AMERICAN STEAMSHIP OWNERS MUTUAL PROTECTION AND INDEMNITY ASSOCIATION, INC.

THE AMERICAN CLUB 1917

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DECEMBER 23, 2025

CIRCULAR NO. 27/25

TO MEMBERS OF THE ASSOCIATION

Dear Member:

INTERNATIONAL GROUP REINSURANCE ARRANGEMENTS FOR 2026/27

The arrangements for the renewal of the International Group's (IG) general excess of loss reinsurance contract (GXL) and Hydra reinsurance program for the forthcoming 2026 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 and 2025/26 policy years have seen a move back towards a higher level of pool claims activity, more consistent with the 2019-2021 period.

Despite the higher level of pool claims activity, the majority of vessel categories will benefit from reductions in their GXL rates for 2026/27. The IG's Bermudan based reinsurance captive Hydra continues to support the IG through its risk retention, which enhances stability in pricing. In addition, the use of private placements has also continued to give shipowners greater pricing stability.

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

Renewal Overview

There are two changes to the GXL program for the coming year:

• As part of the GXL, the IG has arranged four private placements amounting to 27.5% of Layer 1 of the program (USD650m xs USD100m) reducing the market share of Layer 1 from 75% to 72.5%.

• The IG has also extended the cover offered by Clubs to their shipowner members by expanding Layer 3 of the GXL from US$600m excess of US$1.5bn to US$850m excess of US$1.5bn. This in turn means that the IG's Collective Overspill cover of US$1bn is now excess of US$2.35bn as opposed to US$2.1bn in 2025/26.

The main GXL placement (Layers 1-3, USD 2.25 billion excess of USD 100m) has been maintained as three layers, and there continues to be the USD 1 billion Collective Overspill excess of the GXL.

An overview of the entire GXL for 2026/27 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 850m excess of USD 1.5bn;
  - 72.5% 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 2026/27 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 1.60bn of annual aggregated cover in respect of Malicious Cyber cover and separate annual aggregated cover of USD 1.60bn 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.
  - 27.5% of Layer 1 is covered by four 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 in 100% terms has moved down in value from USD 107.1m to USD 103.6m for the 2026/27 policy year, reflecting the reduced market share in Layer 1.
- Other placements: The Collective Overspill (USD 1bn excess of USD 2.35bn) 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 2026/27 at competitive market terms, with the premium included in the overall reinsurance rates charged to shipowners.

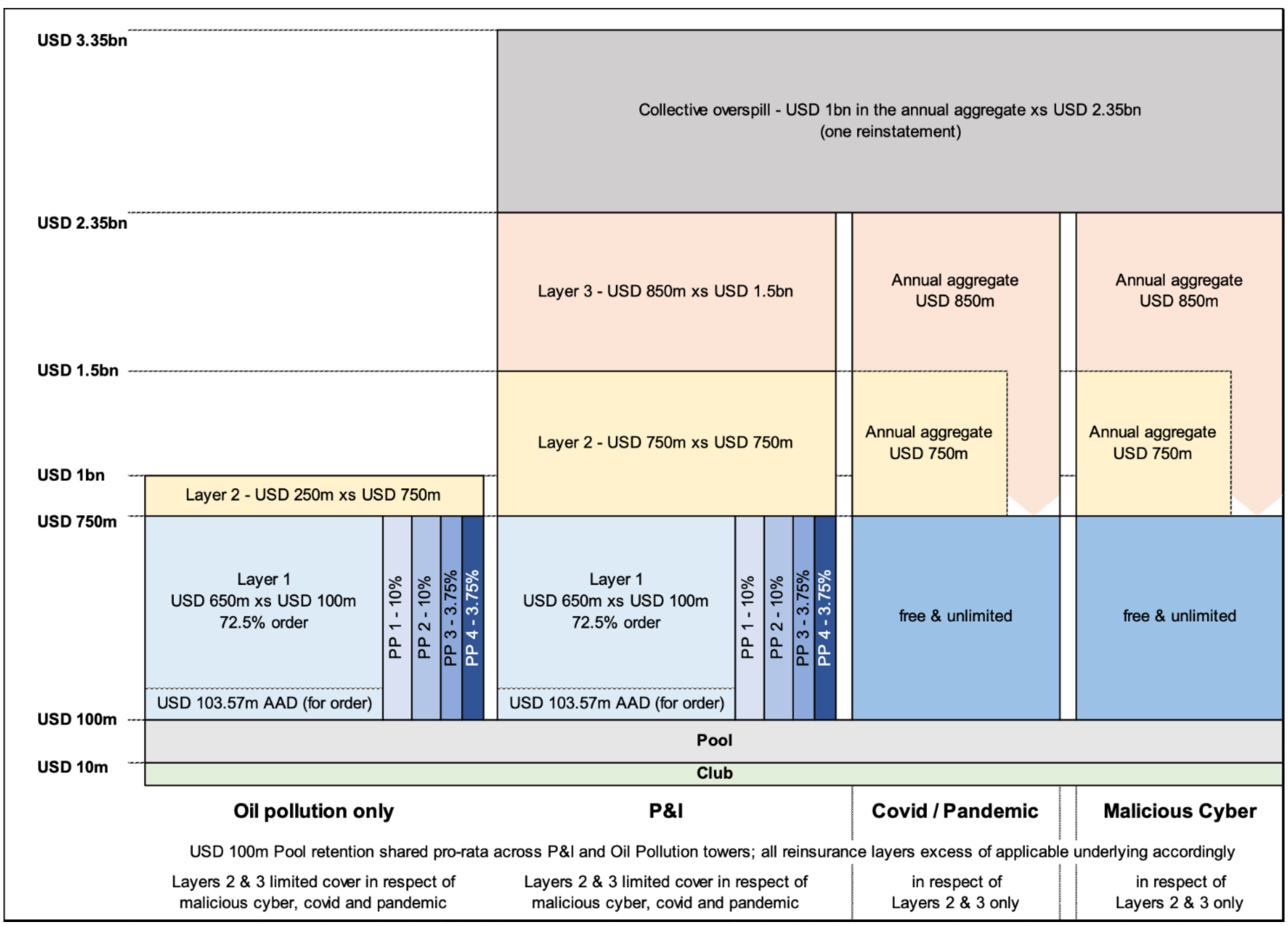
War cover

The excess War P&I cover will be renewed for 2026/27 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 continues to purchase aggregated sub-limited cover from the reinsurance markets to cover the Russia/Ukraine/Belarus excluded risks but this has increased from US$100m in 2025/26 to US$125m for 2026/27.

2026/27 GXL program structure

The diagram below illustrates the layer and participation structure of the GXL program for 2026/27:



Reinsurance cost allocation 2026/27

As part of its annual analysis and in addition to reviewing premiums, the International Group's Reinsurance Committee continues to review 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 2026/27 rates are set out below:

Tonnage category	2026 rate per GT	% change from 2024
Persistent Oil Tankers	$0.5758	-8.0%
Clean Tankers	$0.4337	NIL
Dry	$0.5751	-5.0%
FCC	$1.0237	+15%
Passenger	$3.1472	-8.5%

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