

Ref:2020/6

TO: ALL MEMBERS

November, 2020

PREMIUM REQUIREMENTS FOR 2021/22 POLICY YEAR

The Club's Board of Directors met on 19th November, 2020 to consider future premium requirements. Members will be aware that there has been no general increase in premium since 2014, despite the increase in claims costs that has occurred in recent years. Throughout this period your Board has been very aware of the difficulties faced by the majority of shipping markets and has used the Club's strong capital position in order to maintain premium at a consistent level.

The 2020 policy year has been highly unusual. No one could have predicted that it would be characterised by a prolonged global pandemic. A variety of claims arising from Covid-19 have impacted the Club in a year that has also seen claims arising from the introduction of the IMO low sulphur regulations. These claims are likely to continue into the 2021 policy year.

Whilst the Club's free reserves remain strong, the pressure on premium in recent years combined with the claims experience in 2020 led the Directors to decide that a general increase in premium of 5% is necessary in order to adjust the underlying underwriting position. Any adjustment is of course subject to Members' individual exposure and claims experience.

Continuity credits

Members will be aware that in 2014 the Club introduced a capital distribution programme by way of continuity credits. This has returned in excess of \$10 million to Members and the levels of continuity credits are reviewed and adjusted on an annual basis.

For the 2021 policy year the Directors decided to maintain a continuity credit of 2.5% for those Members entering their full fleet with the Club. The balance of continuity credits, as was the case this year, will be determined following the close of the policy year and will be based on the Club's overall financial position.

Should any Member have any questions please do not hesitate to contact the Managers in the usual way.

Yours faithfully,

THOMAS MILLER DEFENCE LTD.
Managers