

Marine Circular

No. 428/2020



Gothenburg : **19 November 2020**

**Hull & Machinery
Insurance Terms
2021**

Hull & Machinery Insurance 2021

The terms for 2021's Hull & Machinery Insurance are outlined in this circular. The Association will continue to make comprehensive insurance cover available to suit the needs of individual members at rating and deductible levels reflecting exposure.

Update

Business Development

The trend of a hardening hull market has continued in 2020. Following a period of negative results, a number of insurers have withdrawn from the market leading to significantly reduced capacity. The reduction of capacity, in combination with strict action plans for many underwriters to restore positive underwriting results, has led to a general trend of premium correction in the market. A firmer market is therefore expected to remain for the coming policy year.

For the next period the Club is well positioned to grow on a selective basis, offering claims lead with quality service. Even though the market is hardening, the Club's premium levels are still not fully commensurate with exposure. Going forward, the Club will therefore continue to focus on aligning premium levels, on a case by case basis, across all classes in order to secure a balance in the marine portfolio.

Claims Trend

In respect of frequency of Hull & Machinery claims, a slight drop can be noted in the overall frequency over the last policy years. This trend can also be verified through statistics from peers in the marine insurance market.

In respect of cost of claims however, the average claims cost during the same period is showing an increase.

In addition, there is a high degree of volatility on the cost side for larger claims. During the current policy year, a few large claims have had negative impact on the Club's result for Hull & Machinery.

The forecast for the Marine portfolio 2020 is therefore to make a small deficit.

Renewals 2021

The Club will offer all members renewal terms tailored to individual performance and exposure.

Terms for Hull & Machinery Insurance 2021

Hull Premium

The premium will be based on the type of vessel, management, value, risk exposure and loss records, in addition to the information stated above. In particular, the Association will ensure and prioritize that the premium fully covers the risk exposure.

Claims lead

The Association will have the claims lead at all times, unless otherwise agreed in writing. For all policies with a share lower than 100% where the Association has the claims lead, "The Swedish Club Claims Lead Clause" (A.4) shall apply.

Members electing to place a part of the cover elsewhere, are recommended to arrange for procedures to provide counter-security to the satisfaction of the Association, in cases when the Association decides to issue a Guarantee or a Letter of Undertaking for the full amount.

Claims – Adjustments – Adjusters

Claims must be reported immediately to the Association by the member. Emergency, office, mobile telephone numbers, email addresses and other contact details are available on the website, as well as listed in the annual booklet "List of Correspondents". All claims are adjusted by the Association's in-house Adjusters. Adjusters for General Average shall be appointed in co-operation with the Association.

Renewals

Each member, or its broker, will be contacted individually for renewal discussions.

Statistical records used for the 2021 renewals will reflect the results for 2015, 2016, 2017, 2018 and 2019. Claims development for 2020, if adverse, will also be taken into consideration when deciding renewal terms. Records are only presented in SCOL (Swedish Club OnLine), available on the Association's website.

Lay-up returns

Applications for lay-up returns will be considered subject to the attached lay-up conditions.

Club Clauses

For 2021, applicable Mandatory Clauses will be based on the underlying Hull & Machinery condition. Attachments will be published for NMIP, ADS/DTV, ITC and AIHC.

Policies should contain the full set of Mandatory Club Clauses as outlined in the respective attachments.

The attachments can also be found in the "Downloads" section in SCOL.

Please note the following additions in respect of Mandatory Club Clauses for the 2021 policy year:

For Loss of Hire cover subject to the Nordic Marine Insurance Plan of 2013:

L.8 Loss of Hire Pandemic Delay Clause Nordic (NMIP)

It is further anticipated that a Communicable Disease Exclusion Clause will be introduced as a Mandatory Clause for the coming policy year. The Association reserves its right to revert in this matter.

Yours faithfully,



Lars Rhodin

Enclosures:

- Mandatory Club Clauses 2021
 - AIHC
 - ADS/DTV
 - ITC
 - NMIP
- H&M Lay-up Conditions 2020 with Application Form



About The Swedish Club

The Swedish Club is a leading marine mutual insurer, headquartered in Gothenburg, Sweden, with offices in Piraeus, Hong Kong, Tokyo, Oslo and London.

The Club, established by shipowners in 1872, is owned, self-managed and under the direct control of its members. We are a true mutual organisation with a focus on marine safety and loss prevention, with a commitment to furthering an enhanced safety culture at sea.

The All-in-One Club

Protection & Indemnity

The Swedish Club is a member of the International Group of P&I Clubs and offers full mutual cover on a Group basis. Having handled complex P&I matters for more than a century the Club has gained extensive experience in large casualty response.

Hull & Machinery

Offering good relationships and close cooperation with our members, we can provide on-site assistance from our in-house surveyors and technical experts. Our team of in-house adjusters offers time and cost benefits to both our members and the Club.

Other Insurance Products

The Swedish Club offers a full range of insurance solutions for every area of your business. These include Freight Demurrage & Defence and Energy & Offshore insurance, in addition to specialist products such as Kidnap & Ransom and War Risks.

Loss Prevention

Loss prevention is at the heart of everything we do. We deliver a wide range of loss prevention initiatives, training and information, including the Club's Emergency Response Training, Loss Prevention Guides, benchmarking and campaigns. More information can be found at www.swedishclub.com/lossprevention.

The Swedish Club Academy

In conjunction with The Swedish Club Academy we offer our members the benefits of the Maritime Resource Management (MRM) course. Designed to minimise the risk of incidents by encouraging safe and responsible attitudes, the Academy specialises in human factors training and related services for those who have marine safety, efficiency and job satisfaction as their main priorities.

Marine Insurance Courses

Our popular Marine Insurance Course and Marine Insurance Seminars are offered yearly to members around the world and cover the essential aspects of marine insurance, ranging from terms and conditions to the practical handling of claims and loss prevention.

SCOL - Swedish Club OnLine

Supporting you 24 hours a day, SCOL is a modern intelligence platform which adapts to your needs and helps inform decision making. Your gateway to The Swedish Club, it provides a comprehensive overview of your insurances and claims records at the touch of a button.

www.swedishclub.com