

P&I premium rise brings brokers' role to the fore

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OVER the last two decades brokers' presence in the P&I market has grown considerably and while it was not traditionally a brokered market, experts now estimate 75%-80% of P&I business is conducted via brokers.

Despite this growth, there is still resistance from certain quarters and clubs' attitudes to brokers can vary widely. Clubs such as North that have focused on strong growth tend to have a higher proportion of their book brokered than more traditionalist clubs such as Britannia.

Brokers also feel Skuld has looked more openly to international brokers as it has branched out globally, while the London Club has such a clear set of conservative guidelines that it can end up being less accommodating to brokers.

"Clubs that have grown the fastest tend to be more receptive to broker advances. This works both ways — [clubs] grow because they write more business and this continues because brokers given them more and more opportunity," one broker said.

Shipowners P&I Club commercial director Simon Swallow said the club had increased its use of brokers as they helped to reduce the workload. He argued that clubs in general were starting to be more broker-friendly and that Shipowners now brokered 65%-70% of its business.

More than 90% of Standard Club members use brokers. The club said it did not anticipate a big change in that percentage in the foreseeable future.

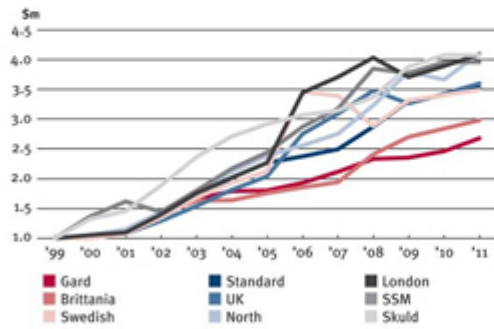
"Brokers have a significant role to play, not least in keeping the clubs honest. Their market knowledge and the value it brings can be very important to the shipowner. They also understand club finances, the individual style of each club and can match owner to club. They normally assist in paperwork and certification issues such as blue cards, and most brokers now offer some claims services," Standard said.

Other clubs have been less complimentary towards brokers and some have taken particular umbrage with the P&I reports that several larger brokers choose to publish in the run-up to renewals. Colin Johnston, chief executive of Tindall Riley, Britannia's manager, said: "What they don't tell you is what is happening now.

Claiming increases should average at 2.5% is hugely speculative as they are looking backwards, not forwards, which is where you need to be looking if you are setting a general increase for 2012."

From reading the reports, it is quite clear which clubs are favoured by the intermediary community from their sometimes rather catty commentary.

MARITIME P&I PREMIUMS



The graph shows the premium the selected Clubs would have charged a member for each year since 1999, assuming the 1999 premium was \$1 million and the member paid the general increase every year. The premium is further adjusted to reflect the changes to a club's original estimated supplementary/deferred calls.

Source: Tysers