

Ref:2021/1

TO: ALL MEMBERS

July, 2021

CONTINUITY CREDITS

Members will be aware that a continuity credit scheme was introduced in 2015. Since that time in excess of \$11 million has been returned to Members.

In November, 2020 the Directors confirmed the maintenance of the full fleet credit of 2.5% for those Members having their entire fleet entered with the Association. In line with previous practice, the balance of continuity credits was deferred until after the end of the policy year.

At their recent meeting the Directors further reviewed the position on continuity credit distribution. In reaching a decision they considered a number of factors including the impact that Covid-19 and IMO 2020 have had on claims in the 2020 policy year. Whilst for many insurers Covid-19 has had a material impact, that has not been the case for the Association. Similarly, IMO 2020 claims were lower than had been anticipated at the beginning of the year.

Against this background, and taking in to account the Association's strong capital position, the Directors agreed that a continuity credit distribution of 2% will be made available to Members who have had an entry for 3 or 4 consecutive policy years, and 3% for those Members having had an entry for 5 or more consecutive policy years.

A single distribution will be made as a credit against this year's second instalment and Members are requested to adjust the payment of the second instalment to reflect this.

Yours faithfully,

THOMAS MILLER DEFENCE LTD.
Managers