

# Marine Circular

No. 433/2021



Gothenburg : 12 October 2021

Hull & Machinery  
Insurance Terms  
2022

## Hull & Machinery Insurance 2022

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**The terms for 2022 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

As a result of poor underwriting performance worldwide and reduced capacity, the last couple of years saw a shift into a hardening hull market. Strict action plans in the Lloyds hull market and elsewhere to improve results led to a corrective rating environment and withdrawal of capacity. With less capacity available, insurance buyers turned to other markets to seek capacity. As a result, the Scandinavian hull market showed a significant growth at improved rating levels.

With a largely unchanged demand for insurance cover and improved underwriting results, capacity is slowly beginning to return to the hull market. This shift in the supply curve has resulted in some tapering of the strong rate increases seen in the past. It is however yet too early to say if this is a short-term reaction or a trend back to a soft market.

The last year has also seen a sharp increase in the average sum insured on renewed vessels, which is the first time since 2008. Generally, under unchanged market conditions, reductions in insured values at renewals would be expected due to the ageing factor. There are however substantial differences to be noted between vessel types with container vessels and bulkers being the main driver of this increase in values.

For the coming period the Club will continue its focus to grow selectively. The main objective is to attract quality operators by offering claims lead with high service at premium levels reflecting the risk. Even though rates have been on the rise for the last few years, premiums in the market are not yet commensurate with exposure. The Club will therefore continue to align rates with exposure over the whole marine portfolio.

#### Claims Trend

During the Covid-19 pandemic in 2020 and the reduced activity levels in some shipping segments the frequency of Hull & Machinery claims was significantly lower than preceding years. This trend can be verified also through statistics from peers in the marine insurance market.

So far in 2021, the frequency of claims seems to have turned upwards again, likely attributable to the increased shipping activity in the aftermath of the pandemic. In respect of costs, the average claims cost remains stable however with a high degree of volatility of larger claims.

It could however be anticipated that the increased activity in shipping will also have an effect on steel prices and yard availability. Being significant drivers for claims inflation, it is likely that this would have an impact on the average claims cost. The Club will therefore continue to monitor these trends closely.

### **Renewals 2022**

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

### **Terms for Hull & Machinery Insurance 2022**

#### **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 where the Association has the claims lead, "The Swedish Club Claims Lead Clause" (A.4) shall apply.

Members are recommended to arrange for procedures to provide counter-security from co-underwriters to the satisfaction of the Association, in cases where 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 Association's website. 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 2022 renewals will reflect the results for 2016, 2017, 2018, 2019 and 2020. Claims development for 2021, if adverse, will also be taken into consideration when deciding renewal terms. Records are presented in SCOL (Swedish Club OnLine), available through the Association's website.

#### **Lay-up returns**

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

**Club Clauses**

Mandatory Club Clauses will be based on the underlying Hull & Machinery condition. For Nordic Marine Insurance Plan, German Hull Conditions, Institute Time Clauses and American Institute Hull Clauses, applicable clauses will at all times be published on the Club's website.

[www.swedishclub.com/Hull Insurance Conditions](http://www.swedishclub.com/Hull%20Insurance%20Conditions)

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

Yours faithfully,



Lars Rhodin

Enclosures:

- H&M Lay-up Conditions 2022 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](http://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](http://www.swedishclub.com)