

CIRCULAR

By your side

TO ALL OWNERS AND MEMBERS

24 December 2021

Dear Sir / Madam

THE INTERNATIONAL GROUP REINSURANCE PROGRAMME 2022/23

The arrangements for the renewal of the International Group's general excess of loss reinsurance programme (GXL) for the forthcoming policy year have now been finalised. This Circular sets out the key features of the GXL renewal.

Individual club retention and GXL attachment point

Individual club retention (ICR) remains unchanged for the 2022/23 policy year at US\$10m, as does the structure of the Pool above that and the attachment point for the GXL programme at US\$100m. The further ICR of 7.5% in the Upper Pool Layer also remains unchanged.

Hydra participation

Hydra continues to retain 100% of the Lower Pool layer (US\$30m to US\$50m) and 92.5% of the Upper Pool layer (US\$50m to US\$100m). In addition, Hydra retains a US\$100m AAD in the 70% market share of the GXL programme.

Excess loss placement

The main GXL placement (layers 1-3, US\$2bn excess of US\$100m) has now been split into four layers, with the Collective Overspill renewed excess of the GXL, and the three private placements also maintained in place. As such, the entire commercial market placement can be summarised as follows:

- Private Placements: 30% of the Layer US\$650m excess of US\$100m has been secured on expiring coverage terms. This percentage is covered by three private market placements which are renewed independently of the main GXL programme;
- Main General Excess of Loss: These placements have been renewed with unamended, free and unlimited, coverage for all risks except Malicious Cyber, COVID and Pandemic risks.



Note: For Malicious Cyber, Covid and Pandemic risks there is free and unlimited cover for claims up to US\$450m excess of US\$100m, covering almost all Group Clubs' certificated risks. Excess of US\$550m there is up to US\$2.15bn of annual aggregated cover in respect of these three risks. Excess of that the Group has decided to pool between Group Clubs the unreinsured risks, resulting in no change to Members' cover.

- Other placements: The Collective Overspill (US\$1bn excess of US\$2.1bn) and ancillary covers are being renewed with premiums included within the overall rate per GT.

Excess loss rates and allocation

The difficult prevailing market conditions and the need to maintain the broadest cover available have led to significant rate rises for the 2022/23 policy year. In this regard, whilst rates for shipowners have increased by an average of 33% year-on-year, the new rates are similar to those rates per GT in 2014/15.

The overall increase has been allocated across the various vessel categories below to reflect their respective historical claims performance. There has been no change in the number of vessel categories for 2022.

The 2022 GXL rates (per GT) to be charged to members are set out below:

Tonnage category	2022 rate per GT	% change in rate per GT
Persistent Oil tankers	64.69	+15.0%
Clean Tankers	36.66	+40.0%
Dry	56.39	+40.0%
FCC	65.86	+55.0%
Passenger	386.77	+18.6%

MLC cover

The MLC market reinsurance cover is being renewed for the 2022/23 policy year at competitive market terms, with the premium included in the overall GXL rates charged to shipowners.

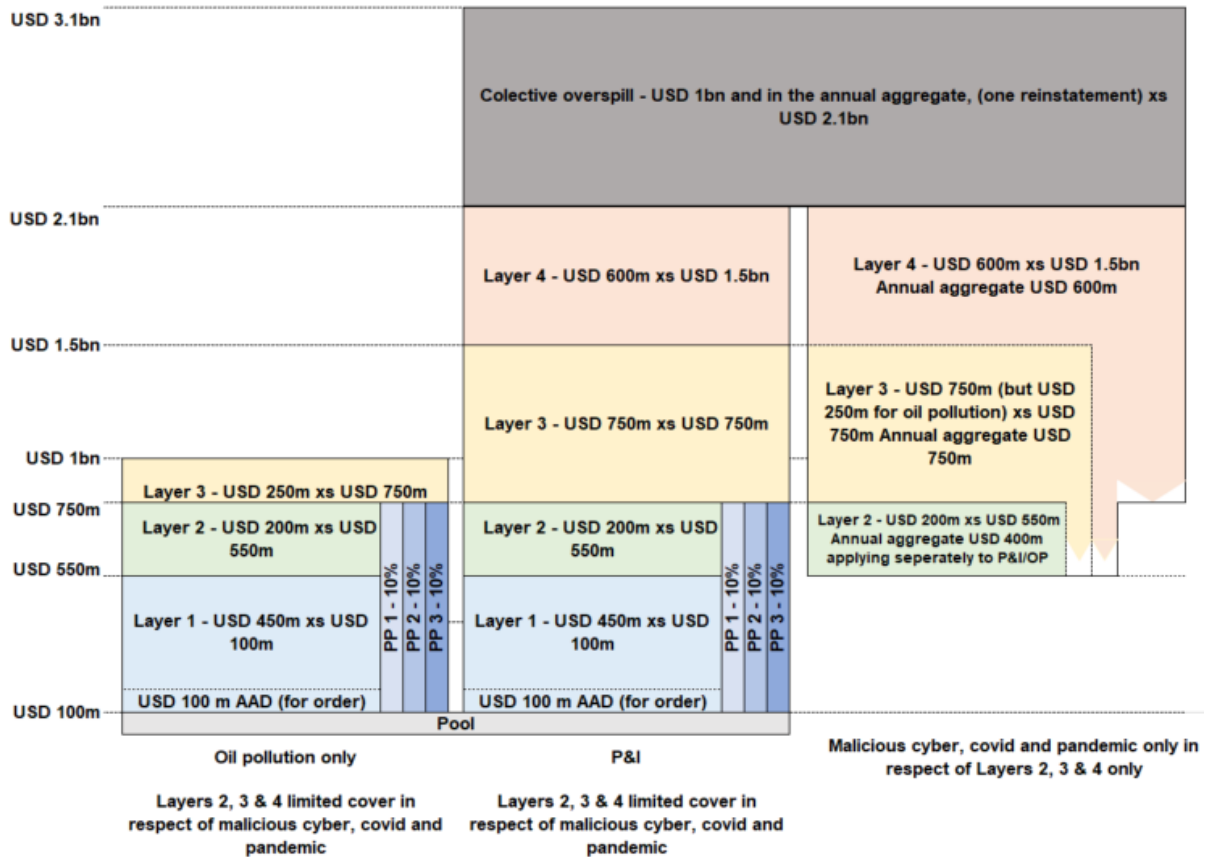
War cover

The excess War P&I cover will be renewed for the 2022/23 policy year for a period of 12 months. Again, this will be included in the total rates charged to shipowners.



2022 GXL program structure

The diagram below illustrates the layer and participation structure of the GXL program for the 2022/23 policy year:



If you have any questions regarding any of the above, please do not hesitate to contact your usual club representative.

Yours faithfully

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