

15 November 2024

TO ALL MEMBERS AND ASSURED

Dear Sir or Madam

2024/25 H1 Performance and 2025/26 Renewal arrangements

This Circular is to provide an update on the Club's performance in the current year along with details of our approach to the 2025/26 Renewal.

2024/25 H1 Performance

- Rating discipline and volume growth are contributing to an increase in premium revenues. H1 mutual tonnage on risk increased by 12% on the prior year comparative.
- Mutual P&I retained claims ran marginally ahead of projections and there was a more significant increase than anticipated in the cost of claims by Clubs on the Pool, which resulted in a modest underwriting deficit.
- This underwriting deficit was more than offset by a 4.8% return on investments and cash for the period.
- The Club's regulatory solvency ratio strengthened to 204%.

2025/26 Renewal arrangements

Class 5 (P&I)

The Club's improved technical performance follows action taken, particularly to restore rates and deductibles to sustainable levels. The Board remains cognisant, however, of the impact that a small number of higher severity claims can have on the underwriting result, and the upward pressure on the cost of the Club's claims – and those on the Pool – of societal, economic and other drivers of inflation.

Against this background, whilst no general increase is being set, an overall increase of 5% in average rates is targeted. Renewal terms will again be based on individual Member loss records and risk profiles. Attention will continue to be given to the adequacy of fleet rating and deductible levels so that an equitable contribution to a balanced underwriting result is made by all Members of the Club.

Any adjustment to the cost of the Club's share of the IG's excess loss reinsurance programme, which has not yet been determined, will also be applied. The Release Call rate for the 2025/26 policy year is set at 15% of the Annual Call.

The Managers will be in further contact with Members and Brokers about the Renewal in due course.

Class 8 (FD&D)

Income and claims costs for the current policy year are in broadly in line with expectations. FD&D risks are, however, long tail by nature and also subject to inflationary pressures. As with the P&I Class, whilst an overall increase of 5% in average rates is targeted, renewal terms will be based on individual Member loss records and risk profiles. Attention will continue to be given to the adequacy of fleet rating and deductible levels so that an equitable contribution to a balanced underwriting result is made by all Members.

The Release Call rate for the 2025/26 policy year is set at 15% of the Annual Call. The Managers will be in further contact with Members and Brokers about the Renewal in due course.

Release Calls

The Board has confirmed that the 2021/22 policy year should be closed and reached the following decisions in respect of Release Call rates:

- 2022/23: 5.0% of the Annual Call
- 2023/24: 12.5% of the Annual Call
- 2024/25: 15.0% of the Annual Call

Class 8 (FD&D)

The Board has confirmed that the 2021/22 policy year should be closed and reached the following decisions in respect of Release Call rates:

- 2022/23: 5.0% of the Annual Call
- 2023/24: 12.5% of the Annual Call
- 2024/25: 15.0% of the Annual Call

Payment Arrangements

Annual Calls will again be charged in three instalments that will come due on 31 March 2025; 31 July 2025; and 30 November 2025.

Payments should be made electronically using the banking details set out in the Club's debit note. To assist the prompt allocation of funds remitted, Members and Brokers are urged to provide Fleet References and debit note numbers for all items being settled. These details should also be e-mailed to london.creditcontrol@londonpandi.com.

Yours faithfully
A BILBROUGH & CO LTD
(MANAGERS)

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