



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:

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

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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#### THE STEAMSHIP MUTUAL UNDERWRITING ASSOCIATION (BERMUDA) LIMITED

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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,

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