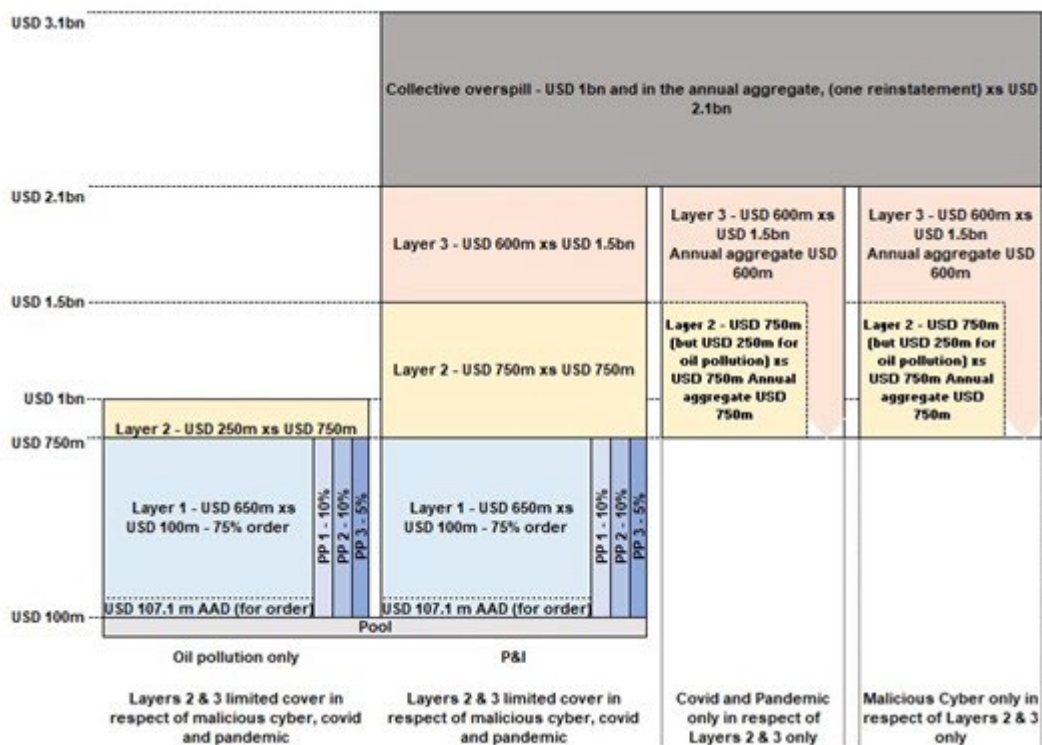


Protection & Indemnity Insurance 2025/2026 Part 2

Executive summary

Explanation of reinsurance and premium structure

The Swedish Club provides P&I cover for its members for each and every accident and/or occurrence up to approximately USD 6.8 billion. The high limit is needed to adequately protect members/shipowners financially and to make sure that they are covered for accidents that may occur under worst-case scenarios, when taking into account current international legislative schemes. To be able to provide for these limits, the IG Clubs, where The Swedish Club is a member, reinsure each other as well as buy reinsurance together to ensure that insurance costs are kept to a minimum. It is our aim to try to explain how we reinsure P&I liabilities on behalf of our members and the different costs involved, as well as showing how premiums are charged.



Retention – 0 to USD 10,000,000

The Retention of each Club is USD 10,000,000. It is up to the individual Clubs to buy reinsurance to cover claims within the retention.

The Swedish Club's Board of shipowners has decided to cap P&I claims at USD 3,000,000 for each individual member as it has felt that it would be unfair and exorbitant to charge the full amount to a member's record. Therefore, the biggest claim an owner can have in their individual claims record is the aforesaid amount.

Premium for the retention is divided up in three parts:

1. A premium based on the exposure for the fleet and overall risk profile, including but not limited to vessel type/age, cargoes carried and trade the member is involved in.
2. A premium based on the individual member's claims record for claims below USD 3,000,000.
3. A mutual reinsurance premium (abatment) to cover claims between USD 3,000,000 to USD 10,000,000 is charged to each member. The rationale for charging a reinsurance premium is that member's records have been protected by the Club.

