

Press Release



NORTH P&I CLUB DIRECTORS ANNOUNCE NO PREMIUM INCREASE FOR 2019

23 NOVEMBER 2018

Directors of the North P&I Club have decided, for the third year in succession, not to declare a premium increase for both protection and indemnity (P&I) cover and freight demurrage and defence (FD&D) cover at the February 2019 renewal, reflecting the Club's continuing commitment to help its Members deal with challenging trading conditions.

According to North's chairman Pratap Shirke, 'During the first part of the year the Club has seen an increase in the number and cost of retained claims over US\$1m as well as an increase in Pool claims. Along with the ongoing volatility in equity market returns and the continuing trend of premium erosion, our combined ratio for the full financial year is expected to be around 110%, slightly reducing the Club's free reserves. Corrective action will be required in the near future to address this premium erosion and halt the decline in capital.'

'However, we have decided not to declare any premium increases at the 2019 renewal in recognition of the prevailing economic difficulties facing many of our Members. Shipowners around the world are already grappling with increasing regulatory costs, political uncertainty with concerns around the impact of Brexit and disruption to worldwide trade from international protectionism. This, therefore, continues our support for Members whilst managing the Club in a responsible way.'

Chief Executive Paul Jennings says, 'The Directors decided not to announce an increase to mutual and fixed premiums at the February 2019 renewal. Managers will, however, be undertaking a significant exercise to review all Members premiums and terms in order to ensure that declining rates of premium are halted and equitably adjusted to properly reflect performance and exposure going forward. This exercise will be robustly undertaken to avoid the need for greater premium increases in subsequent years. Members with adverse loss records, will of course have their rates and terms adjusted accordingly in order to ensure that they make an equitable contribution.'

Deductibles below US\$25,000 for owned P&I cover will be increased by at least US\$1,000 per deductible. Mutual and fixed premiums for North's FD&D cover will also not be subject to an increase at the February 2019 renewal and there will be no change to deductibles.

Jennings concludes, 'The Directors are satisfied that the Club remains in strong financial health and are confident that our 2019 Renewal strategy, allied with our disciplined financial approach and prudent underwriting philosophy, will position the Club appropriately to meet the oncoming challenges of a "hardening" insurance market. Our over-riding aim is to ensure that all Members continue to receive the high levels of service and financial security they have come to expect from North.'

North's Mid-Year Review is published today, 23 November 2018, providing more detailed information on the Club's financial position and claims development during the current Policy Year. North's Mid-Year Review is available here <http://www.nepia.com/insights/publications/mid-year-review/>.

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Notes to Editors:

North P&I Club

North P&I Club is a leading global marine insurer providing P&I, FD&D, war risks and ancillary insurance to 195 million GT of owned and chartered tonnage. Through its guaranteed subsidiary Sunderland Marine, North is also a leading insurer of fishing vessels, small craft and aquaculture risks. The Standard and Poor's 'A' rated Club is based in Newcastle upon Tyne, UK with regional offices and subsidiaries in China (Hong Kong and Shanghai), Greece, Japan, Singapore, USA and Sunderland Marine offices worldwide. North is a leading member of the International Group of P&I Clubs (IG), with over 12% of the IG's owned tonnage. The 13 IG clubs provide liability cover for approximately 90% of the world's ocean-going tonnage and, as a member of the IG, North protects and promotes the interests of the international shipping industry. For further information, visit: www.nepia.com

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