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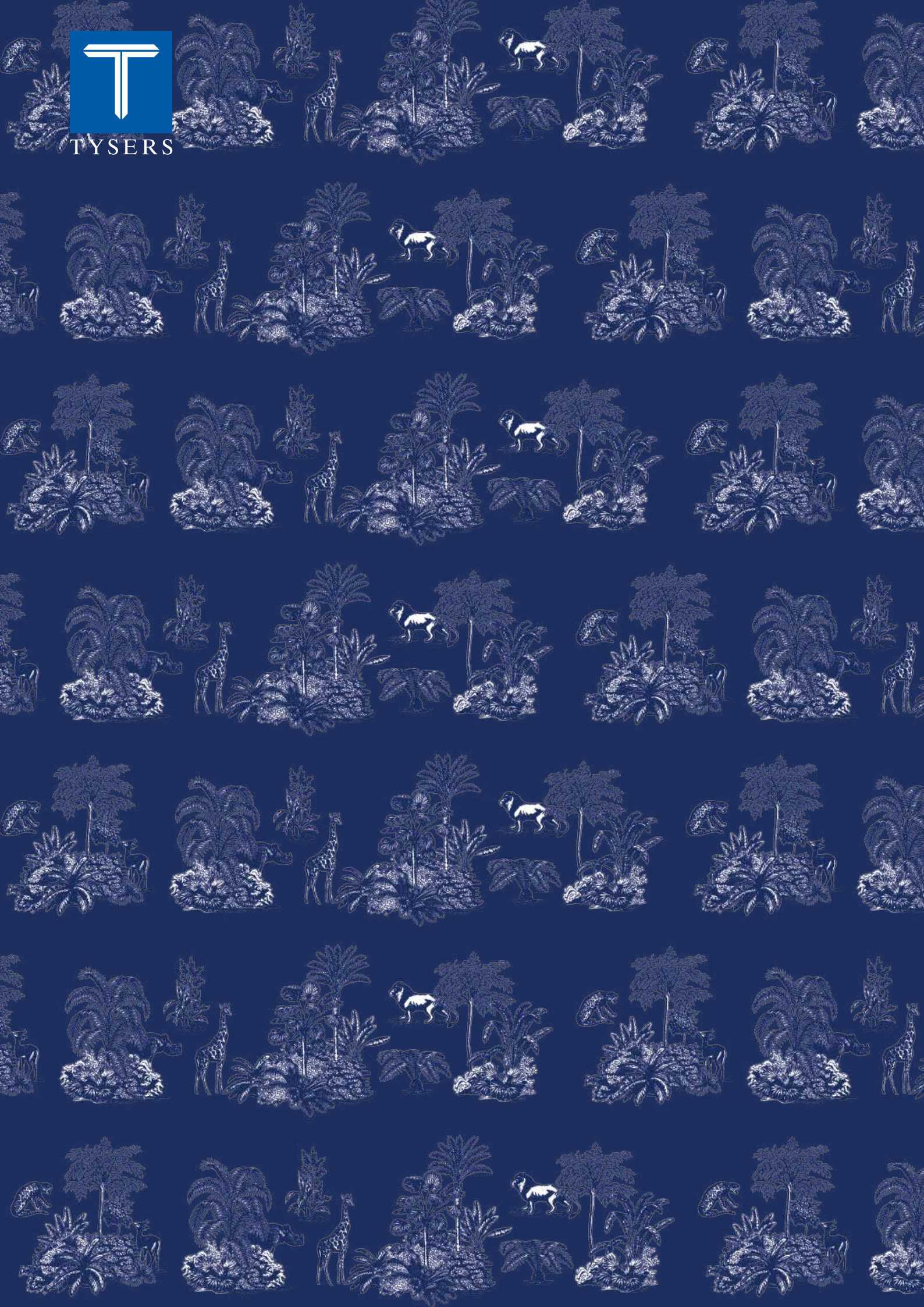
International Insurance and Reinsurance Brokers

THE P&I UPDATE DECEMBER SURVIVAL OF '24 THE FITTEST





TYASERS



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POOL FLOODING THE JUNGLE



RENEWALS FEBRUARY 2025

P&I GENERAL INCREASES RANGE FROM 0% TO 7.5%

The message from the Clubs is clear – last year was something of an anomaly and 2024 has seen a return of large claims including a substantial increase in activity on the Pool against a continued background of conflicts, attacks on commercial shipping, longer voyages, economic and social inflation, and a worldwide shortage of qualified crew. As a result, many Clubs are forecasting a return to negative underwriting results, but solid investment

returns have protected free reserves which are generally forecast to be higher at the end of the 2024 policy year than last year.

