



## SPECIAL CIRCULAR

No. 15-017  
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### To the Members

Dear Sirs,

### International Group Reinsurance Programme for 2016/17 Policy Year

We are pleased to announce that the International Group (IG) Reinsurance Programme for 2016/17 policy year has now been concluded.

#### 1. General Structure

The general structure of the IG Reinsurance Programme for 2016/17 policy year is as follows;

- Club retention : USD10 million (increase USD1 million)
- Pool retention : USD80 million (USD 70 million in excess of USD10 million)
- General Excess Loss Cover : USD2 billion (USD 2.0 billion in excess of USD80 million)
- Collective Overspill Cover : USD1 billion (USD 1 billion in excess of USD2.8 billion)

Please see the attached diagram for further details of the programme.

#### 2. Limits on the Cover

The following special limits on the Club cover for 2016/17 policy year are applied to the Owners' entry.

- Oil Pollution : USD1 billion
- Passenger and Crew combined : USD3 billion
- Passenger : USD2 billion

#### 3. The IG Reinsurance rates for 2016/17 policy year

The IG Reinsurance rates per GT for 2016/17 policy year including the excess war risks cover are as follows;

Category	2016 PY	% change from 2015
Dry Cargo	¢ <b>45.37</b>	▲ 7.18%
Dirty Tanker	¢ <b>65.67</b>	▲ 10.25%
Other Tanker	¢ <b>28.16</b>	▲ 10.26%
Passenger	¢ <b>350.73</b>	▲ 7.19 %

#### 4. Background on the changes in rates

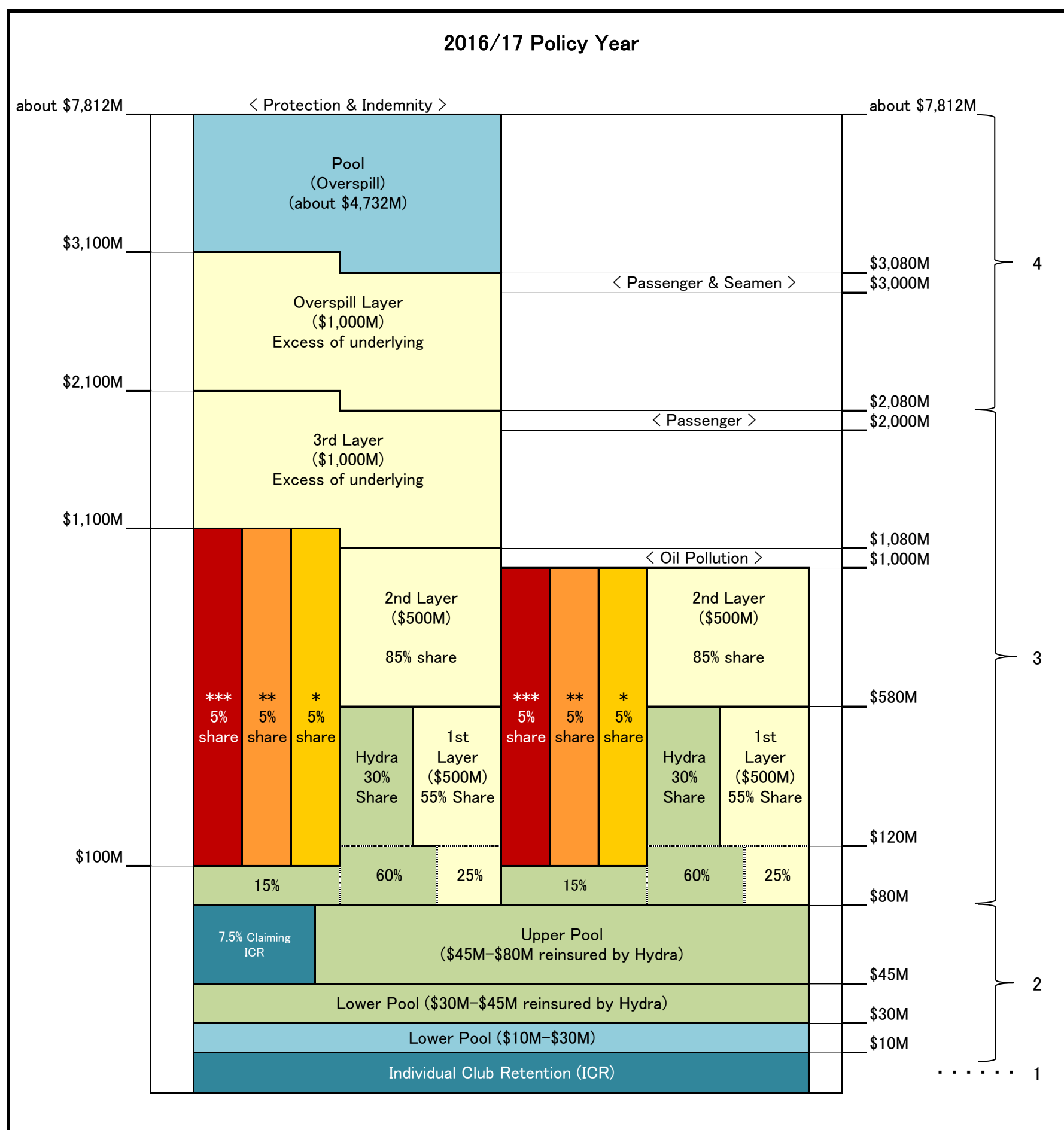
The 2016/17 policy year has so far produced only one claim which exceeds the pool retention of USD80 million and therefore impact on the General Excess Loss Cover. This, combined with increased market capacity, has resulted in a rate reduction for all categories of vessels.

Yours faithfully,

**The Japan Ship Owners' Mutual Protection & Indemnity Association**

Attachment: IG Reinsurance Programme

## IG Pool and Reinsurance Programme



1. up to US\$10 million (Individual Club Retention)  
Each Club retains the first US\$10 million per claim, excess of their member's deductible.
2. from US\$10 million up to US\$80 million (Pool)  
Claims in excess of each Club's retention are shared by the Pool up to a limit of US\$80 million. Within the pool, claims from US\$30 million up to US\$80 million are reinsurance by the IG's Bermuda-based captive insurer Hydra which was established in 2005 and is administrated by all IG Clubs.
3. from US\$80 million up to US\$2,080 million (Market reinsurance programme)  
The IG arrange market reinsurance to provide reinsurance for claims from US\$80 million up to US\$2,080 million any one claim (US\$1,000 million for oil pollution claims, see further below.) This market reinsurance programme is divided into three layers and each layer is underwritten by different reinsurers. A part of the first layer is reinsured by Hydra.  
[ \* Multi-Year Fixed Placement (2014 Policy Year) \*\* Multi-Year Fixed Placement (2015 Policy Year)  
\*\*\* Multi-Year Fixed Placement (2016 Policy Year) ]
4. from US\$2,080 million up to US\$7,812 million (Overspill)  
The IG has arranged Overspill Protection for their Members of US\$1,000 million. Therefore, claims from US\$2,080 million up to US\$3,080 million are reinsured by the market reinsurance cover. Claims which exceed the IG reinsurance limit (Overspill Claims) are shared by all IG Clubs. The Clubs levy a call (Overspill Calls) for contributions on their Members for the purpose of providing funds to meet the Clubs' liability to contribute their Overspill Share to an Overspill Claim.

Reinsurance for oil pollution claims is purchased as a separate cover with a limit of US\$1,000 million. Reinsurance for passenger and seafarer claims is subject to a limit of US\$2,000 million for liability to passengers, or US\$3,000 million for passenger and seafarer claims combined.