AM Best agency upgrades TT Club to ‘excellent’

Jim Mulrenan

London

The financial success of the Through Transport Mutual Insurance Association (TT Club) has been rewarded with an upgrade to an excellent A- by the AM Best ratings agency.

The TT Club, which recently reported a $23.2m surplus, moves up from a very good B+ rating, with AM Best making positive noises about prospects for the mutual, which is a leading insurer of the container-shipping industry, as well as ports and terminals, over the next couple of years.

The ratings agency anticipates that the TT Club’s strong performance will continue in 2006 and 2007 although underwriting profitability is likely to decline because of reductions in premium rating levels. AM Best says the rate reductions, combined with higher catastrophe-reinsurance costs, are likely to drive an increase in TT Club’s combined ratio to approximately 95% in 2006, up from 74% in 2005.

The TT Club’s dependence on reinsurance is seen as falling, involving no retention premiums likely to increase to 74% in 2006, up from 67% in 2005.

Great figures for North of England

A better-than-expected investment return and a close-to breakeven underwriting result is set to ensure another profitable year for the North of England Protection & Indemnity (P&I) Association.

The Newcastle-based club has yet to publish its accounts but has revealed sufficient information to indicate that it will report a P&I mutual remains on course.

The North of England investment income rose to £22m, equivalent to a 5.86% return, as compared with £21m through the previous 12 months, while claims costs are projected to be 20% down on the previous year.

The figures appear to point to a better result than last year, when the A-rated club rang up a £9m surplus.

Premium income has reached £62 million, up from £55 million a year ago, while owned mutual tonnage now totals £49 million, a five million pound increase over 12 months.

Managing director Paul Jennings, newly appointed as a deputy managing director, says increased premiums and higher deductibles had been achieved across the board at the recent P&I renewal, with many more brokers signed up as well as increased entries from existing members.

Last month, acquisition of Copenhagen-based Norden and Job de Groot of Van Oord, the Rotterdam dredging group, were elected to the club’s board at a recent meeting. The same meeting paid tribute to joint managing director Peter Cech and retiring chief executive Bill Douglas retired last month after 19 years of service.

The Japan Club is also reporting a successful year with total tonnage up to 69.5 million gt, as compared with 62.5 million gt a year ago, and premium income has also increased. A BB rating, has historically been very domestically orientated but has recently been given to the club where it now covers 372 vessels of 3.5 million gt.

Hot freight and S&P markets keep Nordisk on its toes

Jim Mulrenan

London

The strong freight market and plenty of sale-and-purchase (S&P) activity kept the lawyers of Norwegian Skildrederforening busy last year.

The Oslo-based club, which provides freight, demurrage and defence (FD&D) cover for many Nordic shipowners, handled 4,151 new cases in 2005, a 36.4% increase compared to 3,044 on the previous year — the most litigious "year to date ever for the club, whose chairman Morten Werring warns that cases will now have to be dealt with over two years.

Nordisk, which has been spending more on buying in legal expenditure, is now spending more than £2 million on legal expenses each year, up from £1.5 million in 2004.

The club, which has 114 members, including four from the Far East and New Zealand, is reporting success in Korea, where the club now covers 372 vessels of 58.7 million gt.

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