

Group Reinsurance Rates 2019/2020

The arrangements for the renewal of the International Group General Excess of Loss (GXL) reinsurance contract and the Hydra reinsurance programme for 2019/20 have now been finalised. These include the Collective Overspill Cover, Excess War Risks P&I cover and MLC cover.

For 2019 Group Reinsurance rates per GT will be as follows:

Owned entries

Tonnage Category	2019 rate per G.T.	% change from 2018
PERSISTENT OIL TANKERS	\$0.5747	% - 1.68
CLEAN TANKERS	\$0.2582	% - 1.69
DRY CARGO VESSELS	\$0.3971	% - 1.67
PASSENGER VESSELS	\$3.2161	% - 1.67

Following our usual practice, these rates will be charged as separate fixed costs together with 2019 Mutual call rates, giving this Club's Members the full benefit of the reduction. Rates will be split evenly across all instalments.

Pool structure

No changes to the structure will be introduced for the 2019/20 policy year.

Reinsurance Structure Changes:

Following the Group reinsurance broker tender process undertaken during the spring of 2018, and the appointment of Miller and Aon as co-brokers on the Group General Excess of Loss (GXL), a review was undertaken and a number of changes to the current structure were made aimed at ensuring sustainability whilst improving the cost-efficiency of the collective reinsurance arrangements.

The main changes to the programme structure for 2019/20 involve adjustment of the second and third layer attachment points, the introduction of a new multi-year private placement, and the introduction of a US\$100 million AAD within the 80% market share in first layer of the programme.

The first layer of the revised programme will provide cover from US\$100 million to an increased upper limit of US\$650 million excess of US\$100 million, the second layer will cover from US\$750 million to US\$1.5 billion, and the third layer from US\$1.5 billion to US\$2.1 billion.

There will be no change to the Collective Overspill layer which will provide US\$1 billion of cover in excess of US\$2.1 billion.

One of the three 5% multi-year private placements (US\$1 bn. excess US\$ 100 million) will be replaced by a new multi-year

10% private placement within the new first layer (US\$ 650 million excess US\$ 100 million), increasing the private placement participation in the first layer from 15% to 20%.

Within the market share (80%) of the first layer, there will be a US\$ 100 million AAD which will be retained by the Group's captive, Hydra.

Hydra participation:

From 20 February 2019, following the changes to the reinsurance structure outlined above, Hydra will continue to retain 100% of the pool layer US\$ 30 million - US\$ 50 million, 92.5% of the pool layer US\$ 50 million-US\$ 100 million. In addition, Hydra will retain a US\$ 100 million AAD in the market share (80%) of new first layer of the General Excess Loss programme.

MLC cover

The market reinsurance cover will be renewed for a further 12 months from 20 February 2019 with the expiring cover limit of US\$ 200 million (excess of US\$ 10 million) at a competitive cost which is included within the overall reinsurance cost.

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

IGP&I