CIRCULAR

Standard Club
Part of NorthStandard

TO ALL OWNERS AND MEMBERS

21 December 2023

POLICY YEAR 2024 – RENEWAL

The arrangements for the renewal of the International Group's ("Group") General Excess of Loss Reinsurance ("GXL") Contract have now been finalised.

Following a relatively benign Pool claims environment for the 2022/23 Policy Year, the current Policy Year has also started well. Whilst there has been some deterioration with regards prior years' claims within the Pool, the overall impact on the Group's reinsurance partners has not been as significant, albeit there are still the ongoing conflicts and geopolitical challenges. Consequently and together with the continuing support provided by the Group's Bermudan based captive Hydra, we have managed to conclude a positive renewal for Shipowners, with all vessel types seeing rate reductions.

The structure of the placement is largely the same as in 2023/24, with the individual Club retention remaining unchanged at USD10m and the GXL attachment point also unchanged at USD100m. The main GXL placement (Layers 1 – 3, USD2bn xs USD100m) has been maintained as three Layers; and there continues to be the USD1bn Collective Overspill cover excess of the GXL together with three private placements in Layer 1 (maintaining their 25% overall share).

An overview of the entire GXL for the 2024/25 Policy Year is therefore as follows:

- Individual Club's retention on any claim remains at USD 10 m;
- Claims are pooled between Group Clubs for USD 90 m excess USD 10 m;
- Excess USD 100 m, the GXL applies as follows:
  - Layer 1 USD 650 m excess USD 100m; Layer 2 USD 750 m excess USD 750 m; Layer 3 USD 600 m excess USD 1.5 bn;
  - 75% of Layer 1 and 100% of Layers 2 and 3 are placed with the open market on a free and unlimited basis, except for risks in respect of malicious cyber, COVID-19 and Pandemic. For those risks, for the 2024/25 policy year, there remains free and unlimited cover for claims up to USD 650m excess of USD 100m. This covers almost all Clubs' certificated risks. Excess of USD 750m there is up to USD1.35bn of annual aggregated cover in respect of Malicious Cyber cover and separate annual aggregated cover of USD1.35bn in respect of COVID-19/Pandemic risks. Excess of that aggregated cover, the Group continues to pool any reinsurance shortfall, resulting in no change to shipowners' cover.

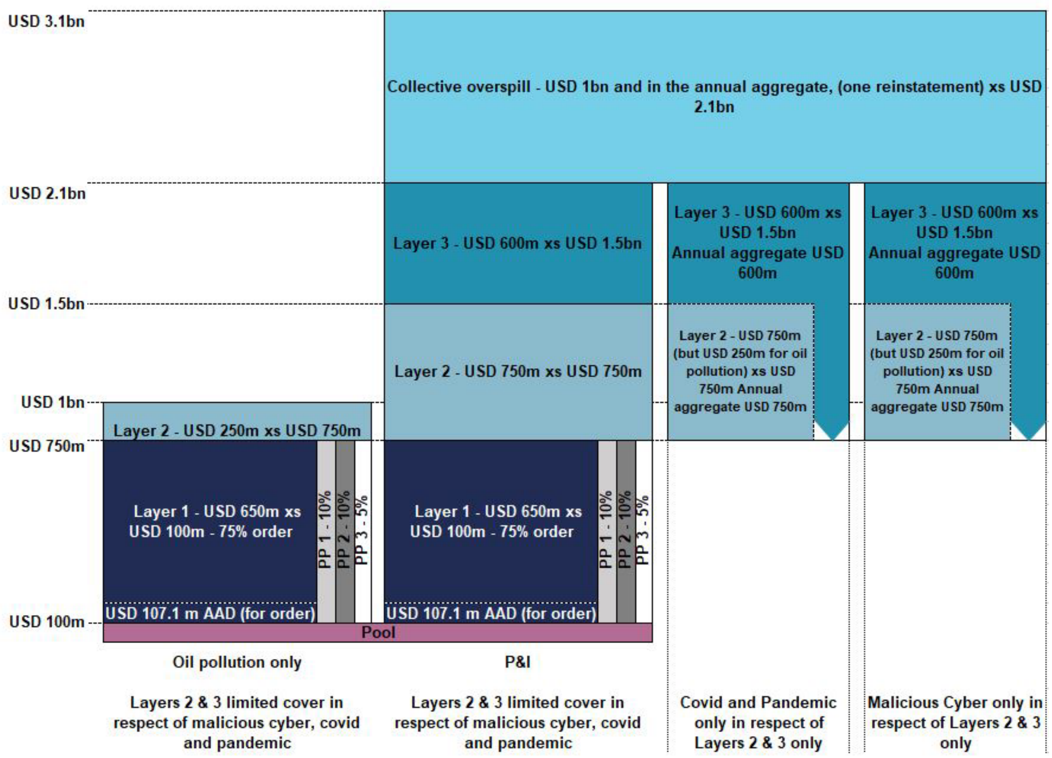
➢ 25% of Layer 1 is covered by three private market placements, which are renewed independently of the open market element of the GXL;

