

## How do we assess the right premium for risk?

Each of our Members' face unique risks and therefore pay a unique premium, a result of the vast difference in laws and regulations across jurisdictions.

Liabilities to crew can differ from country to country with some jurisdictions providing a primary workers compensation scheme that responds before a P&I entry. The same may apply to passenger risks where in some jurisdictions owners can limit their liability in law to passenger claims but in others strict liability may apply and/or a common law approach to claims is taken. A number of jurisdictions apply a more robust attitude to liabilities such as pollution, collision or wreck removal.

As a result, liabilities can differ dramatically and impact on the pricing model adopted. In addition, operational and reinsurance costs are taken into consideration – with reinsurance a key tool for any insurer when softening the peaks and troughs of claims.

As members of the International Group of P&I Clubs, we benefit from the limits of cover offered through the pooling of risks and the excess of loss contract. When these costs have increased in the past, for example the huge increase to US\$ passenger rates per ton following the Costa Concordia loss, we have never passed these additional costs on to Members. Instead, we have chosen to absorb these increases.

We have only ever asked our Members, through the premiums they pay, for what we need to address the risks they encounter always taking into consideration their own operational risks and their own individual claims record. Unlike personal lines insurance, when a computer simply tells you what you pay being index linked to inflation/claims, we only ever ask what we need and we treat each individual Member uniquely, offering bespoke premium and cover solutions designed for each operation. Each Member is important to us whether large or small.

When a P&I Club approaches the 20th February policy year renewal it assesses its claims, inflation, fundamental reinsurance costs and other operational expenses to decide if the common membership should contribute through a general premium increase. Traditionally the board of the Shipowners' Club have always sought to keep such costs to a minimum, preferring instead to seek from each individual Member what is required to address their individual risks and their individual claims.

We don't like springing surprises on to our Members and certainty of premium will remain the watchword as we approach the 20th February policy year renewal and throughout the year ahead.

**We have released a short guide for our brokers to assist them in sharing and explaining**

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**the financial benefits available to their customers, our Members, through membership with the Shipowners' P&I Club. [Access the guide here](#) or to the right of this page.**