The Clubs have thus been able to limit their P&I general or target increases to similar levels of 2023, with the range 0 - 7.5% compared to 5 - 7.5% for 2024 but the average down to 5.2% from 6.5% with six Clubs going for 5%.

POOL CLAIMS

By the end of September, 12 Pool claims had been reported for the 2024 policy year, compared to 14 for the full 2023 year and eight for 2022. The August estimates for 2024 of US\$175m are very provisional and with

further claims since then and more to come, it is clear the good times of 2022 and 2023 are over, and the Pool is returning to the higher levels of earlier years.

Estimated Pool Claims (US\$m) – before ICR applied and excluding co-assurance/AAD

	2017	2018	2019	2020	2021	2022	2023	2024
After One Year	227	306	259	463	399	75	136	-
February 2024	378	471	539	707	647	163	136	-
August 2024	378	470	560	696	671	177	168	175

SUPPLEMENTARY CALLS

As expected, the American Club has announced a 35% additional call for 2022.

However, four of our top six Clubs in 2024 feel that while rates need to rise to maintain underwriting stability, their capital strength is such that they can ease the burden on members by cash returns.

Britannia is making a capital distribution to members equivalent to 12% of current gross premium, worth

US\$30m, to members' vessels which renew into 2025, and Steamship is returning 12.5% of 2024/25 mutual premium, equivalent to US\$42m, to members' vessels which renew.

Gard is keeping its Owners' General discount at 10% for 2025, the second consecutive year at this figure, while Skuld is giving a 5% return on net 2023 policy year premium for vessels that were entered for the full 2023/24 year and renew into 2025.

STANDARD AND POOR'S

S&P's rating of the Clubs has been more stable over the last 12 months. In January, the American Club rating was lowered from BBB- to BB+ with a stable outlook, reflecting the continued weakness of the Club's capital position, and in July the Japan Club's outlook improved from stable to positive due to an improved capital position with the rating unchanged at BBB.

