

PRESS RELEASE

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North P&I Club Transparent on General Increase Projection

North Pre-Renewal Report confirms corrective response to market challenges

A rapid escalation in pool claims and unsustainable premium rates have led North P&I Club to declare its intention to seek a 10% General Increase in P&I rates for the 2021/22 policy year.

In its 2020 Pre-Renewal Report, published today, North says its retained claims so far this year declined, with claims over US\$1 million slightly down. The Club also achieved a positive return on investments of 2.16% (around \$20 million) by its August mid-year point, despite market volatility experienced as a result of COVID-19.

“North’s response to COVID-19 has been outstanding and reflects our core purpose – to ensure our members can trade with confidence,” commented Pratap Shirke, North Chairman. “We continue to build strong strategic foundations to deliver predictability, security and reliability for Members. Our diversified lines are on target to meet business plan objectives and we expect future growth in areas such as fixed premium P&I, hull and machinery and aquaculture.”

However, the aggregate value of the ten pool claims declared to the International Group of Clubs in the first half of the year is the highest in at least 25 years. This, combined with the income squeeze brought about by “unsustainable” premium rates, has led North to project a combined ratio surpassing 110% as of 20 February 2021.

“The Club remains financially strong and stable, and committed to delivering excellent service to our Members,” said Paul Jennings, Chief Executive. “However, all Members expect full transparency from their Club and our projections suggest that a rating correction is now necessary.”

“With little investment yield now available from the defensive positions that make up the majority of any prudent insurer’s investment portfolio, we do not expect returns to compensate for a forecast underwriting deficit, and we expect free reserves to reduce. The Board has therefore agreed that the Club will seek a 10% General Increase in P&I premium rates for the 2021/22 policy year. Individual renewals will, of course, be negotiated based on a detailed review and assessment of performance and risk exposure.”

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About North P&I Club:

North P&I Club is a leading global marine insurer providing P&I, FD&D, war risks, hull and ancillary insurance to over 230 million GT of owned and chartered tonnage. Through its Sunderland Marine brand, North is also a leading insurer of fishing vessels, small craft, aquaculture risks and owners' fixed premium P&I cover. The S&P Global 'A' rated Club is based in Newcastle upon Tyne, UK with regional offices and subsidiaries in Australasia, China (Hong Kong and Shanghai), Greece, Ireland, Japan, Singapore and USA. 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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