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West Successfully Executes Highly Targeted Renewal Strategy



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West has successfully achieved a targeted renewal strategy intended to counter the challenges posed by the consistent underrating in the P&I market and the growth of unpredictable major claims, all now set against a weak investment market.

West's renewal strategy was announced in Q3 2021 having been endorsed by its shipowner board. The Club has successfully executed that strategy at this renewal by achieving the necessary rate increases and term changes across the membership and by rationalising its book of business through not offering renewal terms to those Members with consistently underperforming records. The West has also been very selective in underwriting new business, although support from existing Members through organic growth continued in all markets.

Accordingly, by being deliberately leaner, the Club is now even better positioned to address the continued challenges being experienced by all Clubs over the coming years.

Although attritional claims remain stable, the magnitude of the largest claims in the industry which engage the International Group (IG) Pool are persistently higher. The last two years have also seen the additional impact of claims related to the pandemic.

Investment markets are also challenging as inflation increases, with most Clubs' investment strategies heavily weighted to bonds and therefore particularly impacted. As a consequence, all Clubs will need to become far more reliant on underwriting performance.

West has also been clear that tonnage within our industry as a whole has been underrated for several years. Whilst the market is hardening to account for this, change will be gradual with adverse combined ratios expected to continue across the IG for some time.

West's clear and targeted renewal strategy was designed to address these challenges for the benefit of its Members.

Tom Bowsher commented: "Significant increases in P&I liabilities over the past few years have been well publicised, with more high-value incidents and the more recent impact of Covid on our Members.

We recognise that this has been a difficult renewal for all and in a limited number of cases we sadly chose to relinquish what have often been long-term relationships with a number of shipowners. However, we are pleased to see that our Members share our view of the market, and have endorsed our strategy through their decision to continue to partner with the West, with the retention rate of those Members offered renewal terms at 98%."