

Reinsurance arrangements for the 2021 policy year arranged through the International Group of P&I Clubs – special P&I war risks cover

Reinsurance arrangements for the 2021 policy year for P&I entries with Gard P. & I. (Bermuda) Ltd and Assuranceforeningen Gard - gjensidig - (hereinafter individually referred to as the “Association” and collectively as the “Associations”)

Owner's Entries

The structure of the cover reinsured through the Pool is the same as in the current year and can be summarized as follows:

- Club retention: USD 10 million.
- Pool retention: USD 90 million (in excess of USD 10 million) in two layers:
 - Lower Pool retention: USD 40 million (in excess of USD 10 million).
 - Upper Pool retention: USD 50 million (in excess of USD 50 million).
- General Excess Loss Cover: USD 2,000 million (in excess of USD 100 million).
- Common overspill protection: USD 1,000 million (in excess of the underlying General Excess Loss Cover).

The Owner's P&I cover reinsured through the Pool is subject to the following special limits:

- Oil pollution: USD 1,000 million.
- Passenger and seamen combined: USD 3,000 million.
- Passenger (sub-limit): USD 2,000 million.

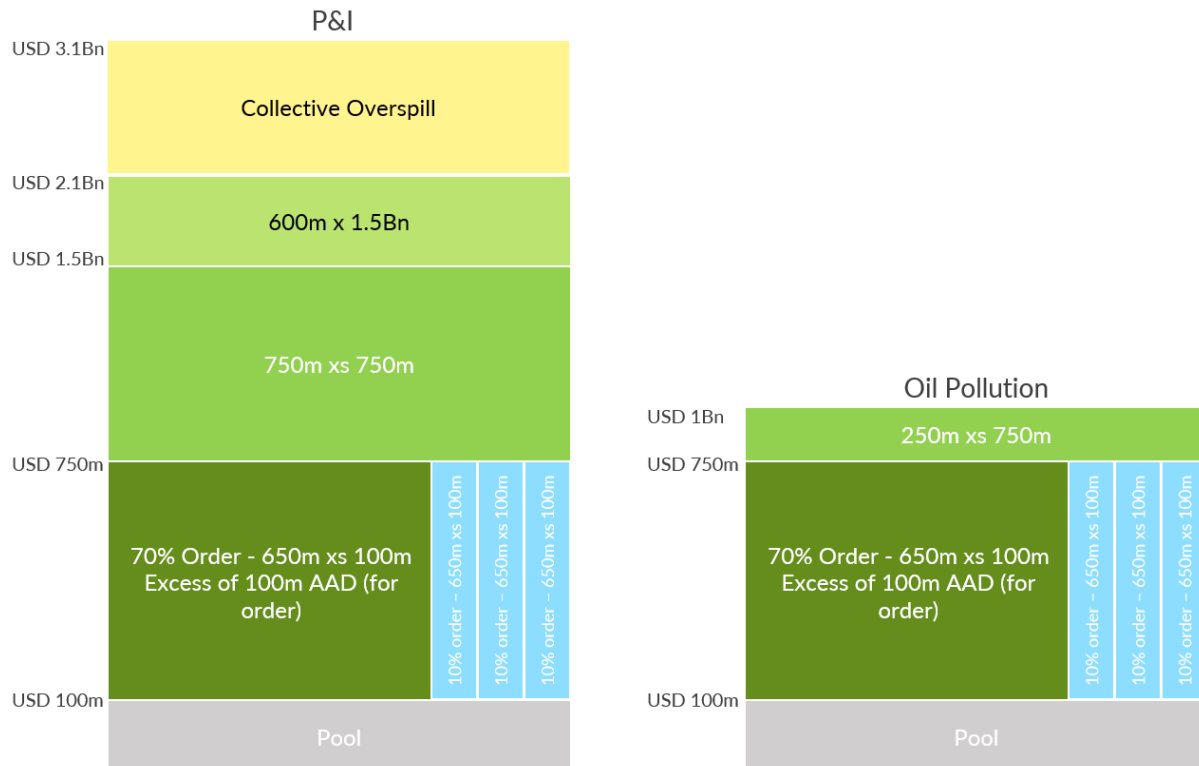
The oil pollution limit applies to the aggregate of owners' and demise charterers' liabilities any one Ship arising out of any one event each owner's entry.

