

Ref:2022/4

TO: ALL MEMBERS

November, 2022

THE ASSOCIATION'S CALL FOR THE 2023/24 POLICY YEAR

The Directors of the Association recently considered the Association's future premium requirements as they relate to the 2023/24 policy year.

The Directors noted that it has been, and continues to be, a challenging period for the industry in a number of respects. Financial markets continue to be volatile as central banks work to combat inflation. Claims have seen similar levels of volatility directly linked to the Ukraine/Russian conflict. An increase in bunker quality disputes has also been a factor which is expected to continue in the years to come. The nature of these disputes usually involve technical investigations and therefore costs are invariably elevated.

The sanctions regimes in different jurisdictions also involve greater levels of complexity and investigation which will inevitably lead to increased enquiries and claims. The future regulatory environment, as regards decarbonisation and CII and EXII in particular, potentially pose its own issues for Members and the Association alike. All of this within an inflationary environment.

Members will fully appreciate the importance of ensuring that that premium income aligns with claims levels and costs, however, the Association's robust capital position has allowed the Association to continue to take a measured approach to its premium requirements. With this in mind the Directors have determined that there should be a minimum premium increase of 5% across the Association's Membership for the 2023/24 policy year. Increases will be in excess of this where Members have adverse loss records.

In terms of Continuity Credits, Members that enter their full fleet with the Association will once again receive a 2.5% credit to their 2023/24 premiums

Should Members have any queries please contact your Insurance Broker or account underwriter.

Yours faithfully
THOMAS MILLER DEFENCE LTD.
Managers