

## International Group Pooling arrangements and Reinsurance renewal – 2015/16

Pooling arrangements and the renewal of the International Group General Excess of Loss reinsurance contract and the Hydra reinsurance programmes for the 2015/16 policy year have now been finalised and are summarised below.

The individual Club retention will remain at US\$9 million and the excess point on the GXL contract will remain unchanged at US\$80 million for the 2015/16 policy year.

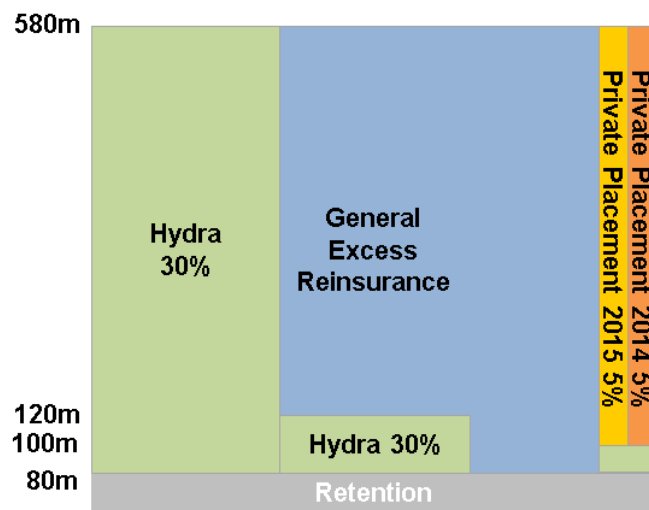
Further deterioration during 2014 on the 2011/12 policy year, which produced the first and third largest ever claims on the Pool, has continued to impact on the Group's reinsurers, in particular on those participating on the third layer of the programme. The development in incurred losses since the 2014 renewal, which are very substantially accounted for by the *Costa Concordia* and *Rena* claims, amounts to approximately US\$400 million. The loss experience of the reinsurance programme on the 2012/13, 2013/14 and 2014/15 (year to date) however remains very favourable to reinsurers. This, combined with increased market capacity, the continuing positive financial development of the Group captive, Hydra, facilitating additional Hydra risk retention, and the use of a further multi-year fixed placement enabled the Group to achieve reinsurance renewal terms, involving rate reductions for tankers and dry cargo vessels, and no increase for passenger vessels; as detailed below.

Hydra reinsurance of the Group pool will remain unchanged at US\$50m xs US\$30m. Hydra will increase its 2014/15 30% co-reinsurance share in the first layer of the Group general excess loss programme (US\$500 million xs US\$80 million) to include an additional 30% share of the layer US\$80 million-US\$120 million (so effectively Hydra will be re-insuring 60% of the layer US\$80 million-US\$120 million), and a 10% share of the layer US\$80 million-US\$100 million.

In addition to the 5% 36 month private placement of US\$1 billion xs US\$100 million which incepted on the 2014/15 renewal, a further 5% 36 month private placement of US\$1 billion xs US\$100 million which will incept on 20 February 2015.

The diagram below illustrates the revised participation structure of the first layer of the GXL programme for 2015/16.

**IG GXL Layer 1 structure 2015/16**



For 2015/16, there will once again be a three layer pool structure with a lower pool layer from US\$9 million to US\$45 million, an upper pool layer from US\$45 million to US\$60 million (within which, as currently, there is a claiming club retention of 10%) and a top pool layer from US\$60 million to US\$80 million (within which there is a claiming club retention of 5%).

**Group RI Rates 2015/16 – Owned entries**

The International Group RI rates (per GT) including Hydra premium, Collective Overspill Cover and excess war risk P&I (\$0.00725) are as follows:-

Tonnage Category	2015 rate per gt	% change from 2014
DIRTY TANKERS	\$0.7317	% - 8.11
CLEAN TANKERS	\$0.3138	% - 8.11
DRY CARGO VESSELS	\$0.4888	% - 6.05
PASSENGER VESSELS	\$3.7791	% 0.00

**US Oil Pollution Surcharge 2015/16**

Following the decision taken for the 2014/15 policy year, the surcharge will remain at nil for 2015/16.