P&I cover set for renewal shake-up

Mutuals are introducing new modifications from February.

The largest clubs, notably Britania, Gard and the UK Club, want to change the way they price cover to reflect the increased exposure of the fleet and the higher claims. This is in addition to the regular general increase, which is now expected to be around 25%, to compensate for the amount paid out.

The argument is that competitive pricing can only be maintained if the clubs can increase their rates above the level of the general increase. This is especially important for the largest clubs, which have a lot of float and cannot afford to lose business.

In another case, an Asian fleet is looking at the possibility of changing its P&I cover provider. The fleet is considering switching to a different club to take advantage of the increased rates. This is an example of how the shake-up is affecting the market and forcing mutuals to change their strategies.

The West of England has attributed the need for drastic action to the results of the P&I seminar in South Korea. The seminar highlighted the need for severe measures to improve the competitiveness of the P&I market.

The move to restrict cover for people claims means human life

join oil pollution as an area where the P&I clubs see the potential hill as high that special moves to restrict exposure are needed.

The extra $1bn of overspill reinsurance will be in place by $2.25 per gt to some $650m gt over the past decade.

The limit on people claims of $3bn is the highest amount allowed under the 1976 Limitation Convention, which raises problems of consistency, underestimating risks and excessive exposure.

The increase in claims by $1bn will double the amount of money that clubs will have to pay out in the coming year, prompting fears about the future of the P&I market.

The pool, which is often seen as a P&I cartel, has reached record levels over the past decade. The increase in claims is the culmination of most of this work.

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