

CIRCULAR REF: 2017/023

**CIRCULATED TO ALL MEMBERS, BROKERS AND DIRECTORS
ATTENTION INSURANCE DEPARTMENT**

**10 NOVEMBER 2017
TK/JAK**

FINANCIAL REVIEW AND RENEWAL 2018

The Directors met in London on 8 November 2017 to review the Club's financial position and to consider requirements for the 2018 Renewal. Decisions taken regarding open Policy Years are set out in Appendix A.

The Club's performance during the first six months of the year has been solid, although we have seen the number of claims (especially those in excess of US\$1 million) revert to more typical levels. A healthy investment return at the half year point however and the stabilisation of our defined benefit pension schemes, has resulted in a projected modest increase in free reserves for the financial year ending 20 February 2018.

As claims trends maybe reverting to more typical levels, we are projecting that the combined ratio at the financial year-end will be in excess of 100%. In the light of this and in recognition that our capital position is within the target range set by the Board last year to meet regulatory and rating agency requirements; the Directors have decided not to make a return of premium to Members at this particular time. The position will however be kept under review, particularly once the financial year has ended.

The Directors nevertheless remain acutely aware of the economic pressures facing the maritime industry and are focused on the need to continue to support our Membership. In view of our disciplined financial approach and prudent underwriting philosophy, allied to the capital management strategy agreed by the Board last year, the Directors are satisfied with the Club's strong financial position and have therefore decided as follows :-

P&I CLASS

Mutual and Fixed Premiums – not to declare a general increase to Members' rates at the forthcoming renewal. Members with adverse loss records, inadequate retained premium or enhanced exposures, will however have their rates and terms adjusted accordingly in order to ensure that they make an equitable contribution. In addition, all Owned deductibles below US\$25,000 will be increased by a minimum of US\$1,000 per deductible.

Reinsurance – Members' rates will also be adjusted to incorporate any changes in the costing and structure of the International Group General Excess of Loss Reinsurance Programme.

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FD&D CLASS

Mutual and Fixed premiums – not to declare a general increase to Members' rates, with the FD&D Rules deductible remaining unchanged. Premiums will however be adjusted to reflect individual Members' claims performance and exposure.

PREMIUM COLLECTION

P&I premiums for Mutual Owned entries will be collected in four equal instalments of 25% during the Policy Year, on 2 April 2018, 1 June 2018, 3 September 2018 and 3 December 2018.

FD&D premiums will continue to be collected in two equal instalments on 2 April 2018 and 3 September 2018.

Mid-Year Review - This report will be published next week and will provide detailed information on the financial position and claims development during the current Policy Year.

The Directors are satisfied that the Club remains in strong financial health and that our 2018 renewal strategy will maintain this position.

AA WILSON and PA JENNINGS
JOINT MANAGING DIRECTORS
The North of England P&I Association Limited

APPENDIX A

OPEN POLICY YEARS

P&I CLASS

2014/2015	This Policy Year was closed and the final cost was on target at 100% of the originally estimated total premium.
2015/2016	This Policy Year will be reviewed in May 2018, no additional calls are anticipated, and the final cost is expected to be on target at 100% of the originally estimated total premium. The Release Call is 0%.
2016/2017	This Policy Year will be reviewed in May 2018, no additional calls are anticipated, and the final cost is expected to be on target at 100% of the originally estimated total premium. The Release Call is 5%.
2017/2018	This Policy Year will be reviewed in May 2018, no additional calls are anticipated and the final cost is expected to be on target at 100% of the originally estimated total premium. The Release Call is 15%
2018/2019	The Manager's assessment of Release Calls is 15%.

FD&D CLASS

2014/2015	This Policy Year was closed and the final cost was on target at 100% of the originally estimated total premium.
2015/2016	This Policy Year will be reviewed in May 2018, no additional calls are anticipated, and the final cost is expected to be on target at 100% of the originally estimated total premium. The Release Call is 0%.
2016/2017	This Policy Year will be reviewed in May 2018, no additional calls are anticipated, and the final cost is expected to be on target at 100% of the originally estimated total premium. The Release Call is 5%.
2017/2018	This Policy Year will be reviewed in May 2018, no additional calls are anticipated and the final cost is expected to be on target at 100% of the originally estimated total premium. The Release Call is 15%
2018/2019	The Manager's assessment of Release Calls is 15%.