous renewals, the Managers will review individual Members' claims records and operational risks, applying commensurate premium and deductible increases. Our policy of applying ship inspections 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 provided whilst any premiums remain outstanding.