



SEPTEMBER 20, 2024

CIRCULAR NO. 17/24

TO MEMBERS OF THE ASSOCIATION

Dear Member:

**PROGRESS UPDATE.
DEVELOPMENT OF CLOSED AND OPEN POLICY YEARS.
LEVYING OF SUPPLEMENTARY CALL FOR THE 2022 POLICY YEAR.**

The Board of Directors convened for its third round of 2024 Committee and Board meetings yesterday in New York to review the American Club's progress as well as the development of closed and open years along with its usual assessment of current issues and risks affecting the Club's business and financial performance.

Progress update

As of August 20, 2024, the Club has seen growth in premium across all lines of business, with total gross estimated written premium increased by 2% from the policy year inception. Particular indices showing strength were the increasing dollar per ton and the uptick in the Club's surplus position as compared to the position at the end of 2023.

Development of closed and open policy years

Closed policy years

The development of closed policy years has shown some welcome positive development since year-end 2023.

Open policy years

2022

As reported in [Circular No. 17/23 of November 17, 2023](#), the 2022 policy year continued a multi-year trend of inflated claims and the release call margin had been increased to 35% to account for eventual action to address that year's deficit, while keeping the year under review. While there has been some positive development, it remained in deficit within the release call margin. The Board has reviewed the overall position and resolved to levy a supplementary call at the release call margin of 35% to cure the deficiency. In consequence, the release call margin has been reduced to 2.5%, with expected closure of the year within the first half of 2025.

This interim assessment, which will apply to all assessable policies remaining open for assessment as of June 30, 2024, will be due for payment from Members with active entries in two equal installments, on or before January 20, 2025 and April 20, 2025.

2023

The 2023 policy year is performing better than the immediately preceding years. Tonnage and premium grew considerably and pricing power improved resulting in a current combined loss ratio of slightly under 100%. The year continues to show signs of stability and is expected to continue on this trajectory. The release call margin remains at 20%.

2024

The 2024 policy year, as of June 30, 2024, is developing close to the projected budget. Although at a nascent stage, the 2024 policy year combined ratio at the four-month mark is 107%. This is due to large direct claim activity in the first few months of the year coupled with an increase in pool claims activity as compared to the immediately preceding years. Direct claims activity is otherwise developing within expectation, however a continued cautious approach to current policy year reserving is required.

While the Board is conscious that the 2022 assessment will be an unwelcome development, it remains resolute in its mission to improve the financial standing and ensure the fiscal integrity of the Association. The call will fortify the Club's free reserves and ensure continuing capital levels in excess of statutory requirements. This combined with the positive results of the 2023 policy year, bode well for a stable and improving capital position for the Club going forward, ensuring the Club's resilience for the long-term.

Yours faithfully,



Dorothea Ioannou, CEO
Shipowners Claims Bureau, Inc., Managers for
THE AMERICAN CLUB