



DECEMBER 26, 2024

CIRCULAR NO. 25/24

TO MEMBERS OF THE ASSOCIATION

Dear Member:

INTERNATIONAL GROUP REINSURANCE ARRANGEMENTS FOR 2025/26

The arrangements for the renewal of the International Group's general excess of loss reinsurance contract (GXL) and Hydra reinsurance program for the forthcoming 2025 policy year have now been finalized. Following a relatively benign Pool claims environment for the 2022/23 and 2023/4 Policy Years, the 2024/5 policy year has so far seen a move back towards a higher level of pool claims activity, more consistent with the 2019-2021 period, as well as the Baltimore Bridge incident. It has also been a slightly more difficult year for the Group's reinsurance partners with an active hurricane season.

This Circular reviews the salient features of the renewal of these important arrangements.

Renewal Overview

The main GXL placement (Layers 1-3, USD 2 billion excess of USD 100m) has been maintained as three layers. There continues to be the USD 1 billion Collective Overspill excess of the GXL together with three private placements in Layer 1 (maintaining their 25% overall share).

An overview of the entire GXL for 2025/26 is as follows:

- Individual Club's retention on any claim remains at USD 10m;
- Claims are pooled between Group Clubs for USD 90m excess USD 10m;
- Excess USD 100m, the GXL applies as follows:
 - Layer 1 USD 650m excess USD 100m;
 - Layer 2 USD 750m excess USD 750m;
 - Layer 3 USD 600m 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 2025/26 policy year, there remains free and unlimited cover for claims up to USD 650m excess of USD 100m. This

covers almost all Group Clubs' certificated risks. Excess of USD 750m there is up to USD 1.35bn of annual aggregated cover in respect of Malicious Cyber cover and separate annual aggregated cover of USD 1.35bn in respect of COVID-19/Pandemic risks. Excess of that aggregated cover, the Group 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 (USD 107.1m) as for the 2024/25 policy year in 100% terms.
- 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.

MLC cover

The MLC market reinsurance cover is being renewed for 2025/26 at competitive market terms, with the premium included in the overall reinsurance rates charged to shipowners.

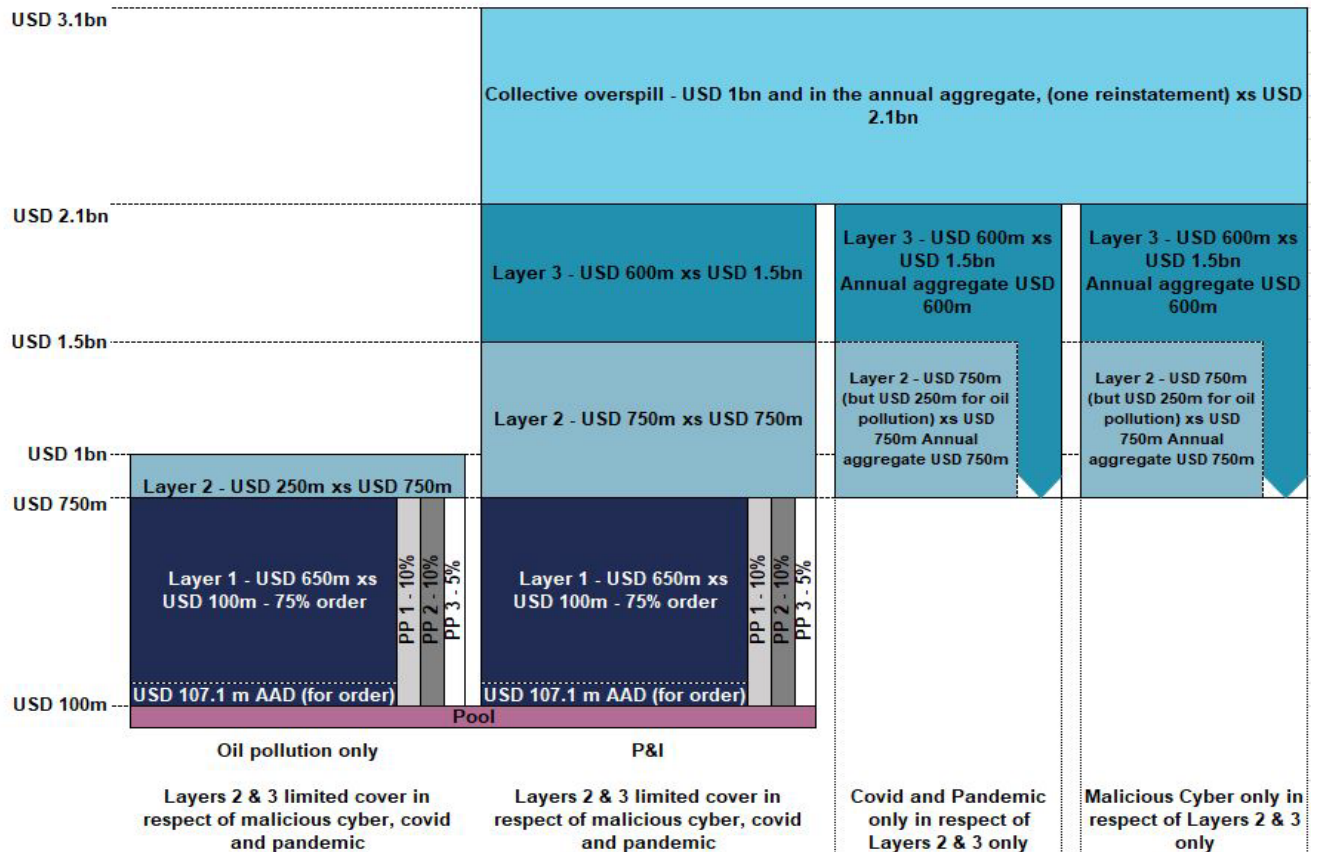
War cover

The excess War P&I cover will be renewed for 2025/26 for a period of 12 months. Again, this will be included in the total rates charged to shipowners.

However, due to the ongoing active war between Russia and Ukraine, the IG's Excess War reinsurers have maintained their requirement for Territorial Exclusion language (consistent with exclusionary language already applied by reinsurers for Primary War P&I coverage) for vessels trading in these waters. As such the Group has purchased aggregated sub-limited cover of USD 100m from the reinsurance markets to cover the Russia/Ukraine/Belarus excluded risks.

2025 GXL program structure

The diagram below illustrates the layer and participation structure of the GXL program for 2025:



Reinsurance cost allocation 2025

As part of its annual analysis and in addition to reviewing premiums, the International Group's Reinsurance Committee has looked 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 2025/26 rates are set out below:

Tonnage category	2025 rate per GT	% change from 2024
Persistent Oil Tankers	\$0.6258	+1.5%
Clean Tankers	\$0.4337	+8.9%
Dry	\$0.6054	+3.3%
FCC	\$0.8903	+23.6%
Passenger	\$3.4390	+1.6%

If any Member has any questions in regard to the above, or generally, your Managers will be pleased to respond.

Yours faithfully,

Dorothea Ioannou, CEO
Shipowners Claims Bureau, Inc., Managers for
THE AMERICAN CLUB