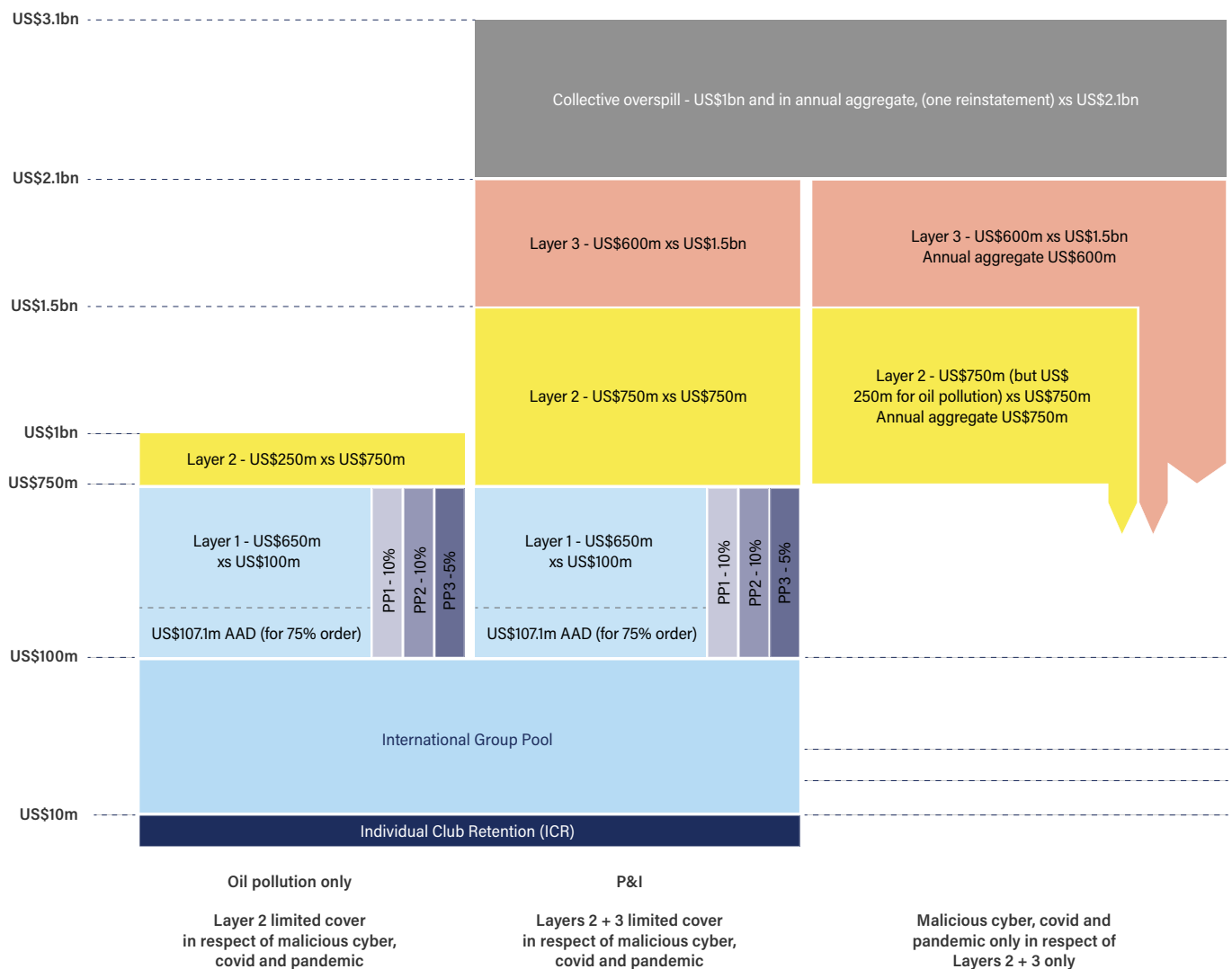
Very recently, the outlook for the London Club has been changed from negative to stable as a result of more disciplined underwriting practices, with the rating remaining BBB, but Britannia has suffered a downgrade from A (outlook negative) to A- (stable) due to technical deficits likely to continue for two to three years.

The overall position can be found on page 21 of [The P&I Report](#).



POOLING AND REINSURANCE 2025/26

There are no changes to Club retentions or the Pool for 2025. The Excess Loss contract has been renewed with an overall increase slightly above 10% and reflecting recent serious casualties, the International Group has allocated most of the increase to container vessels. The structure of the contract will remain unchanged for 2025/26.





EXCESS LOSS RATES

The biggest factor influencing the increase in Excess Loss rates for 2025/26 was undoubtedly the “Dali” casualty in Baltimore, March 2024, when the container vessel struck the Francis Scott Key Bridge causing it to collapse and resulting in port operations being suspended for several months. This may well prove to be one of the costliest ever P&I claims.

Category	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Dirty Tankers	0.5747	0.5625	0.6469	0.6663	0.6163	0.6258
Clean Tankers	0.2582	0.2619	0.3666	0.4051	0.3982	0.4337
Dry Cargo Vessels	0.3971	0.4028	0.5639	0.5991	0.5863	0.6054
Passenger Vessels	3.2161	3.2624	3.8677	3.8677	3.3842	3.4390
Container Vessels		0.4249	0.6586	0.7277	0.7204	0.8903





P&I GENERAL/TARGET INCREASES 2016-2025

Target increases are included from 2022 and shown in red for those Clubs that have not declared an official general increase but have stated their overall premium increase requirement.