Pool – USD 10,000,000 to USD 100,000,000

All members of the International Group share and pay each other's claims in excess of USD 10,000,000 and up to USD 100,000,000.

Lower Pool – USD 10,000,000 to USD 50,000,000

Each Club pays claims according to GT, premium volume as well as individual Club claims results within the layer. The layer has a payback mechanism where a Club will pay back any deviation from a balanced/neutral position over time.

Upper Pool – USD 50,000,000 to USD 100,000,000

Each Club pays claims based on GT only. The claiming Club will pay 7.5 % of the claim in the layer for its own account and the remainder will be shared based on GT.

Mutual pool reinsurance premium is based on modelled expectations and distributed on a balanced/neutral basis. Each Club assesses pool claim contributions based on figures provided by the International Group at the beginning of the year and the anticipated claims cost is part of the annual premium.

Reinsurance layers – USD 100,000,000 to USD 3,100,000,000

(often called Excess of Loss Programme)

The Swedish Club participates in the International Group of P&I Clubs' general reinsurance arrangement in excess of USD 100,000,000. This reinsurance is placed with large reinsurance companies and on the Lloyd's and London markets. The cover is placed through the reinsurance sub-committee of the International Group where all participating Clubs are represented.

Reinsurance - in excess of USD 3,100,000,000 – Overspill

If a claim was to exceed USD 3,100,000,000 i.e. the limit of the Group pool's excess of loss contract, the excess or "overspill" would be pooled amongst the Group Clubs. The overall Group pool limit for such an overspill claim remains unchanged at 2.5 % of the property limitation funds under the 1976 Limitation Convention of all ships entered in all International Group Pool Clubs. Members remain ultimately liable to pay an overspill call up to a maximum of this limit for each entered ship in accordance with Rule 24 of The Swedish Clubs' Rules for P&I Insurance.

Overspill Premium

No mutual reinsurance premium is charged upfront for overspill claims.

Mutual Premium Structure

P&I premiums are set to cover a combination of exposure and actual costs for claims on an individual member basis, mutual and Club-specific cost of large claims, reinsurance costs and finally brokerage. On top of this, P&I Clubs have operational costs for running the Club. On the other hand financial income/investment income is not credited to owners' accounts.

The basic Premium Structure for The Swedish Club:

Individual member premium – premium for layer USD 0 to USD 3,000,000

- a. Premium is set based on the exposure for the fleet depending on vessel type/age, cargoes carried and trade the member is involved in
- b. Premium is based on the individual member's claims record for claims below USD 3,000,000

Mutual premium – premium for layer USD 3,000,000 to USD 10,000,000

A mutual reinsurance premium (abatement) to cover claims between USD 3,000,000 to USD 10,000,000 is charged to each member. The rationale for charging a reinsurance premium is that members' records have been protected by the Club. The abatement reinsurance premium is distributed based on modelled expectations. If actual claims in this (abatement) layer are lower or higher than anticipated free reserves will be credited/debited.

Pool premium – premium for layer USD 10,000,000 to USD 100,000,000

Mutual pool reinsurance premium is based on modelled expectations and distributed on a balanced/neutral basis.

Excess of loss reinsurance premium – premium for layer USD 100,000,000 to USD 3,100,000,000

Reinsurance premium which is passed on directly from reinsurers to members depending on the type of vessel, and for tankers the type of cargo carried.

Mutual Excess of Loss Reinsurance Premium 2025/2026

Vessel Type:	2025/2026	2024/2025	Change
Tankers carrying persistent oil as cargo:	USD 0.6258 per GT	USD 0.6163 per GT	+1,5%
Tankers carrying non-persistent oil as cargo:	USD 0.4337 per GT	USD 0.3982 per GT	+8,9%
Passenger vessels:	USD 3.4390 per GT	USD 3.3842 per GT	+1,6%
Dry cargo vessels:	USD 0.6054 per GT	USD 0.5863 per GT	+3,3%
Fully Cellular Container Vessels:	USD 0.8903 per GT	USD 0.7204 per GT	+23,6%

The Association has elected to cover part of the retention of USD 10,000,000 to further protect our members' exposure.

