

Hull & Machinery Insurance 2027

The terms for 2027 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 Outlook

The Hull & Machinery market remains highly competitive going into the 2027 renewal season. Capacity remains ample, and the rating environment has remained soft through 2026. At the same time, underlying claims costs remain elevated. Cefor's mid-year statistics point to a fourth consecutive year of elevated claims costs, although the first half of 2026 developed somewhat more favourably than 2024 and 2025. Claims frequency has increased in the more attritional ranges, while the frequency of larger claims appears to have levelled off at an elevated level, although very large individual losses continue to recur. Total-loss frequency remains comparatively low.

Machinery damage continues to be a significant feature of the claims environment, both in frequency and cost. The cost of repairing marine casualties also continues to rise, with higher costs for spare parts, labour and other repair inputs increasing claims severity even where frequency remains stable. The ageing of the wider fleet adds further exposure, particularly in relation to machinery claims.

Geopolitical and maritime-security exposures also continue to affect vessel operations and risk assessment, including developments in the wider Gulf and Strait of Hormuz, the Red Sea and the Black Sea, together with sanctions-related risks and interference with navigation systems in areas of heightened tension. Prolonged operations in high-risk areas may also increase human-factor exposure through extended tours, fatigue and sustained high-alert conditions.

At the same time, the high pace of newbuilding deliveries is introducing newer tonnage and increasingly diverse propulsion, fuel and other technologies into the world fleet. This supports fleet renewal but also changes the risk profile, requiring shipowners and insurers to build experience around new systems, technologies and operating practices.

Taken together, the combination of abundant capacity, a soft rating environment and elevated underlying claims costs call for continued discipline in risk selection, rating and exposure management going into 2027.



Business Development

The Swedish Club's Marine portfolio performed around break-even overall during the first half of 2026. Hull & Machinery remains an area of particular focus from a technical-performance perspective. Portfolio quality remains good, while average participation continues to reduce. The Club's own claims frequency has remained broadly stable.

The Club currently insures approximately 7,900 vessels under Hull & Machinery. The increase in the number of insured vessels has taken place alongside a reduction in average participation, reflecting continued portfolio management and diversification rather than growth in exposure for its own sake.

Ancillary classes continue to provide diversification and support the overall Marine portfolio, including War, Builders Risk, Increased Value, Loss of Hire, Cyber and Energy. The Club will therefore continue to focus on maintaining a sustainable technical balance across the Marine portfolio, with underwriting terms and premiums reflecting the individual risk and exposure of each member.

Renewals 2027

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

Terms for Hull & Machinery Insurance 2027

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 2027 renewals will reflect the results for 2021, 2022, 2023, 2024 and 2025. Claims development for 2026, 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 conditions. 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)

Please note the following additions and/or amendments in respect of Mandatory Club Clauses for the 2027 policy year further described in the attachment "Changes in respect of Mandatory Club Clauses 2027":

- A.16 - GDPR Clause 2026-10-01

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

Yours faithfully,

Thomas Nordberg