

BRITANNIA RENEWAL 2022/23 SUMMARY

BRITANNIA REAFFIRMS ITS STRATEGIC PRIORITIES OF ROBUSTLY ADDRESSING ITS UNDERWRITING DEFICIT WHILE USING ITS CAPITAL STRENGTH TO CONTINUE TO SUPPORT ITS MEMBERS.

Since 2020, Britannia has had a strategic aim of returning its combined ratio to 100%. To achieve this, action started in 2020/21 and modest rate increases were achieved in both 2020/21 and 2021/22. Despite these rate increases, premium levels were not sufficient to achieve the objective and further corrective action is required at the 2022/23 renewal.

128m GT

TOTAL OWNED P&I TONNAGE

46m GT

TOTAL OWNED FD&D TONNAGE

\$25m

USD25M CAPITAL DISTRIBUTION

\$120m

USD120M CAPITAL DISTRIBUTED TO MEMBERS SINCE 2017

While Britannia has seen further growth across all areas, this has been achieved against a very challenging claims environment, particularly for Pool claims, which are shared across the International Group of P&I Clubs, as well as continued pressure on rates. The combined effect has resulted in a projected deficit for the 2021/22 policy year higher than originally forecast.

RETENTION AND POOL CLAIMS

Retention claims in the current policy year are running below projections, including the impact of claims relating to COVID-19. In contrast, pool claims are at the highest level ever recorded at this stage of a policy year. The combined effect of high pool claims and rates which have been consistently low for a number of years means that the policy year result is projected to be worse than originally forecast.

RENEWAL 2022/23

Britannia will continue to adjust Members' individual rates based on their claims record and risk profile, rather than announcing a general rate increase, and will look to achieve an overall increase of 12.5% in the ETC for the 2022/23 policy year before any Group Excess of Loss (GXL) rate adjustment.

CAPITAL DISTRIBUTION

The Board has agreed a further capital distribution of USD25 million to mutual P&I Members with ships on risk at midnight (BST) on 19 October 2021 (using the same method of calculation for each Member's share as for prior distributions). This brings the total of capital distributed to Members since May 2017 to USD120 million and since October 2016 Members have benefitted from deferred call waivers and capital distributions totalling USD 135million.

Britannia's capital position remains strong, allowing for this further capital distribution. However, this is different from rates, which need to increase given the underwriting deficit.

WE BELIEVE OUR APPROACH TO THE 2022/23 RENEWAL TOGETHER WITH THE ADDITIONAL CAPITAL DISTRIBUTION DEMONSTRATES BRITANNIA'S CLEAR COMMITMENT TO ADDRESSING THE UNDERWRITING IMBALANCE THROUGH SUSTAINABLE LEVELS OF PREMIUM THAT MEET CLAIMS EXPOSURE WHILE CONTINUING TO PROVIDE OUR MEMBERS WITH THE BENEFITS OF FINANCIAL STRENGTH TOGETHER WITH EXCEPTIONAL SERVICE.