	Shipowners*	Gard	Skuld	Britannia	Steamship	American	Swedish	London	West**	Japan	UK	North Standard
2016	0	2.5	0	2.5	0	2.5	0	5	0	3	2.5	N/A
2017	0	0	0	0	0	0	0	0	0	0	0	N/A
2018	0	0	0	0	0	0	0	0	0	0	0	N/A
2019	0	0	0	0	0	0	0	0	5	0	0	N/A
2020	5	0	0	0	7.5	0	5	7.5	2.5	7.5	7.5	N/A
2021	5	0	0	0	5	5	5	10	7.5	10	10	N/A
2022	5	7.5	10	12.5	12.5	12.5	12.5	12.5	15	10	12.5	N/A
2023	0	7	10	10	7.5	10	10	0	10	10	10	N/A
2024	5	5	5	7.5	5	7.5	7.5	7.5	7.5	7.5	7.5	5
2025	0	4	5	7.5	5	7	5	5	5	7	6.5	5
Total 2016/2025	122	129	133	147	151	153	154	158	165	170	172	N/A

↓
Average 150

* Shipowners' increases are inclusive of changes to IG reinsurance costs.

** West increases were applied to premium net of group excess loss reinsurance costs until 2019.

The total shows the cumulative increase based on 2015 premium of 100.

FDD GENERAL/TARGET INCREASES 2016-2025

Target increases are included from 2022 and shown in red for those Clubs that have not declared an official general increase but have stated their overall premium increase requirement.

	Japan	Shipowners'	Gard	UK	Skuld	American	West	Steamship	Britannia	London	Swedish	North Standard
2016	0	0	2.5	0	0	0	0	0	0	5	0	N/A
2017	0	0	0	0	0	0	0	0	0	0	0	N/A
2018	0	0	0	0	0	0	0	0	0	0	0	N/A
2019	0	0	0	0	0	0	0	0	0	0	0	N/A
2020	0	5	0	0	0	0	0	7.5	0	7.5	5	N/A
2021	0	5	0	5	0	5	7.5	5	0	10	10	N/A
2022	10	5	7.5	7.5	10	12.5	15	12.5	15	12.5	15	N/A
2023	10	0	7	5	10	10	15	7.5	15	0	15	N/A
2024	0	5	5	5	5	7.5	5	5	15	7.5	7.5	5
2025	0	0	4	5	5	7	0	5	0	5	5	5
Total 2016/2025	121	122	129	131	133	149	149	151	152	158	172	N/A

↓
Average 142

The total shows the cumulative increase based on 2015 premium of 100.



SUPPLEMENTARY CALL RECORD

(Original Estimate/Current Estimate)

Policy Year	American	Britannia	Gard	Japan	London	North Standard	Shipowners'	Skuld	Steamship	Swedish	UK	West
2016	0/22.5	45/45	25/0	40/30	0/0	N/A	0/0	0/-2.50	0/0	0/0	0/0	35/35
2017	0/17.5	45/45	25/0	40/40	0/0	N/A	0/0	0/-2.50	0/0	0/-4	0/0	35/35
2018	0/15	45/45	25/12.5	40/40	0/0	N/A	0/0	0/-2.50	0/0	0/-5	0/0	0/0
2019	0/35	45/45	0/-5	40/40	0/35	N/A	0/0	0/0	0/0	0/0	0/0	0/0
2020	0/60	0/0	0/-10	40/65	0/30	N/A	0/0	0/0	0/0	0/0	0/0	0/0
2021	0/70	0/0	0/-5	40/65	0/35	N/A	0/0	0/0	0/0	0/0	0/0	0/0
2022	0/35	0/0	0/-5	40/40	0/0	N/A	0/0	0/0	0/0	0/0	0/0	0/0
2023	0/0	0/0	0/-5	0/0	0/0	N/A	0/0	0/0	0/0	0/0	0/0	0/0
2024	0/0	0/0	0/-10	0/0	0/0	0/0	0/0	0/0	0/0	0/0	0/0	0/0
2025	0/0	0/0	0/-10	0/0	0/0	0/0	0/0	0/0	0/0	0/0	0/0	0/0

Called above Estimated Total Call

Called below Estimated Total Call

Called full Estimated Total Call

This table does not include capital distributions made by certain Clubs as these are not policy year specific and/or for the benefit of all members.