The reinsurance structure for 2025/2026 is thus:

Association's retention:	USD 10,000,000
Pool:	USD 90,000,000 excess USD 10,000,000
Hydra:	USD 70,000,000 excess USD 30,000,000
General Excess Loss Cover:	USD 2,000,000,000 excess USD 100,000,000
Common Overspill Protection:	USD 1,000,000,000 excess USD 2,100,000,000

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

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

Similar to the policy year 2024/2025, the US oil pollution voyage surcharge will remain at nil also for policy year 2025/2026 and no declarations are required.

Malicious Cyber, Covid and Pandemic risks:

For Malicious Cyber, Covid and Pandemic risks there is free and unlimited cover for claims up to US\$650m, covering almost all Group Clubs' certificated risks. Excess of US\$650m there is up to US\$1.35 bn of annual aggregated cover in respect of these three risks. Excess of this aggregated reinsurance cover, the IG continues to pool any reinsurance shortfall, resulting in no change to shipowners' cover.

Maritime Labour Convention (MLC) cover

The market reinsurance cover USD 190 million excess USD 10 million collectively arranged by the Group Clubs is being renewed. The premium will be included in the overall reinsurance rates.

P&I — Excess War Risks Cover

U.S. Terrorism Risk Insurance Act of 2002 as amended (“TRIA”), Special War Risk P&I Cover for Owner’s and Charterer’s under the Group cover. All members entered for P&I, or Charterers’ entries under the Group Cover, are automatically covered for P&I War Risks, including acts of terrorism as defined in the U.S. Terrorism Risk Insurance Act of 2002 as amended (“TRIA”).

The proportion of the premium attributable to cover for certified acts of terrorism as defined in TRIA is identified under “Premium” below.

Excess War P&I Cover — Limits

The International Group’s Excess War P&I cover is to cover P&I risks as set out in the Association’s rules which are excluded from cover through the war risks exclusion in Rule 11 Section 5.

The cover is subject to an excess of the proper value of the entered vessel, or whatever sums are recoverable from other war risks covers. In this respect, the Association wish to remind its Members that this is an excess cover only and the need to have an underlying cover equal to at least the proper value of the ship with conditions equivalent to the cover above. Members must therefore maintain a primary war risks P&I cover with a minimum limit of the value of the entered vessel or USD 500 million, whichever is the less.

Sublimit in respect of Russian, Ukrainian and Belarus Waters

The requirement by the reinsurers for a Territorial Exclusion due to the ongoing war between Russia and Ukraine also remains and, as for previous policy year, the International Group has purchased aggregated sub-limited cover of USD 100 million (an increase from USD 80 million in 2024) from the reinsurance markets to cover the Russia/Ukraine/Belarus excluded risks

Limit in respect of other waters

For waters other than as defined above, cover is maintained with a limit of USD 500 million any one event each vessel.

Excess War P&I Cover — Full Conditions

The War Risk cover for Policy Year 2025/2026 shall therefore be subject to the following conditions:

Limit: Where the Member and another party or other parties are insured under more than one owner’s and/or charterer’s entry with the Association or with any other insurers which participate in the Pooling Agreement and the International Group Reinsurance policies, the aggregate of claims brought against the Association and such other insurers under this P&I war risk cover shall be limited to USD 500 million any one event each vessel.

The limit of USD 500 million referred to above is replaced with a limit of USD 80 Million, any one event, each vessel for a vessel transiting and/or calling within all Russian waters including their coastal waters up to 12 nautical miles offshore, and certain European waters as defined below.

