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Group Reinsurance Rates 2020/2021



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The arrangements for the renewal of the International Group General Excess of Loss (GXL) reinsurance contract and the Hydra reinsurance programme for 2020/21 have now been finalised. These include the Collective Overspill Cover, Excess War Risks P&I cover and MLC cover.

Following the structural changes made in 2019/20 year (which also saw co-brokers being appointed), the Group's Reinsurance subcommittee decided not to make significant changes this year.

Whilst the US\$2 billion excess of US\$100 million commercial market element of the placement has been confirmed for two years, which will allow a degree of future premium stability, Hydra's participation on the placement continues to be meaningful. Therefore, the Reinsurance Sub-committee has decided to set rates for the 2020/21 policy year only. The cost of Hydra's participation for the 2021/22 year will be assessed in 12 months' time and any rate adjustment for the 2021/22 rates will be applied at that time.

For 2020/21 Group Reinsurance rates for owned entries per GT will be as follows:

Tonnage category	2020 rate per GT
Persistent Oil tankers	\$0.5747
Clean Tankers	\$0.2582
Dry	\$0.3971
Passenger	\$3.2161

These rates will be charged as part of the 2020/21 Mutual call rates and will be split evenly across all instalments.

Hydra participation

Hydra continues to retain 100% of the Pool layer US\$30 million – US\$50 million and 92.5% of the Pool layer US\$50 million – US\$100 million. In addition, Hydra will retain a US\$100 million AAD in the 70% market share of the GXL programme.

MLC cover

The US\$200 million (excess of US\$10 million) market reinsurance cover will be renewed unchanged for a further 12 months from 20 February 2020. That renewal has also been achieved at a competitive cost, which has been included within the overall reinsurance cost.

War cover

The excess War P&I cover will be renewed for 2020 for a period of 12 months, with the costs included in the total rates charged to shipowners. There is a change to the terms of the placement in order to maintain the excess nature of the cover provided, increasing the minimum attachment point of the cover (where the vessel is not protected by Primary War P&I up to proper hull value) from US\$100 million to US\$500 million.

Full details of the reinsurance will be set out in a Notice to Members in February as usual

If you have any questions, please contact the Underwriting department.