

Group Reinsurance Rates 2018/2019

The arrangements for the renewal of the International Group General Excess of Loss (GXL) reinsurance contract and the Hydra reinsurance programmes for 2018/19 have now been finalized. These include the Collective Overspill Cover, Excess War Risks P&I cover and MLC cover.

For 2018 Group Reinsurance rates per GT will be as follows:

Category	2018 rate per GT	% change from 2017
DIRTY TANKERS	\$0.5845	% - 1.85
CLEAN TANKERS	\$0.2626	% - 1.83
DRY CARGO VESSELS	\$0.4038	% - 1.85
PASSENGER VESSELS	\$3.2707	% - 1.84

This represents a reduction for all categories of vessel and following our usual practice, these rates will be charged as separate fixed costs together with 2018 Mutual call rates, giving this Club's Members the full benefit of the reduction.

For 2018/19, reinsurance rates will be split evenly across all instalments.

Pool Structure Changes:

Following a detailed review of the current pool structure during 2017, a number of changes to the current structure will apply for 2018. At present, the lower pool layer attaches from US \$10 million to US \$45 million, and the upper pool layer attaches from US \$45 million to US \$80 million.

With effect from 20 February 2018, the lower pool layer ceiling/upper pool attachment point will be lifted from US \$45 million to US \$50 million and the layer from US \$80 million to the GXL attachment (US \$100 million) will be absorbed into the pool and merged with the upper pool layer which will attach from US \$50 million to US \$100 million with an individual club retention of 7.5% across the layer.

Hydra participation:

Currently, the layer from US \$80 million to US \$100 million is reinsured 100% by Hydra. From 20 February 2018, following the changes to the pool structure outlined above, the Hydra reinsurance within this layer will be reduced to 92.5%, with the

remaining 7.5% retained within the individual club retention. layer. Hydra also currently reinsures 30% of the first layer of the GXL (US \$100 million to US \$600 million) which will remain unchanged for 2018/19.

Private placements:

The three multi-year private placements covering the first and second layers of the Group GXL placement (US \$1 billion excess of US \$100 million) will remain in place for the 2018/19 policy year.

MLC cover:

The market reinsurance cover (US \$190 million excess of US \$10 million) which was put in place with effect from 18 January 2017 as part of the solution developed by the Group clubs to meet shipowners' certification requirements under the financial security provisions of the Maritime Labour Convention, will be renewed for a further 12 months from 20 February 2018 with an increased limit of US \$200 million at a competitive cost which will be included within the overall reinsurance cost.

Full details of the reinsurance will be set out in a Notice to Members in February as usual.