

News 28 Dec, 2023

## Group Reinsurance Rates 2024/25



**Simon Parrott**  
Underwriting Director

**The arrangements for the renewal of the International Group General Excess of Loss (GXL) reinsurance contract and the Hydra reinsurance programme for 2024/25 have now been finalised. These include the Collective Overspill Cover; Excess War Risks P&I cover and MLC cover.**

Whilst there has been deterioration on back years within the pool, the 2023/24 policy year has so far demonstrated a benign Pool claims development and 2023.24 continues to develop favourably. This has assisted the International Group (IG) in achieving an overall premium reduction across all categories of vessel for 2024/25

The main GXL placement (Layers 1-3, US\$ 2 billion excess of US\$ 100m) has been maintained as three layers. There continues to be the US\$ 1 billion Collective Overspill cover excess of the GXL together with three private placements in Layer 1 (maintaining their 25% overall share).



The Individual Club's retention on any claim remains at US\$ 10 m and excess of this, claims are pooled between Group Clubs for US\$ 90 m excess US\$ 10 m;

The entire Group reinsurance placement, excess of US\$ 100 million can be summarised as follows:

Layer 1 – US\$ 650 m excess US\$ 100 m

Layer 2 – US\$ 750 m excess US\$ 750 m

Layer 3 – US\$ 600 m excess US\$ 1.5 bn;

75% of Layer 1 and 100% of Layers 2 and 3 are placed with the open market on a free and unlimited basis, except for malicious cyber, COVID-19 and Pandemic liabilities. For those risks, cover remains on a free and unlimited cover within layer 1, which covers almost all Clubs' certificated risks. For 2024/25, Excess of USD 750m there is up to US\$1.35bn of annual aggregated cover in respect of Malicious Cyber cover and separate annual aggregated cover of USD1.35bn in respect of COVID-19/Pandemic risks. Excess of that aggregated cover, the IG continues to pool any reinsurance shortfall, resulting in no change to shipowners' cover.

## Hydra Participation:

Hydra, the IG's Bermudan reinsurance captive retains an Annual Aggregate Deductible ("AAD") in Layer 1, which remains at the same value as for the 2023/24 policy year in 100% terms. With the open market layer at 75%, the value of this AAD remains at USD 107.1m for the 2024/25 policy year.

## Other placements:

The Collective Overspill (USD 1bn excess of USD 2.1 bn) and ancillary covers are being renewed with premiums included within the overall rate per GT.

25% of Layer 1 remains covered by three private market placements, which are renewed independently of the open market element of the GXL.

Hydra retains an Annual Aggregate Deductible ("AAD") in Layer 1, which remains at the same value as for the 2023/24 policy year in 100% terms. With the open market layer at 75%, the value of this AAD remains at USD 107.1m for the 2024/25 policy year.

## MLC cover

The MLC market reinsurance cover is being renewed for 2024/25 at competitive market terms, with the premium included in the overall reinsurance rates charged to shipowners.

## Excess War cover

The excess War P&I cover will be renewed for 2024/25 for a period of 12 months. Again, this will be included in the total rates charged to shipowners.

However, due to the ongoing active war between Russia and Ukraine, the IG's Excess War reinsurers have maintained their requirement for Territorial Exclusion language (consistent with exclusionary language already applied by reinsurers for Primary War P&I coverage) for vessels trading in these waters. As such the Group has purchased aggregated sub-limited cover of USD 80m from the reinsurance markets to cover the Russia/Ukraine/Belarus excluded risks.

## Reinsurance cost allocation 2024/25

As part of its annual analysis to ensure the fairness of cost allocation between different vessel types, the Reinsurance Committee (RIC) has also considered its current vessel categories.

The conclusions of the RIC are that there should be no change in the number of categories but that there should be some adjustments to the relative rate changes having regard to historical claims performance.

## The 2024/25 rates are set out below:

Tonnage Category	2024 rate per g.t.	% change from 2023
Persistent Oil tankers	\$0.6163	-7.5%
Clean Tankers	\$0.3982	-1.7%
Dry	\$0.5863	-2.1%
FCC	\$0.7204	-1.0%
Passenger	\$3.3842	-12.5%

As is customary, the 2024/25 Mutual call will be adjusted to reflect these rates and split evenly across all instalments.

## Contact us

If you have any questions, please contact the Underwriting department.

Click here 