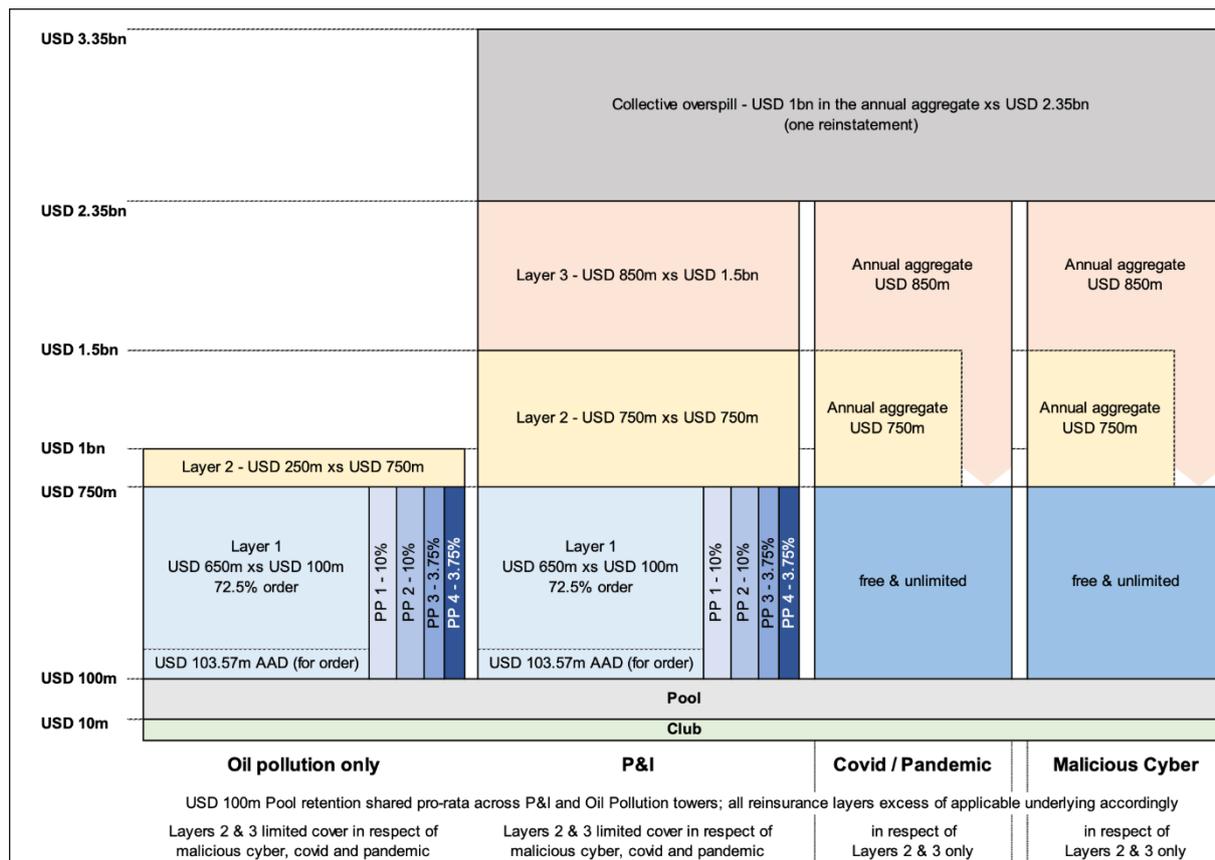


Protection & Indemnity Insurance 2026/2027 Part 2

Executive summary

As part of the International Group of P&I Clubs, The Swedish Club offers a very high limit of P&I cover to ensure that members are adequately protected. This level of cover is necessary to safeguard members and shipowners financially and to ensure protection in the event of worst-case accident scenarios, taking into account current international legislative regimes. 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.



Explanation of reinsurance structure

1. 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 Association has elected to reinsure part of the retention of USD 10,000,000 to further protect our members' exposure, see below under "Mutual Premium Structure".

2. 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. Within the Upper Pool, 70,000,000 xs 30,000,000 goes into the IG captive Hydra.

3. Reinsurance layers – USD 100,000,000 up to USD 3,350,000,000

(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.

4. Overspill - Reinsurance in excess of USD 3,350,000,000

If a claim was to exceed USD 3,350,000,000 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.

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 there are also operational costs for running the Club.

Basic Premium Structure for The Swedish Club:

1. Retention premium – 0 to USD 10,000,000

- a. Premium is set based on the exposure for the fleet depending on vessel type/age, cargoes carried and trade that the member is involved in.
- b. Premium is based on the individual member's claims record for claims below USD 3,000,000.
- c. A mutual reinsurance premium (abatement) to cover claims between USD 3,000,000 to USD 10,000,000 is charged to each member. The Swedish Club's Board of shipowners has decided to cap P&I claims at USD 3,000,000 for each individual member and the largest claim an owner can have in their individual loss record is the aforesaid amount. The rationale for this and for charging the abatement premium is that members' records have been protected by the Club, as it would be very burdensome for an individual member to bear a claim in excess of USD 3,000,000 on its loss record. The cost of such a claim is therefore distributed based on modelled expectations across the mutual membership. If actual claims in this abatement layer are lower or higher than anticipated, the free reserves will be credited/debited.

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

Mutual pool reinsurance premium is based on modelled expectations. 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. The pool costs are passed on to the membership and distributed on a balanced/neutral basis.

3. Excess of loss reinsurance premium – premium for layer USD 100,000,000 to USD 3,350,000,000

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

Excess of Loss Reinsurance Premium 2026/2027:

Vessel Type:	2026/2027	2025/2026	Change
Tankers carrying persistent oil as cargo:	USD 0.5758 per GT	USD 0.6258 per GT	-8,0%
Tankers carrying non-persistent oil as cargo:	USD 0.4337 per GT	USD 0.4337 per GT	NIL
Passenger vessels:	USD 3.1472 per GT	USD 3.4390 per GT	-8,5%
Dry cargo vessels:	USD 0.5751 per GT	USD 0.6054 per GT	-5,0%
Fully Cellular Container Vessels:	USD 1.0237 per GT	USD 0.8903 per GT	+15,0%

4. Premium for Overspill exposures

No mutual reinsurance premium is charged upfront for overspill claims.

Limits and particular exposures

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 2025/2026, the US oil pollution voyage surcharge will remain at nil also for policy year 2026/2027 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\$650 million, covering almost all Group Clubs' certificated risks. Excess of US\$650 million there is up to US\$1.6 billion 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.

Bio-Chem Risks

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.

Excess War P&I 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").

Excess War P&I Cover — General

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.

Sub-limit 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 125 million (an increase from USD 100 million in 2025) from the reinsurance markets to cover the Russia/Ukraine/Belarus excluded risks. Definition of excluded territories can be found in the attached enclosed conditions for Excess War P&I cover.

Limit in respect of other waters

For waters that are not subject to above sub-limit, cover is maintained with a limit of USD 500 million any one event each vessel.

Deductible

USD 50,000 any one accident each vessel.

Premium

The premium is included in the total reinsurance rates quoted.

Conditions

For the full conditions of the Excess War P&I cover for Policy Year 2026/2027 please refer to the attachment to this circular.

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:

- Bio-Chem Clause
- Excess War P&I Cover - Conditions
- Notice of Cancellation, Automatic Termination of Cover and War and Nuclear Exclusion Clause - Hulls, etc.