

## Shipowners Club announces 5% General Increase, including reinsurance increase

*By admin On November 10, 2021 In Insurance Marine News, Keep, Marine Liability, Political Risk, Credit & Finance, Results*

Shipowners Club has announced a 5% General Increase in premiums for policy year 2022/23, inclusive of any increases applied to the International Group reinsurance programme.

Aside from increases in premium, it was also anticipated that further changes would be made to the scope of coverage and allowances might need to be made for increased retentions in some areas of cover. As with all previous renewals, the Managers will review individual members' claims records and operational risks, applying commensurate adjustments in premiums and terms where appropriate.

Shipowners Club said that when the Board met this month it was noted that Shipowners was in a market-leading underwriting position, despite the impact of Covid-19 claims and a further year of high claims to the International Group Pool. The Board also noted that a significant increase in overall reinsurance costs would apply from the February 2022 renewal. "They remain committed to the policy of seeking to ensure that the financial stability of the Club is maintained by underwriting to a breakeven position".

At the half-year stage, the Club reported a combined ratio of 100.9%, with an underwriting deficit of \$0.9m. The Club imposed a 5% General Increase in February 2021 in the expectation that this would be sufficient to return the Club to its target of a breakeven underwriting position in 2021/22.

For the 2021 financial year, Shipowners said that, while the necessary premium increases were being secured as members renewed their entries, the level of claims arising from Covid-19 had been significantly higher than had been anticipated. Vaccine rollout had been slow in many areas of the world and more transmissible variants had increased significantly the number of outbreaks that had occurred on members' vessels. In the period from July to September 2021 alone there were 219 Covid-19 outbreaks notified to the Club, compared with 115 in the prior three-month period (which in itself was higher than any previous quarter).

Claims being made by clubs to the International Group Pool had also continued at a very high level in 2021.

Claims otherwise had broadly been in line with expectations, with frequency having returned to pre-pandemic levels.

The half year investment return was reported as 2.9%. “Since then, we have seen increased market uncertainty. As such, the Club is treating ongoing investment return expectations with caution”, the managers said.

For the 2022 financial year the Club said that it expected to see modest but continued growth in the number of members, vessels and total gross tonnage.

This was expected to extend to positive organic growth as some operating sectors were expected to see member activity starting to increase.

The Club said that coverage for liabilities arising out of communicable diseases, including Covid-19, would continue to be provided, although coverage might in some cases need to be capped at \$10m. This reflected the limited reinsurance that was available for such risks. “Given the number of Covid-19 outbreaks being experienced, we must expect that claims frequency will remain high for the foreseeable future”, the Club said.

Shipowners also warned that, in the short term at least, inflation would be a more significant factor, with overall claims costs increasing due to higher charter rates, commodity prices and social inflation all contributing to overall claim costs.

Referring to the reinsurance situation, the Club said that, while negotiations were progressing in relation to the scope of coverage and pricing of reinsurance for 2022, it was too early to say definitively what impact these would have. Certain layers of the Club’s fundamental reinsurance program will renew in February 2022, as will the International Group’s general excess of loss placement. “The latter, in particular, has experienced some significant losses and it is anticipated that increases in premium will be requested”, Shipowners’ said, adding that “the Club will maintain its peerless stance of offering renewal terms which include any adjustment for reinsurance, despite the uncertainty that exists”.

<https://www.shipownersclub.com/renewal-2022-2023/>