RELEASE CALLS

P&I Release Calls as at December 2024

Policy Year	American	Britannia	Gard	Japan	London	North Standard	Shipowners'	Skuld	Steamship	Swedish	UK	West
2022	2.5	0	5	3.6	5	0	0	7.5	0	5	5	7.5
2023	15	5	5	3.5	12.5	5	0	10	5	15	7.5	15
2024	20	7.5	10	3.5	15	12.5	0	15	10	15	10	15
2025	20	15	10	15	15	TBA	0	15	10	15	15	15

All release calls expressed as a percentage of estimated total premium.



AMERICAN STEAMSHIP OWNERS MUTUAL PROTECTION & INDEMNITY ASSOCIATION, INC.

P&I General increase
Target 7%
Deductibles under US\$50,000 to rise by 10%, minimum rise US\$2,500

As expected, the Club announced in September that the 35% release call for 2022 will be charged as an additional call to be paid early in 2025, and the release call will be reduced to 2.5%. There was slightly better news on 2023, where the combined ratio is around 100% and the year is showing signs of stability, but 2024 saw an increase in large claims activity and Pool claims and, after four months, the combined ratio was 107%.

In its November renewal circular, the Club confirms that large, retained claims and Pool claims are running at a higher level than expected, while attritional claims are slightly better than forecast. It feels that its rating levels has strengthened this year and are better aligned to the risk landscape, but volatility persists, and rate increases are required to continue the process of delivering sustainable premiums.

FDD General Increase
Target 7%

The Club has therefore set a target increase for renewal of 7% for all mutual and fixed premium covers, and P&I deductibles will also rise as above. With a seventh consecutive year of additional calls and a target increase at the top end of the scale, this little animal is unlikely to get much sympathy from its members or predators and is desperate for a period of stability.



THE BRITANNIA STEAM SHIP INSURANCE ASSOCIATION LIMITED



P&I General increase

Target minimum 7.5%
Minimum standard deductibles increased:
Crew US\$7,000 to US\$10,000
Cargo US\$19,500 to US\$22,500
All other US\$13,500 to US\$15,000

The Club reports that while progress was made last year to address the underwriting deficit, there is still work to be done and this may take another two to three years. This year has seen a particular increased severity in claims in the US\$1m - US\$10m band which is likely to result in a deterioration in the combined ratio from last year's 102%. As a result, the Club is targeting a minimum increase for P&I of 7.5%, and a further 2.5% from remedial action. Standard deductibles will rise as above.

For FDD, there is no target increase in rates, but there is a drastic change to the deductible structure. Previously, the Club had a reverse deductible of US\$7,500 and members then bore one-third of all costs up to a cap of US\$150,000. The Club feels this is out of step with the market and makes adequate pricing of risk difficult, so from 2025 decided that members will bear one-third of all costs up to the policy limit. This may provoke some interesting discussions with members.

FDD General Increase

Nil
Deductible amended to 1/3 rd all costs

It looks like the gorilla is in a particularly grumpy mood, but the Club then provides the good news that investment returns have been very healthy so capital has increased and members who renew into 2025 will receive a return of 12% of gross premium, equivalent to US\$30m, to support them as the Club moves towards breakeven underwriting.



GARD (P&I) BERMUDA LIMITED



P&I General increase

4%

FDD General Increase

4%

The Club has reported a surplus of US\$80m for the first six months of the calendar year, reducing to US\$58m after application of the Owners' General Discount. The combined ratio was 93% (94% P&I, 92% Marine and Energy) compared to 99% for the same period last year – well within expectations "albeit

reflecting a more normalised claims picture." The investment return was 2.3%, equivalent to US\$47m, and free reserves have grown to US\$1,529m from US\$1,471m at the start of the year.

In view of the strong capital base, the Club has decided to keep the Owners' General Discount at 10% for 2025.

The Club aims for a small loss on its mutual business and has decided on an "average" increase of 4% to maintain predictability and stability.

We wonder if the lion is a bit angry at the bear and gorilla biting off a larger member discount?

