

Renewal update 1 policy year 2021/22

Skuld's Board of Directors met 5 November 2020 to discuss the upcoming P&I renewals for the policy year starting 20 February 2021.

It was noted that:

■ Skuld was the first Club within the International Group (IG) to abandon the concept of a general increase. In the 10 years that have passed, tonnage within the Club has grown steadily in line with the Board's overall growth expectations.

■ The membership has benefited significantly from the transparent manner in which each subsequent P&I renewal has been executed.

■ The membership has benefited from the Club's diversification strategy which has enabled premium credits and performance-related cash bonuses.

■ The membership has continued to receive excellent levels of service and support throughout the Covid-19 pandemic.

■ The first six months of the 2020/21 policy year have been affected adversely by the pandemic and showed an overall deficit due to human accident/illness claims and a volatile investment market.

■ The mutual underwriting performance showed a combined ratio of 147% (total combined ratio 115%), driven primarily by a significant increase in pool claims activity within the IG and an increased number of larger claims from members.

■ Mutual premium rates have not been sustainable for some time; the increase in pool activity and the overall levels of global investment volatility have brought into sharp focus the need to address the mutual rating level at this renewal.

■ Skuld takes a long-term view on all aspects of underwriting performance and is committed to ensuring the enduring sustainability of the mutual portfolio. The Club chooses not to rely on underwriting deficits being rectified by potential investment returns and this has been Skuld's long-stated position.

■ In order to protect Skuld's financial position and to ensure the sustainability of the mutual portfolio, the Board has directed management to adequately address the challenging mutual underwriting performance during the upcoming renewal negotiations by securing the necessary individually-assessed premium increases from all mutual members.

The International Group Excess Reinsurance will be adjusted after new reinsurance rates have been agreed. A circular will be issued when a decision has been taken by the IG.

RELEASE CALL 2021/22

The release call for Policy Year 2021/22 was set to 15% while previous years remain unchanged. The applicable release calls are presented below:

2018/19:	7.5%
2019/20:	10%
2020/21:	15%
2021/22:	15%

STANDARD
& POOR'S

A

SKULD'S
S&P RATING IS
'A' (STABLE OUTLOOK)