

Reinsurance arrangements for the 2024 policy year arranged through the International Group of P&I Clubs – special P&I war risks cover

Member Circular No. 15/2023

December 2023

Reinsurance arrangements for the 2024 policy year for P&I entries with Gard P. & I. (Bermuda) Ltd and Assuranceforeningen Gard - gjensidig - (hereinafter individually referred to as the “Association” and collectively as the “Associations”)

The overall structure of the cover reinsured through the Pool is the same as in the current year.

Summary:

- Club retention: USD 10 million.
- Pool retention: USD 90 million (in excess of USD 10 million) in two layers:
 - Lower Pool retention: USD 40 million (in excess of USD 10 million).
 - Upper Pool retention: USD 50 million (in excess of USD 50 million).
- General Excess Loss Cover: USD 2,000 million (in excess of USD 100 million).
- Collective Overspill protection: USD 1,000 million (in excess of the underlying General Excess Loss Cover).

- Special limits:
 - Oil pollution: USD 1,000 million.
 - Passenger and seamen combined: USD 3,000 million.
 - Passenger (sub-limit): USD 2,000 million.

The oil pollution limit applies to the aggregate of owners' and demise charterers' liabilities any one ship arising out of any one event each owner's entry.

The standard P&I cover for owners with regard to the passenger and seamen risks combined for all categories of ships shall be limited to USD 3,000 million, any one ship arising out of any one event. A sub-limit of USD 2,000 million shall apply to passenger risks only.

Overspill protection

As per the current year the overspill protection reinsurance has been bought by the International Group for claims up to USD 1,000 million in excess of the limit of the General Excess Loss Reinsurance. Although the limit on each mutual Member's liability to pay an Overspill Call remains unchanged at 2.5 per cent of each entered ship's Convention Limit as defined in Rule 5.4 of Appendix VI in the Rules for Ships, the combination of the limit on cover for passenger and seamen claims and the USD 1,000 million special overspill reinsurance protection reduces the exposure of all Members to an Overspill Claim.

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Charterer's co-assured under an owner's entry

For the 2024 policy year the overall limit of cover for charterers named as co-assured under an Owner's Entry remains unchanged at USD 500 million, a combined single limit for both pollution and non-pollution claims each incident or occurrence, each Ship each entry.

Special excess war risks P&I cover

The terms on which the special excess war risks P&I cover will be provided for the 2024 policy year remain unchanged. The limit of this cover is USD 500 million any one event each ship in excess of the proper value of the entered ship or any amounts recoverable under any other P&I war risks cover which the Member has arranged, whichever is greater. The minimum excess is the proper value of the ship determined in accordance with Rule 71.1(a) of the Rules for Ships or USD 500 million, whichever is the lesser. The cover is subject to a minimum deductible of USD 50,000 any one event each ship.

Also unchanged is the requirement by the reinsurers for a Territorial Exclusion due to the ongoing war between Russia and Ukraine and, as for 2023, the International Group has purchased aggregated sub-limited cover of USD 80 million from the reinsurance markets to cover the Russia/Ukraine/Belarus excluded risks.

TRIA

This cover shall include liabilities arising from acts of terrorism as defined in the US Terrorism Risk Insurance Act 2002 as amended which has been extended to 2027. A premium of US cents 0.25 per entered GT is deemed to be attributable to the US risks in accordance with the terms of the Act.

TOPIA 2006

The special war risk P&I insurance excludes loss, damage or expense arising from an act of terrorism which the Member may incur or for which the Member may be liable under TOPIA 2006.

Bio – Chem Risks and Computer virus

The detailed terms and conditions for Bio-Chem and Computer virus risks remain unchanged for the 2024 policy year.

Maritime Labour Convention (MLC) cover

The MLC market reinsurance cover is being renewed for 2024 at competitive market terms, with the premium included in the overall reinsurance rates charged to shipowners.

