



Circular

Ref: 12/11

OCTOBER 2011

OUTLINE

- General increase for the 2012 policy year is 3 per cent
- Any increase or decrease in the cost of the International Group reinsurance will be passed on to the mutual Members.
- The standard deductible will be increased to \$6,000 for the 2012 policy year
- Release calls reduced on open policy years
- An explanation of the financial background to the Board's decisions can be found in the "October Review 2011" which accompanies this Circular

TO THE MEMBERS

Dear Sirs

REVIEW OF OPEN POLICY YEARS & 2012 POLICY YEAR GENERAL INCREASE

At its meeting on 17th October 2011, the Board reviewed the financial position of the Club, the performance of the open and closed years and the premium levels for 2012.

2009 policy year

There is no supplementary premium estimated for this policy year. The release call is set at 5 per cent of mutual premium.

2010 policy year

There is no supplementary premium estimated for this policy year. The release call is set at 7.5 per cent of mutual premium. The fourth instalment of mutual premium is due for payment no later than 1st December 2011.

2011 policy year

There is no supplementary premium estimated for this policy year. The release call is set at 12.5 per cent of mutual premium plus any outstanding instalments of mutual premium.

2012 policy year - General Increase

The Board has concluded that the premium rating of all Members (mutual and fixed premium) shall be increased by 3 per cent, plus any increase in the cost of the International Group reinsurance premium for 2012 for the mutual Members.

The release call is set at 15 per cent of mutual premium plus any outstanding instalments of mutual premium. As normal, mutual premium for 2012 will be payable in four instalments.

Release calls

For many years it was the policy of the UK Club to charge 5 per cent of mutual premium rating as the release call. This policy only changed at times of greater claims uncertainty; most recently in 2008 when the level of release calls reflected the level of uncertainty over the outcome of the open policy years. Over the past year the claims position has improved and the level of the release calls has been reduced to reflect that improvement. The forthcoming policy year obviously carries the greatest level of uncertainty which is reflected in the proposed release call rate.

Deductibles

The standard deductible will be increased to \$6,000 any claim per event, including fees and expenses, for the 2012 policy year (or the dollar equivalent in other currencies). Members will still be able to elect for different deductibles from the standard at an appropriate premium adjustment, but will be encouraged to agree the standard as a minimum. The Club may also propose higher than standard deductibles as part of the renewal terms for Members with adverse records.

A detailed explanation of the background to the Board's decision can be found in the "October Review" which accompanies this circular. Both of these documents are also published electronically in the "Club Circulars" section of the website (www.ukpandi.com).

Yours faithfully

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CONTACT

- Members requiring further information should contact their usual underwriting contact at the Club.