THE JAPAN SHIP OWNERS' MUTUAL PROTECTION & INDEMNITY ASSOCIATION



P&I General increase

7%

FDD General Increase

Nil

The Club feels that the good results of 2023 have strengthened its financial stability and put it in a good position for the future. Tonnage for 2024 to date has remained around 88m GT, and there have been no claims over US\$10m. However, the upward trend of global inflation and insurance claims requires the Club to

continue to improve the balance between premium and claims and maintain a "robust, stable and sustainable business" in the face of elements of uncertainty such as natural disasters and geopolitical risks.

It has therefore decided on a general increase of 7% for mutual tonnage and

chartered entries, and the release call for 2025 has been set at 15% rather than the usual 3.5%. There is no increase for the Naiko (coastal) class, nor for FDD where the Club has also waived the 20% supplementary call for 2021.

LONDON STEAMSHIP OWNERS' MUTUAL INSURANCE ASSOCIATION LTD



P&I General increase

Target 5%

FDD General Increase

Target 5%

The Club has provided a general summary of its 2024 first half results, with premium higher due to rating discipline and mutual tonnage 12% higher than the halfway point last year. Retained claims are slightly ahead of projections and, with higher Pool claims, the underwriting result is back in deficit, albeit a modest

one and this is offset by a 4.8% investment return.

The Board "remains cognisant of the impact that a small number of higher severity claims can have on the underwriting result, and the upward pressure on the cost of the Club's claims

– and those on the Pool – of societal, economic and other drivers of inflation" and has targeted an overall increase of 5% in P&I rates, with a similar increase for FDD.

Will this be sufficient to help this wounded beast's road to recovery?

NORTHSTANDARD



P&I General increase

5%

Deductibles below US\$30,000 to rise by minimum US\$1,000

FDD General Increase

5%

The Club has been hit by an increase in large claims during 2024 with 14 claims over US\$1m at the half year mark, compared to five last year. As of October, five of their own claims have hit the Pool and the Club believes that a major influence is the higher mileage ships are having to trade due to the Ukraine and Middle East conflicts, which is placing

a greater burden on the limited crewing resources worldwide.

A combined ratio around 110% is expected for the year, but a forecast investment return of 6% should result in an overall surplus of around US\$30m, which would push free reserves up to US\$832m.

The Club has decided a 5% general increase is required for both P&I and FDD, with P&I deductibles also increasing as above. It seems the hippopotamus has got a bit stuck in the mud this year.



THE SHIPOWNERS' MUTUAL PROTECTION & INDEMNITY ASSOCIATION (LUXEMBOURG)



P&I General increase
Nil

The Club has reported a fine set of results for the first six months of the calendar year. A combined ratio of 96% produced a surplus of over US\$5m, with premium up nearly US\$10m to US\$146m and net claims up US\$3m to US\$88m compared to the first half of 2023. There were just two claims in the US\$1m-US\$5m range compared to eight last year, and one claim over US\$7m but far lower in total value than the one claim last year. There is no pattern to

the large claims but the Club thinks one factor may be the increased severity and unpredictability of global storms, which are more challenging for smaller vessels. An investment return of US\$21m (3.9%) helped push free reserves up US\$28m from the start of 2024 to US\$435m.

In its November update, the Club reports that own claims in 2024 are lower than 2023, and premium increases due to organic growth have offset the

FDD General Increase
Nil

higher activity on the Pool. The full year combined ratio is expected to be under 100% and investments continue to run well. It has therefore decided that no general increase is required, although some areas such as yachts will be subject to review. As usual, the Club will absorb the adjustments to reinsurance costs. This small creature continues to control efficiently its specialist area in the jungle.

ASSURANCEFORENINGEN SKULD



P&I General increase
Target 5%

The Club's half-year accounts are a very mixed bag. An excellent investment return of 5.1% produced US\$54m, and premium for the six months was up US\$21m to US\$277m compared to the same period last year. However, claims shot up from US\$141m to US\$203m, resulting in a combined ratio of 111% and a technical loss of US\$30m. Besides the

increase in IG Pool claims, the Club itself suffered various large claims including one which will hit the Pool. Despite a half-year surplus of US\$25m, Ståle Hansen, CEO warns that "the industry needs further rate adjustments to absorb higher claims costs".

