

London Club targets 12.5% increase in rates

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London Club has said that no general increase will be set for policy year 2022/23, with the Board targeting an increase in rates of 12.5%. This would be subject to a focus on individual Member loss records and risk profiles. Rates and deductibles would be adjusted accordingly.

The Club said that the cost of Mutual P&I claims in the current year was at an elevated level. A high frequency of claims involving Covid-19 was a particular factor. The average severity of claims on the IG Pool had also been unusually high. It included one claim brought by London Club.

The Club's investment portfolio is defensively positioned. It has returned a modest gain in the policy year to date.

The Club published a circular on October 13th that advised Members of the setting of Supplementary Calls on the three most recent open P&I Policy Years (IMN October 14th).

The details were:

- 2019/20 35% of ETC premium (payable December 31st, 2021)
- 2020/21 30% of ETC Premium (payable March 31st, 2022)
- 2021/22 35% of ETC Premium (payable July 31st, 2022)

London Club said that the moves represented an unusual step for the Club. It noted that the last time it took such action was in 2008 during the global financial crisis.

That circular also stated that the Board was determined to take measures, including at the 2022/23 Renewal, "in order that the Club delivers sustainable technical performance and financial resilience going forward".

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, would also be applied.

The Release Call rate for the 2022/23 Policy Year has been set at 15% of the Annual Call as is the case for Class 8 (FD&D).

In FD&D London Club said that the incurred cost of claims after six months of the current year was one of the higher cost H1 periods in recent years, but was not necessarily an outlier. There had been an upward trend in FD&D claims costs over recent years, during which time premium levels had been under pressure.

The Board determined that, as with the P&I Class, no general increase would be set and an increase in rates of 12.5% would be targeted, with individual Member loss records and risk profiles being considered when rates and deductible levels were considered.

<https://www.londonpandi.com/knowledge/circulars/5599-8117/>