

15 October 2019

To all Members of Class 6 – Freight, Demurrage and Defence

Dear Sirs

Calls : Class 6 – Freight, Demurrage and Defence

At its meeting on 15 October 2019, the Board decided that the Managers should undertake a more technically based renewal of the membership, to promote sustainable premiums and restore underwriting balance. To support this, the Board agreed to move from the practice of a General Increase, which it considers a less sophisticated method of trying to raise premium levels. The Board has made the same decision in respect of Class 3 Protection & Indemnity.

Accordingly, from the 2020/21 renewal, each Members' rates will be adjusted to reflect their individual claims record and risk profile.

In addition, the Board reached the following call decisions.

2015/16

No further call will be made, and the year will be closed in accordance with the provisions of Rule 37(1).

2016/17

There are no recommendations at this stage in respect of this policy year.

The Policy year has continued its positive development and the Board will review the position in October 2020.

2017/18

There are no recommendations at this stage in respect of this policy year.

At present claims remain within projection and again the Board will review the position in October 2020.

2018/19

The originally budgeted deferred call of 30% is to be collected immediately.

At present, claims remain within projection, with the Board therefore deciding that the full 30% deferred call should be collected.

2019/20

Members are advised to budget for the 30% deferred call originally advised to them.

2020/21

Rates will be adjusted to reflect individual claims records and risk profiles.

In addition to rating Members individually, in order to bring the Association in to line with the practice of most other clubs, with effect from 20 February 2020 the Association will simplify its calls system and the terminology used. The terms "Advance Call" and "Deferred Call" will be replaced with Estimated Total Call (ETC). There will be no difference in the total amount of premium collected by the new ETC approach (compared to if the traditional call structure was maintained).

Premium will now be payable over three equal instalments; the first instalment and second instalment in February and August of the relevant policy, with the final instalment being collected in the October immediately following the end of the relevant policy year. (For example, Members' 2020/21 premium will be payable in February and August 2020 and in October 2021.)

Members will therefore benefit from improved credit terms, with the new structure also reducing administration costs.

The new structure applies to the 2020/21 and subsequent policy years. The traditional calls structure will apply to open policy years until those years are closed.

Release calls

The Board set the following release call percentages:

- 2016/17 NIL
- 2017/18 NIL
- 2018/19 5%
- 2019/20 10%
- 2020/21 20%

These percentages will be reviewed further in 12 months' time

Yours faithfully

Tindall Riley (Britannia) Limited
Managers