

## The International Group

Many vessel owners join a Mutual P&I Club to access limits of liability that are generally unavailable in the commercial fixed premium market. The highest limits are provided by the International Group of P&I Clubs, a collection of 13 mutual P&I Clubs, including the Shipowners' Club.

### How the international group shares losses

By combining together, the Clubs are able to speak with one voice and use their collective resources to offer very high insurance limits and purchase reinsurance cover at best cost. Any single claim up to USD 10 million is retained by the Club from which the claim originates. However, if the claim exceeds USD 10 million (up to USD 100 million), the excess amount above this figure is shared out amongst all 13 Clubs in an equitable system called the Pooling Agreement which is governed by the International Group Agreement.

### What if the loss exceeds USD 100 Million?

Every dollar over USD 100 million is paid by International reinsurers under an arrangement known as the International Group General Excess Loss Reinsurance programme. There are approximately 90 reinsurers supporting this programme which makes it the world's largest marine reinsurance contract. It provides a further USD 2.1 billion of insurance cover per vessel, per incident, in addition to the USD 100 million which the Clubs insure together and it has absorbed losses such as the 'Costa Concordia', which is likely to settle around USD 1.5 billion.

### What happens if a loss exceeds 2.1 Billion?

This has never happened (and would exclude pollution and passenger claims which are capped), but if it did the claim returns to the Pool and would be distributed amongst the Clubs according to the size of their respective *overspill limit*.

**The overspill limit is the topic of our next *Navigating Mutual P&I* blog.**