The limitation in respect to certain European waters is as follows:

- 1) Sea of Azov and Black Sea waters plus inland waters enclosed by the following boundaries
 - a) On the west, around Romanian waters, from the Ukraine-Romania border at 45° 10.858'N, 29° 45.929'E to high seas point 45° 11.235'N, 29° 51.140'E
 - b) thence to high seas point 45° 11.474'N, 29° 59.563'E and on to high seas point 45° 5.354'N,

- 30° 2.408'E.
c) thence to high seas point 44° 46.625'N, 30° 58.722'E and on to high seas point 44° 44.244'N, 31° 10.497'E
d) thence to high seas point 44° 2.877'N, 31° 24.602'E and on to high seas point 43° 27.091'N, 31° 19.954'E
e) and then east to the Russia-Georgia border at 43° 23.126'N, 40° 0.599'E
- 2) All inland waters of Ukraine
 - 3) Inland waters of Russia within the following areas:
 - a. Crimean Peninsula
 - b. River Don, from Sea of Azov to vertical line at 41° E
 - c. River Donets, from River Don to Ukraine border
 - 4) All inland waters of Belarus south of horizontal line at 52° 30' N

If such claims exceed this limit, the liability of the Association in respect of each certificate of entry shall be limited to that proportion of that limit that claims recoverable from the Association under that certificate of entry bear to the aggregate of the said claims recoverable from the Association and other insurers.

Excess: The Excess War Risk cover will cover claims in excess of an amount recoverable under the vessel's Hull and Machinery and Crew Marine or War Risks policies, and any P&I inclusion clauses attached thereto and any other War Risk Cover arranged by the member. Such a War Risk Policy shall cover the proper value of the entered ship or USD 500,000,000 whichever is the less.

Conditions: The War Risk cover will cover P&I risks as defined in the Rules of The Swedish Club, for which cover is excluded from the vessel's entry by reason of the War Exclusion clause contained therein, Rule 11 section 5, but including the following clauses:

- Notice of Cancellation, Automatic Termination of Cover and War and Nuclear Exclusion Clause – Hulls
- Chemical, Bio-Chemical, Electromagnetic Weapons and Computer Virus Exclusion Clause
- Cover may be terminated by the Association giving seven days' notice. Excluding any liabilities, cost and expenses which the member may incur under TOPIA 2006

Trading: Worldwide, but liberty to cancel giving seven days' notice.

Deductible: USD 50,000 any one accident each vessel.

Premium: The premium is included in the reinsurance rates quoted, including USD 0.0025 per GT which is deemed attributable for coverage of acts of terrorism as per the terms of TRIA.

The following clause is deemed incorporated in the P&I – Excess war risk cover:

Chemical, biological, bio-chemical, electromagnetic weapons and computer virus exclusion clause

This clause shall be paramount and shall override anything contained in this insurance inconsistent therewith:

1. In no case shall this insurance cover loss, damage liability or expense directly or indirectly caused by or contributed to by or arising from:
 - 1.1 any chemical, biological, biochemical or electromagnetic weapon.
 - 1.2 the use or operation, as a means for inflicting harm, of any computer virus.

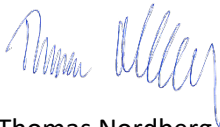
The International Group, however, has decided that Bio-Chem Risks shall be covered through a special pooling facility, which is to cover members' liabilities in respect of:

- i. damages, compensation or expenses in consequence of personal injury to our illness or death of any seamen; and
- ii. for legal costs and expenses incurred solely for the purpose of avoiding or minimising any other P&I liability arising from a Bio-Chem Risk.

Limit for the special insurance against Bio-Chem risks is USD 30,000,000 per vessel in the aggregate. The detailed terms and conditions of the Bio-Chem cover are to be found in the enclosed Bio-Chem Clause.

Please note that the information in this document is a summary. For more exact and detailed information please contact the Club.

Yours faithfully,



Thomas Nordberg

Enclosures:

- Notice of Cancellation, Automatic Termination of Cover and War and Nuclear Exclusion Clause - Hulls, etc.
- Bio-Chem Clause