

8 November 2021

## TO ALL MEMBERS

Dear Sir or Madam

### Class 5 (P&I) and Class 8 (FD&D) – 2022/23 Renewal

This Circular is to provide background to and detail of the Club's approach to the 2022/23 Renewal, as follows:

#### Class 5 (P&I)

- The cost of Mutual P&I claims in the current year is at an elevated level. A high frequency of claims involving Covid-19 is a particular factor. The average severity of claims on the IG Pool is also unusually high and includes one claim brought by the Club.
- The Club's defensively positioned portfolio of invested assets has recorded a small positive return year-to-date. Planning for the 2022/23 renewal assumes a similar modest full-year return.
- The Club's Circular 5:598 of 13 October 2021 advised Members of the setting of Supplementary Calls on the three most recent open P&I Policy Years and the Board's determination to take measures, including at the 2022/23 Renewal, in order that the Club delivers sustainable technical performance and financial resilience going forward.
- The Club's Renewal strategy for 2022/23 will take a tailored approach to individual Members.
- No general increase is set and whilst the Board is targeting an increase in rates of 12.5%, this is subject to a focus on individual Member loss records and risk profiles. Rates and deductibles will be adjusted accordingly and in light of the Board's overarching objective for the Club to deliver sustainable underwriting results and maintain financial strength.
- Any adjustment to the cost of the Club's share of the International Group's excess loss reinsurance programme, which has not yet been determined, will also be applied. The Release Call rate for the 2022/23 Policy Year is set at 15% of the Annual Call.
- The Managers will be in further contact with Members and Brokers with regard to the 2022/23 Renewal, in due course.

## Class 8 (FD&D)

- The incurred cost of claims after six months of the current year is one of the higher cost H1 periods in recent years, but not necessarily an outlier. There has also been an upward trend in FD&D claims costs over recent years, during which time premium levels have been under pressure. In the circumstances, the Board determined that as with the P&I Class no general increase is set and whilst it is targeting an increase in rates of 12.5%, this is subject to a focus on individual Member loss records and risk profiles. Ratings and deductibles will be adjusted accordingly and in light of the Board's overarching objectives for the Club to produce sustainable underwriting results and financial resilience. For Members with adverse records more significant increases to rates and amendments to terms will be applied as appropriate.
- The Release Call rate for the 2022/23 Policy Year is set at 15% of the Annual Call. The Managers will be in further contact with Members and Brokers with regard to the 2022/2023 Renewal, in due course.

## Open Policy Years and Release Calls

### Class 5 (P&I)

The Board's decisions regarding open Policy Years and Release Calls are set out in the Club's Circular 5:598 of 13 October 2021.

### Class 8 (FD&D)

**2018/2019:** The year shall be closed without further Call.

**2019/2020:** The three instalments of the Annual Call have been debited. No further Call is anticipated. The year will be considered for closure by the Board in October 2022, in the usual way.

**2020/2021:** The three instalments of the Annual Call have been debited. No further Call is anticipated.

**2021/2022:** Two of the three instalments of the Annual Call have been debited. The final instalment will come due on 30 November 2021, as previously advised.

### Release Calls

The Release Call rates for Class 8 in respect of the remaining open Policy Years were also reviewed by the Board and are as follows:

### Class 8

<b>2019/2020</b>	5.0% of the Annual Call
<b>2020/2021</b>	12.5% of the Annual Call
<b>2021/2022</b>	15.0% of the Annual Call

## **Payment Arrangements**

Annual Calls will again be charged in three instalments which will come due on 31 March 2022; 31 July 2022; and 30 November 2022.

Payments should be made electronically using the banking details set out in the Club's debit note; and to assist the prompt allocation of payments, Members and brokers are urged to quote Fleet References and debit note numbers for all items being settled, each time funds are remitted. E-mails should be sent to **[london.creditcontrol@londonpandi.com](mailto:london.creditcontrol@londonpandi.com)**.

Yours faithfully  
A BILBROUGH & CO LTD  
(MANAGERS)