



## SPECIAL CIRCULAR

No. 17-009  
15 December 2017

### To the Members

Dear Sirs,

### International Group Reinsurance Programme for 2018/19 Policy Year

We are pleased to announce that the International Group (IG) Reinsurance Programme for 2018/19 policy year has now been concluded.

#### 1. General Structure

The general structure of the IG Reinsurance Programme for 2018/19 policy year is as follows (Four items shown remain unchanged):

- Club retention : US\$10 million
- Group retention : US\$100 million
- General Excess Loss Cover : US\$2 billion (US\$2 billion in excess of US\$100 million)
- Collective Overspill Cover : US\$1 billion (US\$1 billion in excess of US\$2.1 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 2018/19 policy year are applied to the Owners' entry:

- Oil Pollution : US\$1 billion
- Passenger : US\$2 billion
- Passenger and Crew combined : US\$3 billion

#### 3. The IG Reinsurance rates for 2018/19 policy year

The IG Reinsurance rates per GT for 2018/19 policy year, including the excess war risks cover and MLC reinsurance cover, are as follows:

Category	2018 PY (US\$/GT)	% change from 2017 PY
Dry Cargo	<b>0.4038</b>	-1.85%
Dirty Tanker	<b>0.5845</b>	-1.85%
Other Tanker	<b>0.2626</b>	-1.83%
Passenger	<b>3.2707</b>	-1.84%

#### 4. Renewal overview

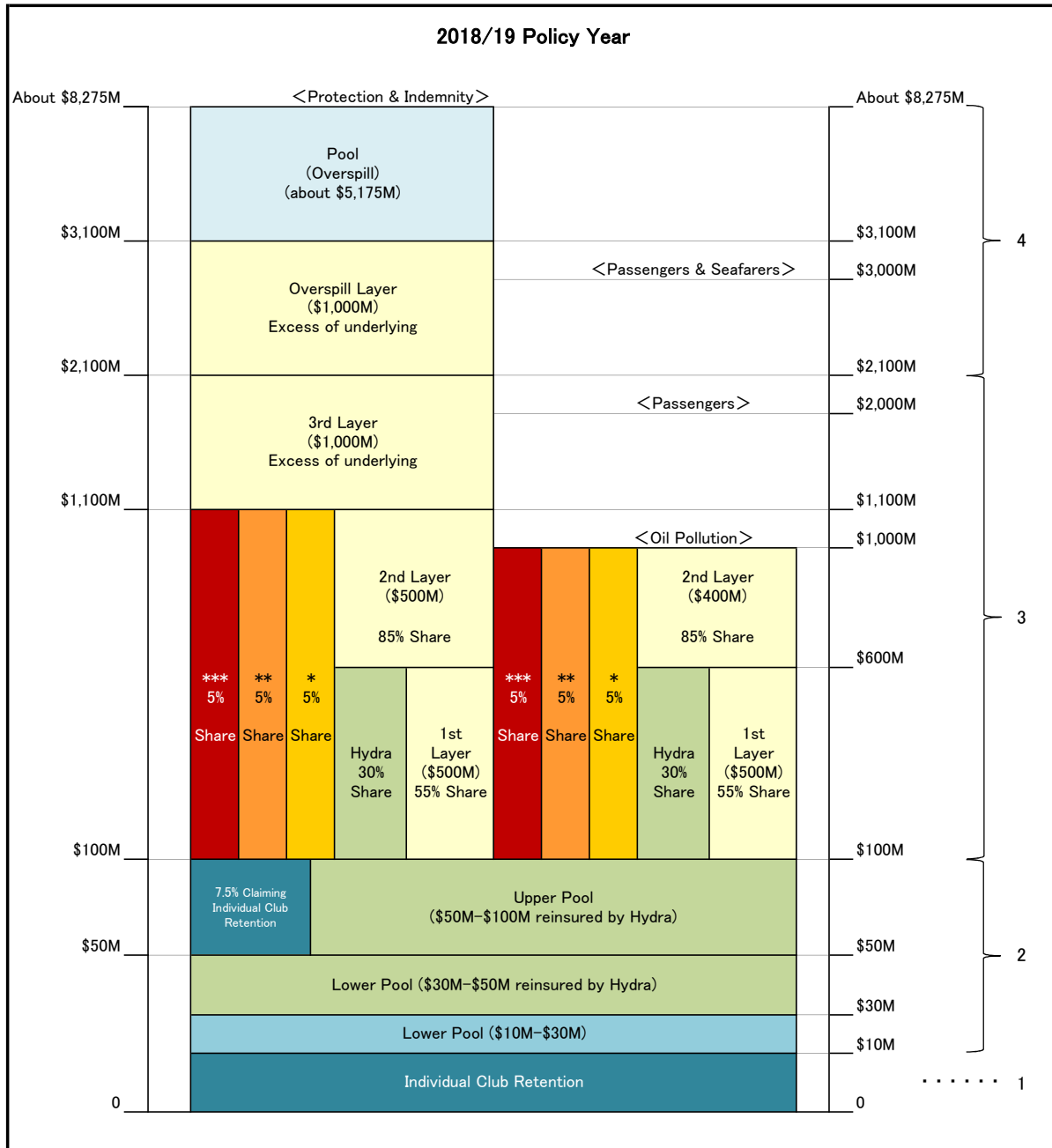
The loss experience of the reinsurance programme on the 2012/13 to 2017/18 (year to date) policy years remains acceptable to reinsurers, notwithstanding some claims development over the year. This factor, combined with continuing surplus market capacity, the continuing positive financial development of the Group captive, Hydra and the effective use of multi-year private placements has enabled the Group to achieve satisfactory reinsurance renewal terms which will result in a further year of reinsurance rate reductions across all vessel categories.

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 in excess of its member's deductible.
2. from US\$10 million up to US\$100 million (Pool)  
Claims in excess of each Club's retention are shared by the Pool up to a limit of US\$100 million. Within the Pool, claims from US\$30 million up to US\$100 million are reinsured by the IG's Bermuda-based captive insurer Hydra.
3. from US\$100 million up to US\$2,100 million (Market reinsurance programme)  
The IG arranges market reinsurance to provide reinsurance for claims from US\$100 million up to US\$2,100 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.  
[\* , \*\* & \*\*\* are Multi-Year Fixed Placement named "Private Placement".]
4. from US\$2,100 million up to about US\$8,275 million (Overspill)  
The IG arranges Overspill Protection for its members of US\$1,000 million. Therefore, claims from US\$2,100 million up to US\$3,100 million are reinsured by the market reinsurance cover. Claims which exceed the IG reinsurance limit (called "Overspill Claims") are shared by all IG Clubs. The Clubs levy calls (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 passengers and seafarers claims is subject to a limit of US\$2,000 million for liability for passengers, or of US\$3,000 million for liability for passengers and seafarers claims combined.