

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

**1 DECEMBER 2003
JPC**

POLICY YEAR 2004/2005 - P&I CLASS

Although recent months have seen a recovery in the level of investment returns it is apparent that the level of premiums currently generated by the P&I industry remains insufficient to cover anticipated expenditure and in particular the continuing high level of claims that has prevailed in recent years and which shows little sign of abating.

With this in mind, and being conscious of the importance of maintaining the Association's financial stability, the Directors have decided that a general increase of 17.5% should be applied to P&I premiums for the 2004/2005 policy year plus any increase in the cost of the International Group reinsurance programme and also that deductibles below \$50,000 should be subject to a 10% increase. The claims performance and risk profile of individual members will, as usual, be taken into account when formulating renewal proposals which will be sent to members during the next few weeks.

Premiums will be collected in 4 equal instalments during the policy year on 1st April, 1st June, 1st September and 1st December 2004.

FD&D Class

The claims position of the Class is potentially volatile and whilst the finances remain satisfactory the Directors have decided that a general increase of 12.5% should be applied to FD&D premiums. Again individual claims performance will be taken into account when assessing renewal proposals.

Premiums will be collected in 2 instalments on 1st April and 1st September 2004.

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

CIRCULAR

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