

Protection & Indemnity Insurance 2024/2025

The Board of Directors met in London on 7 December 2023 to review the Club's financial position and consider renewal requirements for the coming policy year 2024/2025. Decisions taken regarding open Policy Years are set out below.

Update

The Club's mutual P&I membership renewed on 20 February 2023 with a retention rate of more than 96% against a General Increase set by the Board at 10%. The mutual portfolio has remained stable during 2023 with entered gross tonnes for Owner's mutual P&I currently standing at 58 million. The Club is grateful for the continued trust placed with the Club.

The stable position is in line with the Club's expectations, reflecting a cautious approach in our underwriting strategy as well as inevitable phaseout of older tonnage. The global shipping industry is of an evolving nature, where we see an aging fleet. Recycling sales is expected to pick up over the next couple of years which will naturally have an effect on the Club's portfolio composition, risk profile and pricing of risk.

Frequency in P&I claims overall has seen a slight decline in the current year, however viewed over a longer period of time it remains at an elevated level. Looking at large claims in particular, including those pooled within the International Group of P&I Clubs, the situation has been benign for the past two years. Given this benign claim environment and the corrective actions taken in connection with past years' renewals, a more balanced technical result is forecasted for the current Policy Year.

However, premium is still insufficient to cover the expected costs of future claims, particularly driven by the continuous impact of inflation. A significant increase in average cost per claim can be noted over a three-year period, irrespective of claims related to COVID-19. As the Club keeps a close watch on developments, it is evident that the ongoing inflationary conditions, which are expected to persist, impact the ability to accurately anticipate claims levels for the forthcoming year.

Investments have seen positive recovery in current year however with continued volatility. While the Club is expecting a positive, yet modest, contribution from investments for the current Policy Year, future outlook calls for caution due to economic slowdowns in major economies, rising inflation and interest rates, and increased geopolitical tensions.

Looking ahead, the Board recognised that a cautious approach is to be adopted for the forthcoming Policy Year to stay robust and well-prepared for the future. The current claims inflation environment demands proactive and responsible measures to adjust premium rating levels. Accordingly, the Board has resolved to implement a General Increase of 7.5% for the 2024/25 Policy Year. This step is vital to ensure the Club continues to maintain a balanced portfolio and remains resilient, especially considering the current underwriting deficit and the broader geopolitical uncertainties.



Terms for Protection & Indemnity Insurance 2024/2025

Decisions and Instructions

At the Board meeting on 7 December 2023, the Board of Directors decided the following regarding premium and deductibles for the P&I policy year 20 February 2024 to 20 February 2025:

- To levy a 7,5% general increase for the policy year 2024/2025
- Members also subject to individual assessments based on risk profile and performance.
- Instructed the management to contact each Member individually to discuss renewals.
- The new call will be adjusted by any changes in the International Group's reinsurance cost. The call will also reflect the true exposure of the Club's retention, as well as estimated contributions to pool claims, together with an assessment of the Members' records.
- To increase deductibles as follows:
Standard minimum increase of USD 1,000 for deductibles below:

Cargo	USD 15,000
Crew	USD 10,000
3 rd Party	USD 25,000
Other	USD 10,000

Individual adjustments as appropriate.

Premiums

All premiums are debited as advance and supplementary calls. It is anticipated that policy year 2024/2025 will be closed in 2027. The Board decided that the premium will be debited in four instalments: at inception on 20 February, 20 May, 20 August and 20 November. The premium will be based on Gross Tonnes (GT) as per the International Convention on Tonnage Measurements of Ships 1969.

Supplementary Call

Any supplementary call for this year will initially be decided upon in 2024. The current estimated supplementary call for 2024/2025 is 0%.

Release Call

The release call for 2024/2025 is presently set at 15%. Members should be aware that, even if a release call has been paid, the Association retains the right to make overspill calls as per the P&I Rules (Rule 24).



The current position of open years as decided by the board in December 2023 is as follows:

Year	Status	Estimated Supplementary Call	Release Call
2021/2022	Open	0%	15%
2022/2023	Open	0%	15%
2023/2024	Open	0%	15%
2024/2025	Open	0%	15%

The release call percentages reflect an assessment of the risk that it could become necessary for the Association to levy an unbudgeted supplementary call. The assessment is made by examining the factors set out in the International Group Agreement, notably premium risk, catastrophe risk, reserve risk, counterparty risk, market risk and operational risk.

Renewals

The premium for 2024/2025 will be based on the Member's record for the five-year period 2018-2022, including the current year, if adverse. Daily updated records and claims summaries are made available in SCOL (Swedish Club OnLine), accessible through the Association's website.

Application of General Increase and adjustments for records

The announced General Increase and adjustments for records relevant to policy year 2024/2025 will be applied to the net premium applicable for policy year 2023/2024 (gross premium less commission if applicable). Once the excess reinsurance cost for policy year 2024/2025 is known, the old excess reinsurance cost will be taken out of the new net premium and replaced with the new cost of the excess reinsurance applicable for policy year 2024/2025. Thereafter the commission (if applicable) will be calculated/added and the new gross premium will be fixed.

Payment of Premium

Premiums are to be paid in accordance with the enclosed "Procedures for Payment of Premium".

Limit of Liability

The overall liability of the Association for 2024/2025 is, unless otherwise stated in the Policy or in the P&I Rules, limited to a maximum collection of a 2.5% contribution for each entered vessel, based on the International Convention on Limitation of Liability for Maritime Claims 1976, property claims Article 6 paragraph 1(b), in excess of reinsurance jointly placed by the International Group. (See also current P&I Rules, "Appendix"). The limit of liability for Oil Pollution is USD 1 billion. In respect of P&I Excess War Risk Cover, the limit is USD 500 million, and in respect of war liabilities arising from Bio-Chem etc., the limit is USD 30 million. For passenger and seaman risks, the limit is USD 3 billion with a sub-limit of USD 2 billion for passenger claims only.

Lay-up Returns

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



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11 December 2023

Special covers

Further information of reinsurance, special covers, US trading etc., will be provided prior to the new Policy Year.

Yours faithfully,

A handwritten signature in blue ink, which appears to read 'Thomas Nordberg'.

Thomas Nordberg

Enclosures:

- P&I Rule changes 2024/2025
- Lay-up conditions 2024/2025
- Procedures for payment of premium