

Press Release

NORTH 
SERVICE, STRENGTH, QUALITY

NORTH P&I CLUB DIRECTORS DECIDE ON 7.5% GENERAL INCREASE WITH DEFERRED PAYMENT 24 OCTOBER 2013

Directors of the 170 million GT North P&I Club have decided on a 7.5% general premium increase for protection and indemnity (P&I) cover next year and will continue with a moderated payment plan similar to last year's plan. The increase reflects the Board's commitment to maintaining the financial strength and stability of the 'A' rated Club in the face of continuing uncertain investment markets and rising claims.

According to North's chairman Pratap Shirke of ship management group ASP, 'North is financially secure and has a strong capital position evidenced by its 'A' stable rating from Standard & Poor's. Our strong underwriting performance also means Members have not been burdened by unbudgeted supplementary calls for more than 20 years. However, the Club has not been immune to the impact of volatile investment markets, premium dilution associated with fleet renewal programmes and a deteriorating claims environment, which has seen an escalation in the number and cost of claims, particularly over US\$1 million.

Shirke said the slow recovery from the economic downturn, depressed freight rates, liquidity pressures and uncertain times meant North's Members continue to operate in a very difficult and unpredictable environment. 'Mindful of these industry-wide issues, we have decided on a renewal strategy that will maintain the financial health and stability of the Club to ensure Members are not burdened with additional unbudgeted calls in the future.'

For the P&I class the Directors have decided to apply a 7.5% general increase to all Members' premiums at the February 2014 renewal. Rates will also be adjusted to incorporate any changes in the cost and structure of the International Group of P&I Clubs excess loss reinsurance programme. All deductibles below US\$25,000 will be increased by US\$1,000 and the deductible for external fees, costs and expenses will increase from 10% to 25%, with a minimum of US\$1,000 and a maximum of US\$10,000.

Joint Managing Director Alan Wilson says, 'At last year's renewal we sought to assist Members with a significant cash flow benefit by deferring the final premium instalment of 30% to December 2014. We will continue this arrangement for 2014/15 by deferring the final instalment of 20% to December 2015. The Directors will make a decision on the proportion of the final instalment which will actually be required at their meetings in Autumn 2014 and 2015 respectively.'

Premiums for North's freight, demurrage and defence (FD&D) cover will also increase by just 5% at the February 2014 renewal but there will be no change to deductibles.

Joint Managing Director Paul Jennings concludes, 'The Directors are satisfied North remains in a strong position and that our proactive renewal strategy will maintain this position, 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 us.'

Ends

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Notes to editors

North is a leading marine mutual liability insurer providing P&I, FD&D, war risks and ancillary insurance to 130 million GT of owned tonnage and 40 million GT of chartered tonnage, with 3500 ships entered by 330 members worldwide. It is based in Newcastle upon Tyne, UK with regional offices in Greece, Hong Kong, Japan and Singapore. The club is a leading member of the International Group of P&I Clubs (IG), with around 13% 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.