Malicious Cyber, COVID and Pandemic risks

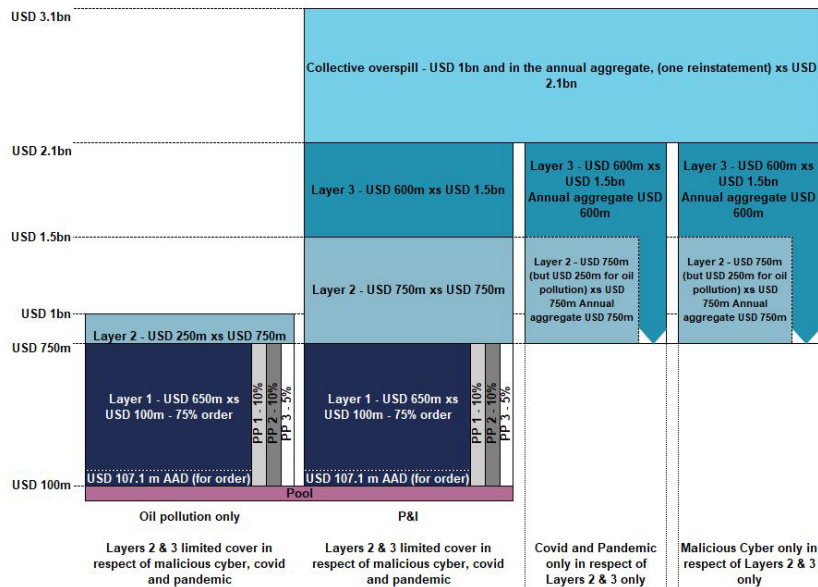
For 2024, reinsurance coverage in respect of Malicious Cyber, Covid and Pandemic risks remains free and unlimited up to USD 650 million excess of USD 100 million, covering almost all Clubs' certificated risks.

There has been an improvement in reinsurance coverage for 2024 at the level excess of USD 750m. Excess of excess of USD 750m, there are now two separate annual aggregate limits available, (i) an annual aggregated cover of USD1.35 billion in respect of Malicious Cyber cover and (ii) a separate annual aggregated cover of USD1.35 billion in respect of COVID-19/Pandemic risks.

Excess of this aggregated reinsurance cover, the IG continues to pool any reinsurance shortfall, resulting in no change to shipowners' cover.

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The diagram below illustrates the layer and participation structure of the GXL programme for 2024/25.



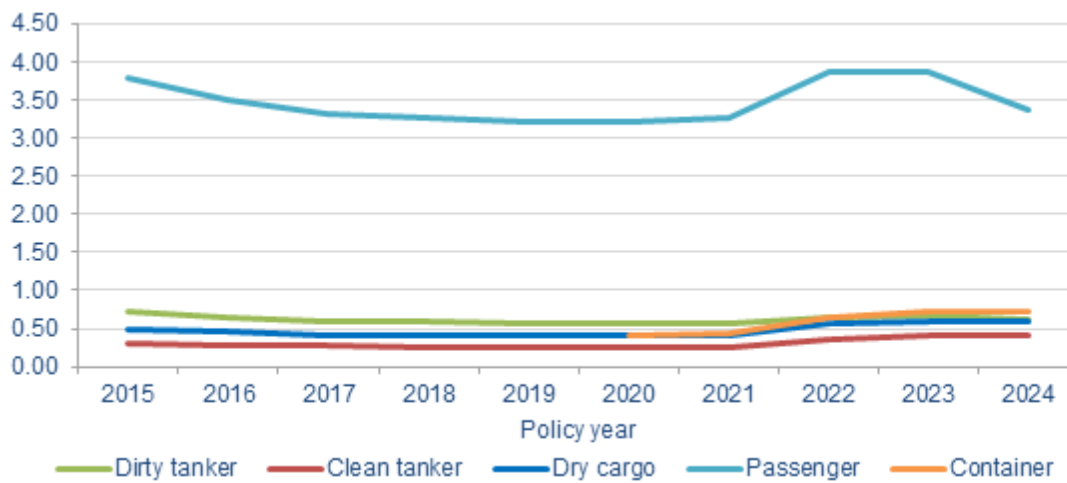
International Group reinsurance rates for the 2024 policy year

The International Group reinsurance rates including Hydra premium, Collective Overspill Cover and excess war risks P&I for the year commencing 20 February 2024 are renewed and are as follows:

Tonnage Category	2024 rate per g.t.	% change from 2023
Persistent Oil tankers	\$0.6163	-7.5%
Clean Tankers	\$0.3982	-1.7%
Dry	\$0.5863	-2.1%
FCC	\$0.7204	-1.0%
Passenger	\$3.3842	-12.5%

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Development of the International Group reinsurance rates, 2015 to 2024



We further refer to the [International Group of P&I Club's press release](#). If you have any questions, please contact the underwriting department in Gard.

Yours faithfully,
GARD AS



Rolf Thore Roppestad
Chief Executive Officer