In its November renewal report, the Club reaffirms its established focus is to

FDD General Increase
Target 5%

maintain an overall positive combined ratio, and it has decided this needs a target 5% increase for renewal. However, members' vessels entered for the full 2023/24 year, which renew for 2025, will receive a 5% discount on their 2023 mutual premium.

STEAMSHIP MUTUAL UNDERWRITING ASSOCIATION LIMITED



P&I General increase

5%

FDD General Increase

5%

The Club was again the first to report its 2025 renewal strategy, setting the tone with a 5% general increase for all classes of business due mainly to increased claims putting premium levels under pressure. For the first half of 2024/25 own incurred claims totalled US\$45m, up from recent years but within budget while Pool

claims, including one from Steamship, are running above budget.

A small underwriting loss is projected for the current year, but investment income to September 2024 is US\$77m. The Club has decided it can afford to be generous and give a 12.5% return on 2024 premium

for vessels renewing in February 2025. This is calculated to be worth US\$42m – an aggressive but welcome move from the bear.

Owned tonnage had increased by US\$7m to US\$131m in September 2024.

THE SWEDISH CLUB



P&I General increase

5%

Deductibles under US\$15,000 cargo, US\$25,000 third party and others
US\$10,000 to rise by 10%, minimum increase US\$1,000

FDD General Increase

5%

The Club has reported a solid first six months for the 2024 year, with a combined ratio of 97% and a 3% investment return resulting in a surplus of US\$14m pushing free reserves up to US\$198m.

Thomas Nordberg, Managing Director, comments "There is a lot going on in geopolitics that we cannot control, so we have focused on aspects that we can control. Despite the uncertain nature of the backdrop to the world economy faced by

our members, things are certainly looking positive for the Club, and we continue to move in the right direction. We are seeing some solid figures as we continue to grow in a controlled manner to restore our financial strength."

In its November renewal report, the Club notes that large claims have returned to more expected levels after two benign years and attritional claims have developed beyond budgeted levels. It is worried that

continued turbulence from geopolitical reasons and market volatility may influence claims patterns in the future. It has decided it needs a 5% general increase on both P&I and FDD due to the claims' inflationary environment and underwriting deficits.

There has been some small growth in owned mutual tonnage throughout the year, to 56.6m GT, but this small creature must continue to tread a careful path and watch its back.



THE UNITED KINGDOM MUTUAL STEAM SHIP ASSURANCE ASSOCIATION (BERMUDA) LIMITED



P&I General increase

6.5%

Deductibles under US\$50,000 to rise by 10%, minimum US\$1,000

FDD General Increase

5%

The Club reports that at the halfway point of 2024/25, own claims are lower than recent years, but Pool claims are more akin to the very expensive 2020 and 2021 years. It feels it is too early to predict the underwriting result for 2024 as most claims are notified in the second half of the year. Investments are running

well with the half year return above the forecast for the full year. No figures are provided for any aspects of the business.

The Club has decided a 6.5% general increase is needed to cover general claims inflation and increased Pool costs, and deductibles under US\$50,000 will rise by 10% to address attritional claim

inflation. Like an elephant, on the high side and very predictable.

The UK Defence Club has announced a 5% general increase, but with a continuity credit of 10% and a further 5% for members with their whole fleet entered.

THE WEST OF ENGLAND SHIPOWNERS' MUTUAL INSURANCE ASSOCIATION (LUXEMBOURG)