The standard P&I cover for owners with regard to the passenger and seamen risks combined for all categories of Ships shall be limited to USD 3,000 million, any one Ship arising out of any one event. A sub-limit of USD 2,000 million shall apply to passenger risks only.

Overspill protection

The overspill protection reinsurance has been bought by the International Group for claims up to USD 1,000 million in excess of the limit of the General Excess Loss Reinsurance. Although the limit on each mutual Member's liability to pay an Overspill Call remains unchanged at 2.5 per cent of each entered Ship's Convention Limit as defined in Rule 5.4 of Appendix VI in the Rules for Ships, the combination of the limit on cover for passenger and seamen claims and the USD 1,000 million special overspill reinsurance protection reduces the exposure of all Members to an Overspill Claim.

The diagram below illustrates the layer and participation structure of the GXL programme for 2021/22.



Charterer's Co-assured under an Owner's Entry

For the 2021 policy year the overall limit of cover for charterers named as co-assured under an Owner's Entry will remain a combined single limit of USD 350 million for both pollution and non-pollution claims each incident or occurrence, each Ship each entry.

Special excess war risks P&I cover

The terms on which the special excess war risks P&I cover will be provided for the 2021 policy year are the same as for the 2020 policy year, including the limit of cover of USD 500 million.

The cover will only respond to claims in excess of the proper value of the entered ship as defined in Rule 71. 1. (a), deemed not to exceed USD 500 million, or whatever sum is recoverable from any other policy of insurance in respect of war risks, whichever is the greater.

TRIA

This cover shall include liabilities arising from acts of terrorism as defined in the US Terrorism Risk Insurance Act 2002 as amended which has been extended to 2027. A premium of US cents 0.25 per entered GT is deemed to be attributable to the US risks in accordance with the terms of the Act.

TOPIA 2006

The special war risk P&I insurance excludes loss, damage or expense arising from an act of terrorism which the Member may incur or for which the Member may be liable under TOPIA 2006.

Bio – Chem Risks and Computer virus

The detailed terms and conditions for Bio-Chem and Computer virus risks remain unchanged for the 2021 policy year

Special limit for Owners

For the 2021 policy year the special P&I war risks cover for owners remains unchanged with a limit of USD 500 million any one event each Ship in excess of the proper value of the entered Ship or any amounts recoverable under any other P&I war risks cover which the Member has arranged, whichever is greater. The minimum excess is the proper value of the Ship determined in accordance with Rule 71.1(a) of the Rules for Ships or USD 500 million, whichever is the lesser. The cover is subject to a minimum deductible of USD 50,000 any one event each Ship.

Maritime Labour Convention 2006 as amended

The International Group of P&I Clubs has renewed the market reinsurance cover for liabilities arising under the MLC Extension Clause and falling outside the scope of standard P&I cover in excess of USD 10 million (club retention) to USD 210 million. The premium for the cover is included within the overall reinsurance cost.

Changes to vessel categories

As part of its annual analysis to ensure the fairness of cost allocation between different vessel types, the International Group's Reinsurance Sub-committee has reviewed current vessel categories. The Sub-committee noted that Fully Cellular Container Ships (FCCs) now represent approximately 20% of the tonnage entered with Group Clubs and this category of vessels has experienced a significant number of large claims in recent years. Therefore, the decision has been taken to split FCCs away from Dry vessels and they will form their own, separate, vessel category.

International Group general excess of loss reinsurance contract 2021/2022

The International Group reinsurance rates including Hydra premium, Collective Overspill Cover and excess war risks P&I for the year commencing 20 February 2021 are renewed as expiry and are as follows:

TONNAGE CATEGORY	2021 RATE PER G.T.	% CHANGE FROM 2020
Persistent Oil tankers	\$0.5625	-2.1%
Clean Tankers	\$0.2619	+1.4%
Dry	\$0.4028	+1.4%
FCC	\$0.4249	+7.0%
Passenger	\$3.2624	+1.4%

If you have any questions, please contact the P&I underwriting department in Gard.

Yours faithfully,
GARD AS



Rolf Thore Roppestad
 Chief Executive Officer