

Policy Year 2022 - Renewal

23 December 2021

Circular Ref: 2021/023



CIRCULAR

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The arrangements for the renewal of the International Group's ("Group") General Excess of Loss Reinsurance ("GXL") Contract have now been finalised. As explained in previous Circulars, the Group's decision to renew the majority of the programme in 2020 for two years, has provided Members with the benefits of pricing stability and continuity of cover at a time of unparalleled disruption as a result of Covid 19.

The 2022 renewal negotiations have however proved challenging. Significant claims deterioration over the period of the expiring contract, the general hardening of market conditions, and the market's desire to restrict coverage for Malicious Cyber, Covid 19 and future Pandemic risks, have all made for a complex and protracted renewal. In the event, with the support of the Group's long standing reinsurance partners, and the continued support of the Group's reinsurance captive, Hydra Insurance Company Limited ("Hydra") through its risk retention within the primary elements of the Group's reinsurance structure, renewal has been successfully concluded. A summary of the slightly altered GXL programme structure for the 2022/23 Policy Year is explained here: [The International Group Pooling and GXL Reinsurance contract structure for 2022 has now been finalised.](#)

The individual Club retention nevertheless remains unchanged at US\$10m for the 2022/23 Policy Year and the attachment point on the new GXL programme will also remain unchanged at US\$100m.

As noted within the overview above, in the two years since the inception of the expiring GXL programme, reinsurers have introduced market-wide coverage restrictions in respect of Malicious Cyber, Covid 19 and other new Pandemics. Within the GXL for 2022, the Group have secured a significant level of cover, as follows:

- The new Layer 1 has been put in place with no amendment to coverage for the 2022/23 Policy Year, resulting in free and unlimited reinsurance for all losses including those arising from Malicious Cyber, Covid 19 and Pandemic losses up to US\$ 550m per vessel.
- Within Layers 2, 3 and 4, free and unlimited cover for all losses, **but** for those arising from Malicious Cyber, Covid 19 and Pandemics where each layer has an annual aggregate limit in place, totalling US\$2.15bn in annual aggregate cover for these risks across these three layers.
- As set out in the overview, Group Clubs have agreed to Pool any losses that exceed the annual aggregate limit recoverable from the GXL, resulting in no change to Member cover.

The rates for 2022 therefore, inclusive of the Excess War Risks cover, will be as follows (these rates have been rounded to three decimal places):

TONNAGE CATEGORY	2022 RATE PER GT US\$	% CHANGE IN RATE PER GT
Persistent Oil tankers	0.647	+15.0%
Clean Tankers	0.367	+40.0%
Dry	0.564	+40.0%
FCC	0.659	+55.0%
Passenger	3.868	+18.6%

US Voyage Surcharges

Following the decision taken for the 2014/15 Policy Year, Members that are carrying persistent oil as cargo to or from ports within the United States or the United States Exclusive Economic Zone (“EEZ”) as defined in OPA 1990, will continue to benefit from not having to pay any additional premiums.

The Club’s Underwriting Department will be happy to deal with any questions arising on any of the above matters.

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