P&I General increase

5%

Deductibles up to US\$50,000 to rise by 10%

FDD General Increase

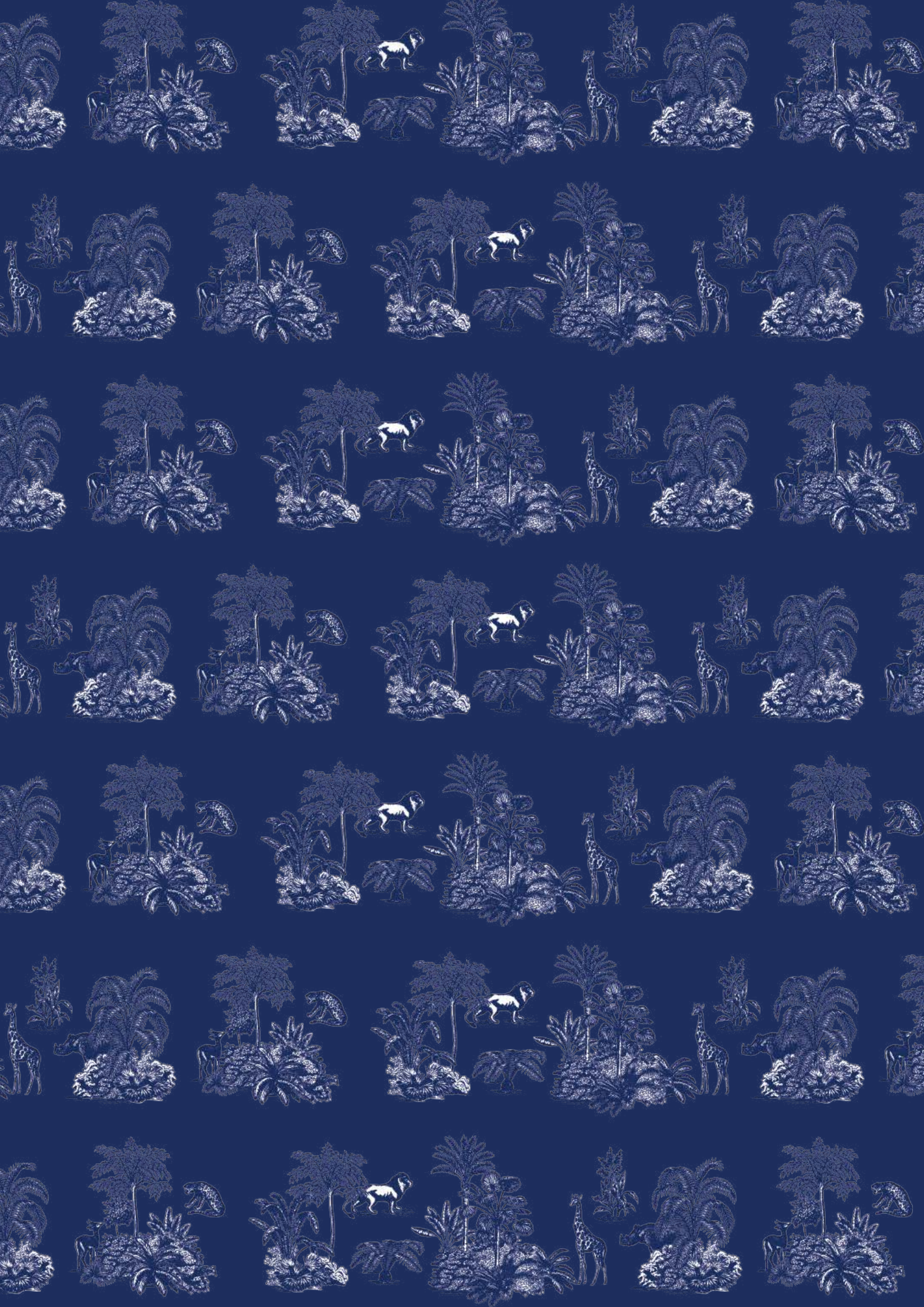
Nil

The Club reports that its own claims for 2024/25 are running higher than the previous year but remain within forecast, and the combined ratio is expected to end up at just over 100%. The investment return in October 2024 was 5.1%, and free reserves are forecast to rise by around US\$44m to US\$320m at the end of the

policy year, with the Solvency Capital Ratio exceeding 200%.

It has decided on a 5% general increase for P&I to cover inflation and the increased Pool activity, but there is no increase on FDD or fixed premium business.

The Club has been prowling the market like a panther for a replacement for retiring Chief Underwriting Officer Simon Parrott and has appointed Bart Mertens from Gard – another example of high-level poaching between Clubs.





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