➢ Hydra continues to retain an Annual Aggregate Deductible ("AAD") in Layer 1, which remains at the same value as for the 2023/24 policy year in 100% terms. With the open market layer at 75%, the value of this AAD remains at USD 107.1m for the 2024/25 policy year.

- Other placements: The Collective Overspill (USD 1bn excess of USD 2.1 bn) and ancillary covers are being renewed with premiums included within the overall rate per GT.

2024 GXL programme structure

The diagram below illustrates the layer and participation structure of the GXL programme for 2024/5.



MLC cover

The MLC market reinsurance cover is being renewed for 2024/25 at competitive market terms, with the premium included in the overall reinsurance rates charged to shipowners.

War cover

The Excess War P&I cover will be renewed for 2024/25 for a period of 12 months. Again, this will be included in the total rates charged to shipowners.

However, due to the ongoing active war between Russia and Ukraine, the Group's Excess War reinsurers have maintained their requirement for Territorial Exclusion language (consistent with exclusionary language already applied by reinsurers for Primary War P&I coverage) for vessels trading in these waters; and as notified by Circular earlier this year. As such the Group has purchased aggregated sub-limited cover of USD 80m from the reinsurance markets to cover the Russia/Ukraine/Belarus excluded risks.

The rates for 2024, inclusive of the Excess War Risks cover and the MLC cover purchased by the Group, will be as follows :-

TONNAGE CATEGORY	2024 RATE PER GT USD	% CHANGE IN RATE PER GT
Persistent Oil Tankers	0.6160	-7.5%
Clean Tankers	0.3980	-1.7%
Dry	0.5860	-2.1%
FCC	0.7200	-1%
Passenger	3.3840	-12.5%

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.

P&I and FD&D instalments for the 2024/25 Policy Year

The legacy North ("LN") and legacy Standard ("LS") Clubs operated different instalment dates and amounts, which were kept unchanged for the 2023 Policy Year. We intend to fully harmonise instalments across all the Membership for the 2025 Policy year but will stagger the changes in the 2024 year to reduce the impact on the Membership. The intention therefore for the 2025 Policy Year is to ensure all premium is debited and paid within the Policy year and this was agreed by the Directors at their meeting on 15 November.

For the 2024 Policy Year, LN Members will see no change in either instalment dates or amounts (both for P&I and FD&D), however LS Members will see the instalment amounts change for P&I premiums (but not the dates).

The new instalment amounts for LS Members for the 2024 Policy Year will be – 40% due 42 days after the date of the debit note, 40% due on 20 August 2024, and 20% due on 1 November 2025.

To summarise, the following will be the instalment dates for the 2024/25 Policy Year :-

LN - P&I	
Date	Amount
01-Apr-24	25%
01-Jun-24	25%
01-Sep-24	25%
01-Dec-24	25%

LN - FD&D	
Date	Amount
01-Apr-24	50%
01-Sep-24	50%

LS - P&I	
Date	Amount
42 days from issue	40%
20-Aug-24	40%
01-Nov-25	20%

LS - FD&D	
Date	Amount
42 days from issue	100%

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

Yours faithfully

David Roberts

Managing Director

The Standard Club Asia Ltd

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