

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

**1 DECEMBER 2002
JPC/DW**

POLICY YEAR 2003/2004

P&I Class

Renewal

The continued underwriting losses of the International Group Clubs coupled with significant reductions in free reserves for most Clubs have continued to receive extensive publicity in recent months. The investment markets remain uncertain and therefore Clubs may continue to see free reserves falling.

Although North of England has relatively favourable underwriting results and investment returns when compared with other Clubs, the Directors have determined that a significant rating increase is needed to maintain the Club's solid financial footing. Therefore after careful consideration the Directors have decided that it will be necessary to apply a 25% general increase in premiums, plus any additional International Group reinsurance costs, details of which will be notified to Members when available.

As always the claims performance and risk profile of individual Members will be reviewed and will be taken into account when assessing renewal proposals which will be sent to Members in the next few weeks.

Deductibles

In certain cases deductible levels continue to be below industry practice and once again all deductibles and particularly those below US\$15,000 will be subject to review and increase where appropriate.

FD&D Class

Renewal

The financial position continues to develop satisfactorily, however the Directors consider that a prudent approach to the funding of the Class is appropriate and they have therefore decided that a 5% general increase in premium rates should be applied for the forthcoming renewal.

Once again individual claims performance and risk profiles will be assessed before renewal proposals are sent to Members.

JP CRICHTON

**JOINT MANAGING DIRECTOR - North Insurance Management Limited
As Managers on behalf of the North of England P&I Association Limited**

CIRCULAR

NORTH OF ENGLAND P&I ASSOCIATION LIMITED 100 The Quayside, Newcastle upon Tyne, UK, NE1 3DU
Telephone: +44 (0) 191 2325221 Fax: +44 (0) 191 2610540 www.nepia.com

The North of England Protecting and Indemnity Association Limited. Registered in England No. 505456. Registered Office above
Hong Kong: Room 2503, COSCO Tower, 183 Queen's Road, Central, Hong Kong Telephone: +852 25446813 Fax: +852 25424424
Greece: 5-7 Aghiou Nikolaou, GR 185 37 Piraeus, Greece Telephone: +30 210 4283038 Fax: +30 210 4280920.
Singapore: 80 Anson Road, #26-04 Fuji Xerox Towers, Singapore 079907 Telephone: +65 64110160 Fax: +65 62240160.
Tokyo: Akiyoshi Kyobashi Building, 8th Floor, 1-17-2 Kyobashi, Chuo-ku, Tokyo, Japan 104-0031 Tel: +81 (3) 5159 5373 Fax: +81 (3) 5250 0003
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