



The London P&I Club

INTERNATIONAL GROUP POOLING AND REINSURANCE ARRANGEMENTS FOR THE 2019/20 POLICY YEAR

Club retention, Pool and IG General Excess of Loss (GXL) attachment

The individual club retention will remain at US\$10 million for the 2019/20 policy year.

Following the changes introduced in the pool structure (US\$30 million to US\$100 million) for 2018/19, no further changes to the structure will be introduced for the 2019/20 policy year.

The attachment point on the Group GXL reinsurance programme will remain at US\$100 million 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 GXL and Collective Overspill reinsurance programme, a review was undertaken with the brokers of the current reinsurance programme structure, and a number of recommendations for changes were made aimed at ensuring sustainability whilst improving cost-efficiency.

The main changes to the programme structure for 2019/20 involve adjustment of the current programme 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\$750 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 billion excess US\$100 million) expires on 20 February 2019, and this 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

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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 and 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) which is included within the overall reinsurance cost.

War cover

The excess War P & I cover will be renewed for 2019 at a reduced premium which will be included in the total rates charged to owners.

Reinsurance rates 2019/20

These are as follows:

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