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TO MEMBERS OF THE ASSOCIATION

Dear Member:

INTERNATIONAL GROUP REINSURANCE ARRANGEMENTS FOR 2021

The arrangements for the renewal of the International Group's general excess of loss reinsurance contract (GXL) and Hydra reinsurance program for the forthcoming 2021 policy year have now been finalized. This Circular reviews the salient features of the renewal of these important arrangements.

Renewal overview

Having secured a two year placement on layers 1 to 3 of the GXL program in 2020, the main focus this year was on the Group's collective overspill layer which provides cover for claims of US\$1 billion excess of US\$2.1 billion. Notwithstanding a hardening market, the Group has secured terms only slightly above expiring rates for shipowners. Importantly, the two year placement means that shipowners will not face any restrictions in cover for COVID-19 related claims.

Structurally, the GXL program remains unchanged, with the emphasis having been on continuity and respecting the long term relationships the Group has built up with many of the world's leading reinsurers.

As part of its annual analysis to ensure the fairness of cost allocation between different vessel types, the Group's Reinsurance Sub-Committee (RISC) looked at current vessel categories. It 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.

Accordingly, the RISC concluded that there should now be a fifth category of rating by reference to vessel type, splitting FCCs away from other dry vessels. It also concluded that there should be an adjustment to reflect the improved record of tankers carrying persistent oil.

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 program 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 pandemic.

Individual club retentions and GXL program attachment point

Individual club retentions remain unchanged for the 2021 policy year at US\$10 million, as does the structure of the Pool and the attachment point for the GXL program.

Reinsurance structure

Given the two year placement agreed for the main GXL program (layers 1 to 3 for claims of US\$2 billion excess of US\$100 million) in February 2020, there will be no change to the structure of the Group's arrangements for 2021.

The three 10% private placements for the 2020 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 annual aggregate deductible (AAD) (retained by the Group's captive Hydra), within the 70% market share of layer 1 of the program, 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 from US\$30 million to US\$50 million, and 92.5% of the Pool layer from US\$50 million to US\$100 million. In addition, Hydra also continues to retain a US\$100 million AAD in the 70% market share of layer 1 of the GXL program.

Maritime Labor Convention (MLC) cover

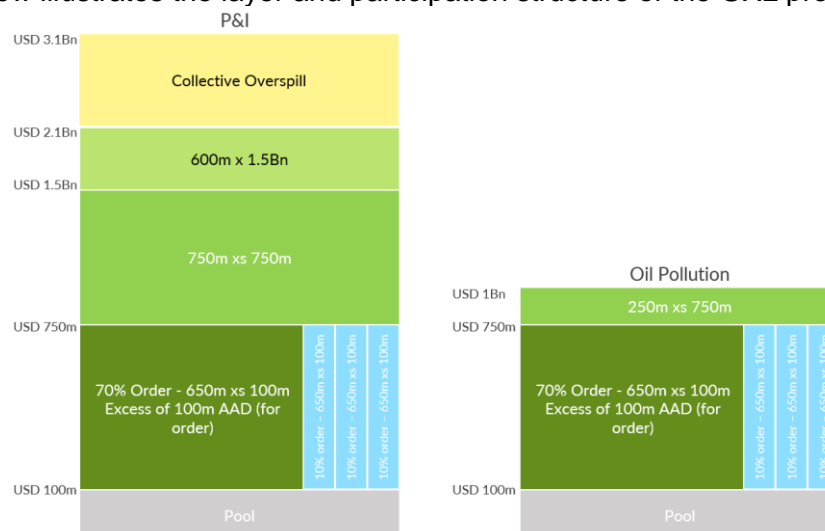
The MLC market reinsurance cover is being renewed for 2021 at competitive market terms, with the premium included in the overall reinsurance rates charged to shipowners.

War risks cover

The excess War P&I cover will be renewed for 2021 for a period of twelve months. Again, this will be included in the total rates charged to shipowners.

2021 GXL program structure

The diagram below illustrates the layer and participation structure of the GXL program for 2021.



Vessel-type reinsurance cost allocation 2021

As mentioned above, there will for 2021 be a fifth category of vessel-type rating, splitting FCCs away from other dry vessels. There will also be an adjustment to rates for tankers carrying persistent oil, to take into account their improved record.

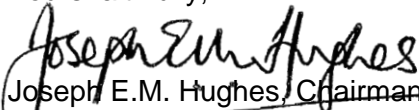
Accordingly, the following vessel-type category rates will apply for 2021.

2021 rates summary

Vessel Category	2021 rate per GT	Change from 2020
Persistent oil tankers	\$0.5625	-2.1%
Clean tankers	\$0.2619	+1.4%
Dry cargo vessels	\$0.4028	+1.4%
Fully cellular container vessels	\$0.4249	+7.0%
Passenger vessels	\$3.2624	+1.4%

This is another positive reinsurance renewal for the International Group and the members of its constituent clubs. It is hoped that this will come as welcome news for the global maritime community represented within all Group clubs, most particularly since it speaks to a continuing measure of stability in an otherwise difficult and uncertain business environment.

Yours faithfully,


 Joseph E.M. Hughes, Chairman & CEO
 Shipowners Claims Bureau, Inc., Managers for
THE AMERICAN CLUB