



THE INTERNATIONAL GROUP POOLING AND GXL REINSURANCE CONTRACT – 2021/22 POLICY YEAR RENEWAL ARRANGEMENTS

Overview

The main GXL programme (layers 1-3, US\$2 billion excess of US\$100 million) was fixed for two years in February 2020 and was not therefore subject to renewal in 2021.

The main focus was instead on the Group's expiring Collective Overspill programme (US\$1 billion excess of US\$2.1 billion).

The Group's reinsurance captive, Hydra, continues to support the Group through its risk retention at the primary part of the Group's reinsurance structure. The Group's strategy of placing a share of the reinsurance programme on a stand-alone basis through the use of private placements has continued to give shipowners greater stability in a year when market sentiment has been volatile as a result of the impact of the COVID-19 epidemic.

Together, these factors enabled the Group to achieve another satisfactory GXL programme renewal result, with rates for shipowners increasing by an average of 1.4% year-on-year across the vessel categories.

Individual Club retention and GXL programme attachment

Individual Club retention remains unchanged for the 2021/22 policy year at US\$10 million, as does the structure of the Pool and the attachment point for the GXL programme.

Reinsurance structure

Given the two year placement agreed for the main GXL programme in February 2020, the Group's Reinsurance subcommittee decided not to make structural changes this year.

The three 10% private placements for the 2020/21 policy year each have at least one more year to run, with the 70% balance of layer 1 placed in the reinsurance markets.

Otherwise the US\$100 million AAD (retained by the Group's captive Hydra), within the 70%

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market share of layer 1 of the programme remains. The second layer covers US\$750 million excess of US\$750 million and the third layer US\$600 million excess of US\$1.5 billion. Both are 100% placed in the markets.

There is no change to the Collective Overspill layer, which provides US\$1 billion of cover in excess of US\$2.1 billion.

Hydra participation

Hydra continues to retain 100% of the Pool layer US\$30 million – 50 million and 92.5% of the Pool layer US\$50 million – US\$100 million. Hydra also continues to retain a US\$100 million AAD in the 70% market share of layer 1 of the GXL programme.

MLC cover

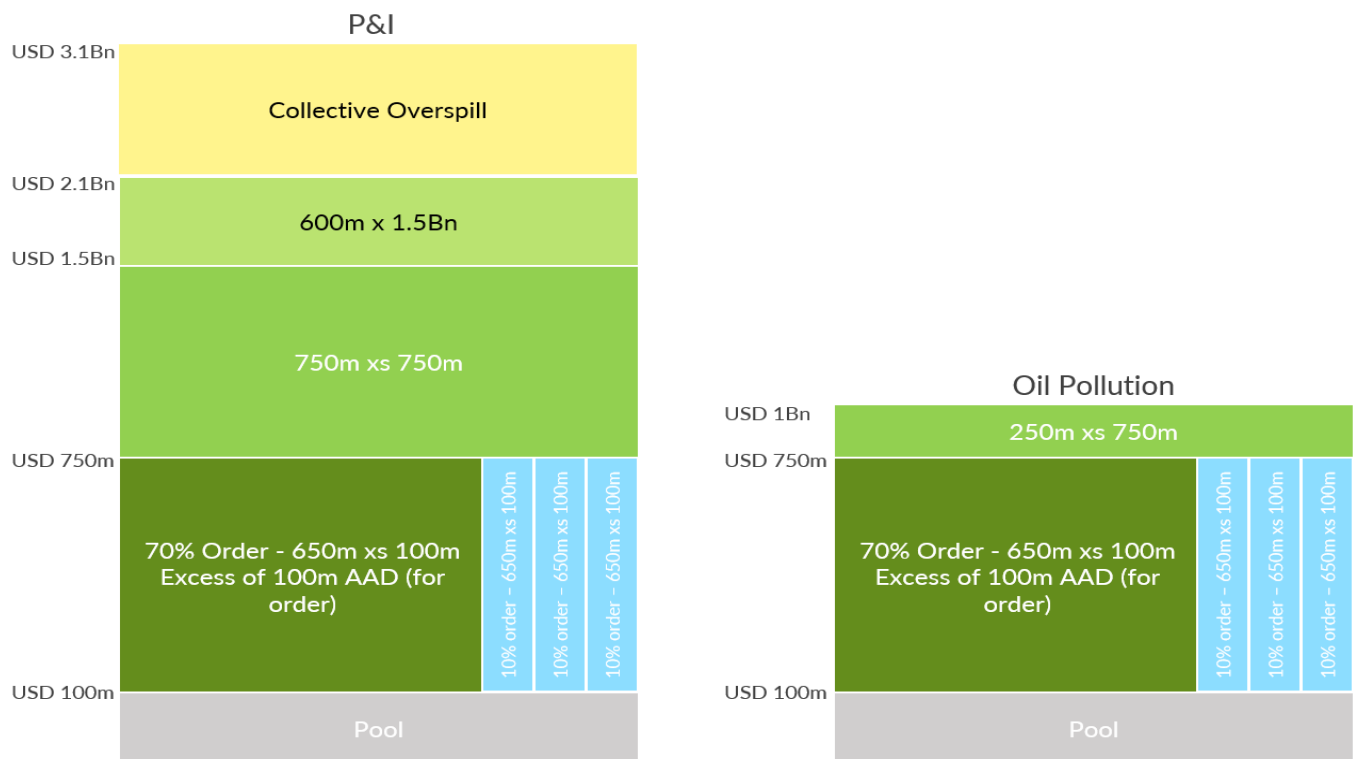
The MLC market reinsurance cover has been renewed for the 2021/22 policy year at competitive market terms, with the premium included in the overall reinsurance rates charged to shipowners.

War cover

The excess War P&I cover has been renewed for the 2021/22 policy year for a period of 12 months. Again, this will be included in the total rates charged to shipowners.

2021/22 GXL programme structure

The diagram below illustrates the layer and participation structure of the GXL programme for the 2021/22 policy year.



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Reinsurance cost allocation 2021/22

As part of its annual analysis to ensure the fairness of cost allocation between different vessel types, the Reinsurance Subcommittee (RISC) reviewed current vessel categories and noted that Fully Cellular Container Ships (FCCs) now represent approximately 20% of the tonnage entered with Group Clubs and have experienced a significant number of large claims in recent years.

The conclusions of the RISC were that:

1. there should now be a fifth category splitting FCCs away from other Dry vessels; and
2. that there should be an adjustment to reflect the improved record on persistent oil tankers.

The rates for the 2021/22 policy year are set out below (these rates have been rounded to three decimal places):

Tonnage category	2021 rate per gt	% change from 2020
Persistent Oil Tankers	US\$0.563	-2.1%
Clean Tankers	US\$0.262	+1.4%
Dry Cargo Vessels	US\$0.403	+1.4%
FCC's	US\$0.425	+7.0%
Passenger Ships	US\$3.262	+1.4%

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