



中国船东互保协会 China Shipowners Mutual Assurance Association

CPI No.10/2022

15 December 2022

TO THE MEMBERS

Renewal 2023 Policy Year

As the renewal of the 2023 policy year approaches, in order to provide better service to all Members and conclude the renewal smoothly, the Managers would like to notify the following factors regarding the 2023 renewal:

At the end of November 2022, the Association's amount of loss for both the aggregate and retained claims is significantly greater than that of last year. Caution is called for when projecting claims levels.

The ongoing pandemic of Covid-19 and the War in Ukraine makes the economy fragile. The International Group members reported negative investment return at the half-year point. The sharp rise in energy prices led to record high inflation in major economies which is bound to affect the claims levels in the industry. For the 2023 renewal, significant increases in rates and deductibles have already been announced by most of International Group clubs. It would be reasonable to expect a dramatic rise in the reinsurance cost of the Association.

The so-called "churn effect" on premium is still a serious problem with the Association. In order to ensure that premiums are further adjusted to properly reflect performance and exposure going forward, an increase in rates is necessary across all the Members for this renewal.

On 1 September 2022, AM Best assigned a Financial Strength Rating of A- (Excellent) to the Association. To maintain the current rating, the Association shall ensure stability in operation and financial balance in insurance business.

The past years witnessed the Association's stable investment return. The Board has decided that the ETC Discount for the 2023 policy year is 20%. ETC Discount Policy fully embodies the mutual mechanism of a P&I club and reduces the cost of insurance for Members.

Taking into account all the above, in accordance with Rule 21 of the Rules of the Association, the Managers have made the following decision:

1. Owners P & I Entry 2023

A general increase of 10% has been set to apply to the ETC rates. A release call at 15% of the ETC rate shall apply. This adjustment will be applicable to all mutual P&I Members, irrespective of their record and performance.



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In addition, all deductibles will be increased by a minimum of US\$2,000 per deductible.

After the adjustment, minimum deductible to be applied is set out as below:

Crew Liability under Section 1 of Rule 3.	minimum USD 8,000
Cargo Liabilities under Section 16 of Rule 3	minimum USD 15,000
Liabilities other than Crew and Cargo Liabilities	minimum USD 10,000

After applying the general increase and deductible increase, rates and terms will be further adjusted to reflect individual Members' claims record and risk exposure in the past 6 years.

Any change in the cost of the International Group reinsurance program will be passed on to the mutual Members.

2. Charterers' Entries 2023

A general increase of 10% has been set to apply to the fixed premium rates for charterers' entries. Rates and terms will be further adjusted to reflect individual Members' claims record and risk exposure in the past 6 years.

3. FD&D 2023

A general increase of 10% has been set to apply to the ETC rates for FD&D insurance. A release call of 15% should apply to the ETC rate. Rates and terms will be further adjusted to reflect individual Members' claims record and risk exposure in the past 6 years

4. Commission of Insurance Brokers

For any Member who concludes the renewal contract with the Association through the Member's appointed insurance brokers, the calculation of the Member's loss ratio will be based on the net premium after deducting the commission of the insurance brokers.

5. No renewal for Members with outstanding premium

As at 20 February 2023, where a member has failed to pay to the Association any premium or any other sum due, unless otherwise agreed by the Managers, any and all ships of the Member shall not be renewed, the Managers will notify other P & I clubs and the relevant parties concerned of the Member's non-payment records.

6. Condition Survey

As at 20 February 2023, any ship which has failed to meet the Managers' requirement to undergo a condition survey or a follow up condition survey, or to rectify the defects which were listed in the surveyor's report, shall not be renewed, unless otherwise agreed by the Managers.



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7. Payment Arrangement

The Estimated Total Calls or fixed premium of 2023 policy year shall be collected in three instalments as follows:

- 40% due on 20 March 2023;
- 30% due on 20 July 2023;
- 30% due on 20 November 2023.

Yours faithfully,

Song Chunrong
Managing Director

