

## “Meaningful” rate increases reported by Clubs: Gallagher

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In broker Gallagher’s post-renewal market update, it has said that, in terms of renewals, negotiations were slower to get going than in previous years and were “perhaps tougher in nature”. The majority of Clubs set the tone by the General Increase levels called and increasing deductibles “with renewed vigour”.

Gallagher said that, generally speaking, the Clubs had indicated ‘satisfactory’ renewal results, with many reporting meaningful 2019 tonnage growth and, indeed, 2020 rating increases.

Currently, an uneasy outlook prevailed.

Gallagher said that recent events had brought yet further challenging variables into “an already unsteady political landscape and global economy”.

Gallagher said that UK Club was notable in its approach in standing firm and were clear that they would not be negotiating any renewals before announcing their Club renewal approach, including their targeted premium increase.

Gard announced an increase of approximately 15m gt. Gallagher asked if this were due to them not having a general increase, the historical reduction or even removal of their deferred calls, or the appeal of their policy of diversity, including Hull and Machinery (H&M)? The broker said that it was most likely a combination of all these factors, and was notable at a time when another Club – West of England – was entering the wider marine space with its announcement to acquire a stake in Nordic Marine Insurance .

At the other end of scale, in the wake of unbudgeted supplementary calls and financial uncertainty for some, Gallagher said that “the mood in the market during negotiations was perhaps a little less buoyant”.

That said, Club management views appeared “determinedly optimistic”.

Investment markets were volatile, but with good gains, predominantly in equity markets, being seen until the final weeks of the February 20th year end for most clubs. Yields between 5.5% to as much as 10.5% had been reported. Gallagher said that “to some extent, these yields somewhat undermined the clubs’ pleas for the general increases projected in the autumn of 2019 and will have contributed to below target renewals being achieved”.

Gallagher said that it was likely that some Clubs might report increases in free reserves.

The longer-term picture was less rosy, given the fact that many 2019 policy year investment gains were wiped out in the wake of the ongoing Covid-19 crisis.