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TO MEMBERS OF THE ASSOCIATION

Dear Member:

INTERNATIONAL GROUP REINSURANCE ARRANGEMENTS FOR 2020

The arrangements for the renewal of the International Group's general excess of loss reinsurance contract (GXL) and Hydra reinsurance program for the forthcoming 2020 policy year have now been finalized.

Structurally, the GXL program is relatively unchanged, with the emphasis having been on continuity and respecting the long-term relationships which the Group has built up with many of the world's leading reinsurers. Those relationships have enabled the Group to achieve a fair balance between the utilization of the commercial reinsurance market and the risk retained by the Group through Hydra, its captive.

Renewal overview

The loss experience of the GXL program on the policy years 2012 through 2019 (year-to-date) has remained acceptable to reinsurers. The Group's reinsurance captive Hydra continues to give positive results through its loss retention strategy. In addition, there has been considerable appetite in the market to write multi-year private placements at competitive pricing. Together, these factors have enabled the Group to achieve another satisfactory GXL program renewal result, with rates for shipowners remaining flat across all vessel categories.

Individual club retention and GXL program attachment point

The individual club retention (ICR) remains unchanged for the 2020 policy year at US\$10 million, as does the structure of the Pool above that, as well as the attachment point for the GXL program. The further ICR of 7.5% in the upper layer of the Pool remains unchanged.

Reinsurance structure changes

Following the structural changes made last year (which also saw co-brokers being appointed), the Group's Reinsurance Sub-Committee decided not to make significant changes this year. This was to allow time for the new program to bed in and produce results.

However, for 2020 there has been a modest adjustment, in that the two expiring 5% private placements in the US\$1 billion excess of US\$100 million layer have been replaced by two new 10% multi-year private placements in the first layer. This will therefore see three 10% private placements for the 2020 policy year, with the 70% balance placed in the market.

Otherwise, the US\$100 million annual aggregate deductible (AAD) – which is retained by the Group's captive Hydra – within the 70% market share of the first layer of the program (from US\$100 million to US\$750 million) remains. The second layer will cover US\$750 million to US\$1.5 billion and the

third layer from US\$1.5 billion to US\$2.1 billion. 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 will retain a US\$100 million AAD in the 70% market share of the GXL program.

Maritime Labor Convention (MLC) cover

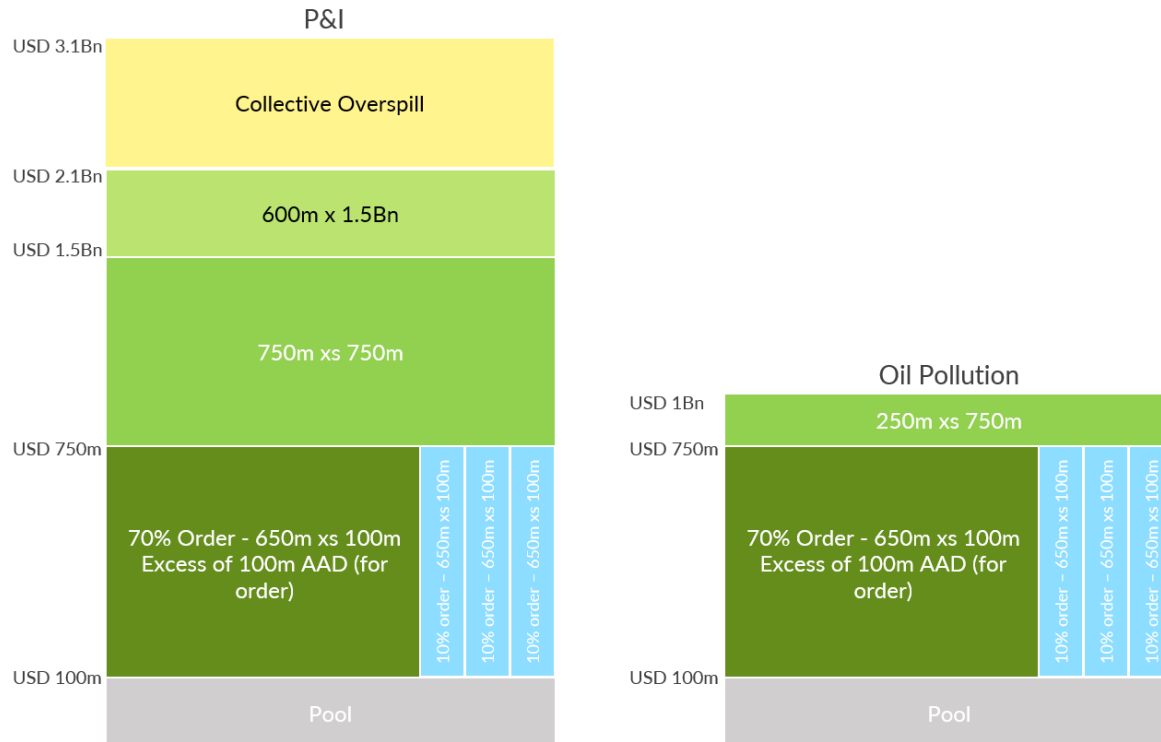
The US\$200 million (excess of US\$10 million) market reinsurance cover will be renewed unchanged for a further twelve months from February 20, 2020. This renewal has also been achieved at a competitive level of pricing, which has been included within the overall reinsurance cost.

War risks cover

The Group's excess war risks P&I cover will be renewed for 2020 for a period of twelve months, with the cost thereof included in the total rates charged to shipowners. There is a change to the terms of the placement in order to maintain the excess nature of the cover provided, increasing the minimum attachment point of the cover (where the vessel is not protected by Primary War P&I up to proper hull value) from US\$100 million to US\$500 million.

2020 GXL program structure

The diagram below illustrates the revised layer and participation structure of the GXL program for 2020.



Reinsurance cost allocation for 2020

The Group’s Reinsurance Sub-Committee continues to review the historical data on loss versus premium of the current four vessel-type categories. Based on the latest review, the Reinsurance Sub-Committee considered that there should be no change in the cost of any of the four vessel-type categories.

While the commercial market element of the placement has been confirmed for two years, Hydra’s participation on the placement continues to be meaningful. Therefore, the Reinsurance Sub-Committee has decided to set rates for the 2020 policy year only. The cost of Hydra’s participation for the 2021 year will be assessed in twelve months’ time, and any adjustment to rates for 2021 applied at that time.

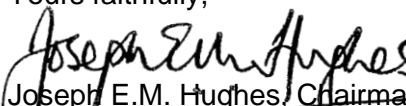
The vessel-type category rates are set at below:

2020 rates summary

Vessel Category	2020 rate per GT	Change from 2019
Persistent oil tankers	\$0.5747	0%
Clean tankers	\$0.2582	0%
Dry cargo vessels	\$0.3971	0%
Passenger vessels	\$3.2161	0%

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.

Yours faithfully,


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

All clubs in the International Group have issued similar circulars.