

January 2014

To the Members

Dear Sirs,

INTERNATIONAL GROUP REINSURANCES – POLICY YEAR 2014/15

The arrangements for the renewal of the International Group General Excess of Loss reinsurance contract and Hydra reinsurance programme for 2014/15 have now been finalised.

Club Retention

The retention of individual Clubs before Pooling will remain at US\$9 million each claim.

Excess Of Loss Renewal

As a result of deterioration in the record for 2011/12, and general concerns over the cost of large casualties, increases in premium have again been required by reinsurers on the excess of loss programme for the 2014/15 policy year. These increases and their allocation between the 4 vessel categories have now been agreed by the International Group as follows:

Tonnage Category	2014 rate per gt	% change from 2013
DIRTY TANKERS	\$0.7963	+ 5.26
CLEAN TANKERS	\$0.3415	+ 5.24
DRY CARGO VESSELS	\$0.5203	+ 5.28
PASSENGER VESSELS	\$3.7791	+ 20.00

In order to mitigate the amount of the increase, the entry point for the Excess of loss contract will be increased by US\$10M to US\$80M for 2014/15. This additional risk will be retained within the Group pool reinsured by the Group captive Hydra.

In 2014/15 the Hydra coinsurance share in the first layer of the Group general Excess of loss contract (US \$500 million excess US \$80 million) will remain at 30%. There will once again be a three layer pool structure with a lower pool layer from US\$ 9 million to US\$45 million, an upper pool layer from US\$45 million to US\$ 60 million (within which, as currently, there is a claiming club retention of 10%) and a top (“upper upper”) pool layer from US \$60 million to US \$80 million (within which there is a claiming club retention of 5%).

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STEAMSHIP MUTUAL UNDERWRITING ASSOCIATION LIMITED

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(Registered in England and Wales – Registration number 105461. PRA and FCA registration number 202548)

MANAGERS: STEAMSHIP P&I MANAGEMENT LLP

SPIM is an appointed representative of Steamship Insurance Management Services Limited which is authorised and regulated by the Financial Conduct Authority
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US Oil Pollution Surcharge

In consideration of the improvement in the tanker record there will be no surcharge for 2014.

A statement prepared by the International Group Reinsurance Subcommittee providing further information on the renewal and premium allocation can be seen at the following weblink

<http://www.igpandi.org/News+and+Information/News>

Yours faithfully,

**STEAMSHIP MUTUAL UNDERWRITING
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