

Hull & Machinery Insurance 2023

The terms for 2023 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

During last year the Hull & Machinery market continued to harden. The remedial work undertaken by the market in preceding years has substantially improved underwriting results. This in turn attracted capacity not only in form of new set-ups but also from existing underwriters with greater appetite. The added capacity had an effect on the hardening momentum however premiums have since continued to move.

The hull market sought to recover from a low premium level and managed to perform well during the pandemic where arguably there was less activity and hence a lower exposure. Now, where the shipping industry is back to trading at pre-Covid levels, the number of claims is expected to rise. Continued premium adjustments are therefore needed to cater for the increased frequency.

Another important driver for premium considerations is the global inflationary environment. The tragic events taking place in Ukraine and the global economic effects have dominated the discussions also in the Hull & Machinery market. Hull & Machinery claims are expected to rise due to increased costs for steel, parts and labour. It is therefore safe to assume that inflation will be a central issue in discussions for premium increases during coming renewals.

For the coming period the Club will continue its focus to grow selectively and continue to align rates with exposure over the portfolio. The main objective for the Club is to attract quality operators by offering claims lead with high service at premium levels reflecting the risk.

Renewals 2023

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

Terms for Hull & Machinery Insurance 2023

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 2023 renewals will reflect the results for 2017, 2018, 2019, 2020 and 2021. Claims development for 2022, 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

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 2023 with Application Form