



# CIRCULAR

To the Members

## International Group Reinsurance Programme for 2021/22 Policy Year

We are pleased to announce that the International Group (IG) Reinsurance Programme for 2021/22 policy year has now been concluded.

### 1. General Structure

The general structure of the International Group Reinsurance Programme for 2021/22 policy year is as follows (Four categories 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)

### 2. Limits on the Cover

The following special limits on the Club covers for 2021/22 policy year are applied to the Owners' entry:

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

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

### 3. The IG Reinsurance rates for 2021/22 policy year

In order to ensure the fairness of cost allocation between different vessel types, IG looked at current vessel categories and noted that Fully Cellular Container Ships (FCCs) now represent approximately 20% of the tonnage entered with Group Clubs and they have experienced a significant number of large claims in recent years.

Having given due consideration, the conclusions of IG are that:

1. there should now be a fifth category splitting FCCs away from other Dry vessels and the record on FCCs should be reflected to their reinsurance rate; and
2. that there should be an adjustment to reflect the improved record on persistent oil tankers.

Consequently, the IG Reinsurance rates per GT for 2021/22 policy year, including the excess war risks cover and MLC reinsurance cover, are as follows:

Category	2021 PY (US\$/GT)	% change from 2020 PY
Persistent Oil Tankers	<b>0.5625</b>	-2.1
Clean Tankers	<b>0.2619</b>	+1.4
Dry Cargo Vessels	<b>0.4028</b>	+1.4
Fully Cellular Containerships	<b>0.4249</b>	+7.0
Passenger Vessels	<b>3.2624</b>	+1.4

#### 4. Renewal overview

The main General Excess Loss (GXL) programme (layers 1-3, US\$2 billion excess of US\$100 million) was fixed for two years in February 2020 and was not therefore subject to renewal in 2021. The main focus was on the Group's expiring Collective Overspill programme (US\$1 billion excess of US\$2.1 billion).

The Group's reinsurance captive Hydra continues to support the Group through its risk retention at the primary part of the Group's reinsurance structure. The Group's strategy of placing a share of the reinsurance programme on a stand-alone basis through the use of private placements has continued to give shipowners greater stability in a year when market sentiment has been volatile as a result of the impact of the COVID-19 epidemic.

Together, these factors enabled the Group to achieve another satisfactory GXL programme renewal result, with rates for shipowners increasing by an average of 1.4% year-on-year.

Yours faithfully,

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

Attachment: Diagramme of International Group Reinsurance Programme for 2021/22 policy year