

14 November 2025

TO ALL MEMBERS

Dear Sir or Madam

2025/26 H1 Performance and 2026/27 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 2026/27 Renewal.

2025/26 H1 Performance

- Rating discipline and volume growth are contributing to an increase in premium revenues with 9% tonnage growth projected in the current financial year – a significant proportion of which is from Members entering additional tonnage in the Club.
- Mutual P&I retained claims above US\$1m were marginally ahead of projections in H1, as were the cost of claims by Clubs on the Pool, which resulted in a modest underwriting deficit for the period. Retained claims experience in the early months of H2 has been in line with expectations; and if this continues through to the end of the year, the expectation is that the Club's three-year average combined ratio, including 2025/26, will drop below 100%.
- The H1 underwriting deficit was offset by a 4.5% return on investments and cash for the period, which has since increased to 7.0% after eight months.
- The Club's free reserves increased to US\$180m and its regulatory solvency ratio to 200% at the half-year.

2026/27 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 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 geopolitical, societal, economic and other drivers of inflation.

Against this background, whilst no general increase is being set, an overall increase of 6% in average rates is targeted. Furthermore, there will be a minimum increase of US\$2,000 for all deductibles below US\$20,000.

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 2026/27 policy year is set at 15% of the Annual Call.

Class 8 (FD&D)

Income and claims costs for the current policy year are 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 6% 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 2026/27 policy year is set at 15% of the Annual Call.

Release Calls

Class 5 (P&I)

The Board has confirmed that the 2022/23 policy year should be closed and reached the following decisions in respect of Release Call rates:

- 2023/24: 5.0% of the Annual Call
- 2024/25: 12.5% of the Annual Call
- 2025/26: 15.0% of the Annual Call

Class 8 (FD&D)

The Board has confirmed that the 2022/23 policy year should be closed and reached the following decisions in respect of Release Call rates:

- 2023/24: 5.0% of the Annual Call
- 2024/25: 12.5% of the Annual Call
- 2025/26: 15.0% of the Annual Call

Payment Arrangements

Annual Calls will again be charged in three instalments that will come due on 31 March 2026; 31 July 2026; and 30 November 2026.

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.

The Managers will be in further contact with Members and Brokers about individual renewals in due course.

Yours faithfully

A BILBROUGH & CO LTD
(MANAGERS)

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