



THE INTERNATIONAL GROUP POOLING AND GXL REINSURANCE CONTRACT – 2023/24 POLICY YEAR RENEWAL ARRANGEMENTS

Renewal Overview

The main GXL placement (Layers 1-3, USD 2 billion excess of USD 100m) has returned to three layers (as was the position for the 2020 and 2021 renewals). There continues to be the USD 1 billion Collective Overspill excess of the GXL together with three private placements in Layer 1 (although with a reduced 25% share).

An overview of the entire GXL for 2023/24 is:

- Individual Club's retention remains at USD 10m;
- Pooling remains up to USD 100 m excess USD 10m;
- Excess USD 100 m, the GXL applies as follows:
 - Layer 1 USD 650 m excess USD 100m; Layer 2 USD 750 m excess USD 750 m; Layer 3 USD 600 m excess of USD 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 risks in respect of malicious cyber, COVID-19 and Pandemic. For those risks, for the 2023/24 policy year, there is expanded free and unlimited cover for claims up to USD 650m excess of USD 100m. This covers almost all IG Clubs' certificated risks. Excess of USD 750m there is up to US\$1.35bn of annual aggregated cover in respect of these three risks across Layers 2 and 3. Excess of that aggregated cover, the IG continues to pool any reinsurance shortfall, resulting in no change to shipowners' cover.
 - 25% of Layer 1 is covered by three private market placements, which are renewed independently of the open market element of the GXL;
 - Hydra continues to retain an Annual Aggregate Deductible ("AAD") in Layer 1, which remains at the same value as for the 2022/23 policy year in 100% terms. Due to the

increase in order for the open market layer to 75%, the value of this AAD has increased to USD 107.1m for the 2023/24 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.

The IG's Bermudan based reinsurance captive Hydra continues to support the IG through its risk retention. This enhances stability in pricing. The use of private placements has also continued to give shipowners greater stability, especially in a year when market sentiment has been volatile as a result of Hurricane Ian, the Russia/Ukraine conflict and continued market coverage issues.

The impact of the benign 2022/23 pool claims environment (although prior years have seen some deterioration) has been tempered by volatility in investment markets, together with increased reinsurance market costs for our reinsurers and general inflationary concerns. Nevertheless, the GXL continues to allow the broadest cover for shipowners, with the overall average rate rise for shipowners being 5.8%.

Individual Club retention and GXL programme attachment

The Individual Club retention remains unchanged for the 2023/24 policy year at USD 10 million, as does the structure of the Pool and the attachment point for the GXL programme.

MLC cover

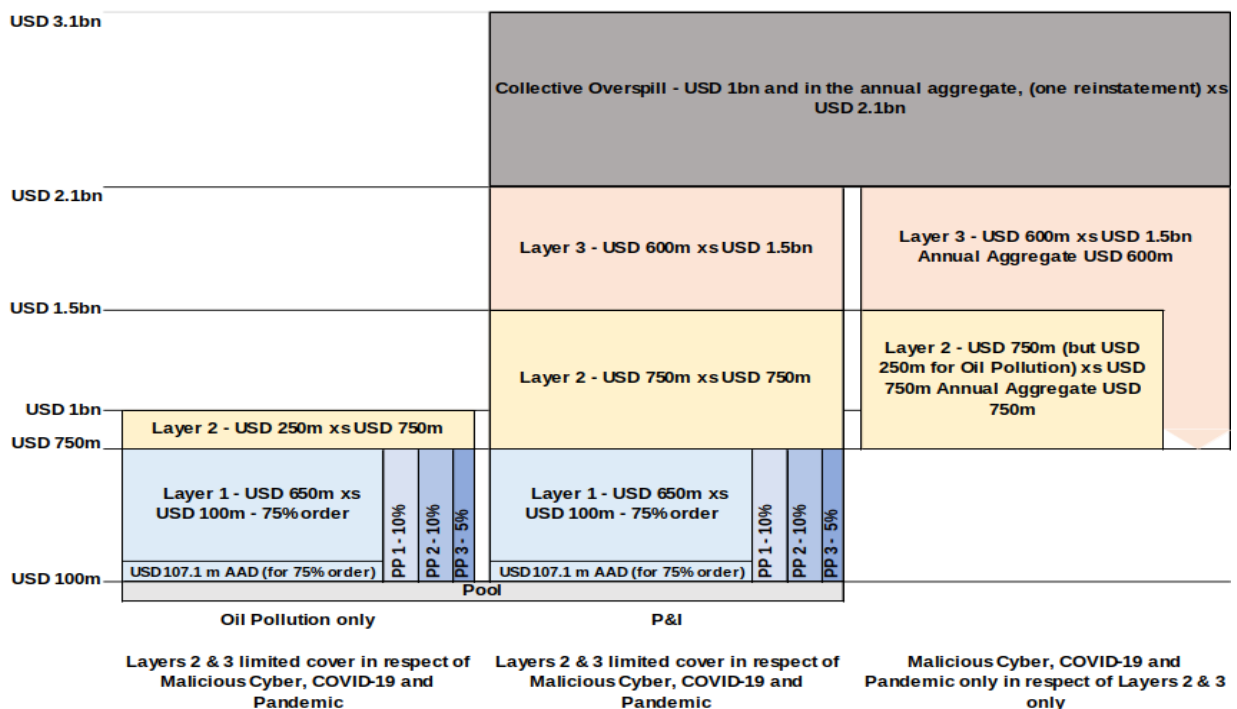
The MLC market reinsurance cover is being renewed for 2023/24 at competitive market terms, with the premium included in the overall reinsurance rates charged to shipowners.

War cover

See section (iv) of the covering Circular.

2023 GXL programme structure

The diagram below illustrates the layer and participation structure of the GXL programme for 2023:



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Reinsurance cost allocation 2023

As part of its annual analysis and in addition to reviewing premiums, the IG's Reinsurance Committee has, as referred to above, been looking at vessel categories.

The conclusions are that there should be no change in the number of categories at this time, but that there should be some adjustments to the relative rate changes having regard to each category's historical claims performance against the GXL.

The 2023/24 rates are set out below:

Tonnage category	2023 rate per gt	% change in rate per GT
Persistent Oil Tankers	66.63	+3.0%
Clean Tankers	40.51	+10.5%
Dry	59.91	+6.2%
FCC	72.77	+10.5%
Passenger	386.77	+0.0%
Chartered tankers	31.28	+7.5%
Chartered dries	15.26	+7.5%