



3rd September, 2012

NOTICE TO POLICY HOLDERS - UK TRANSFER

Dear Sirs

UK P&I Club - Transfer of Insurance Business

We are writing to you to inform you of the proposed transfer of the insurance and reinsurance business of The United Kingdom Mutual Steam Ship Assurance Association (Bermuda) Limited ('UKB') to The United Kingdom Mutual Steam Ship Assurance Association (Europe) Limited ('UKE'). UKB and UKE are together referred to herein as the 'Club'. This letter refers to the proposed transfer as 'the Scheme'. The Scheme does not apply to policies issued by the Club's Hong Kong, Singapore and Japan branches. These will be transferred separately using concurrent insurance business transfers governed by the laws of the relevant jurisdiction. In addition, a separate scheme of arrangement is being undertaken in Bermuda for Bermuda company law purposes.

This letter is being sent to you as you are, or have previously been, a policyholder and/or a member of the Club or alternatively because you are a representative of such policyholder and/or member. If you are such a representative, please can you provide a copy of this letter to the policyholders/members that you represent as soon as possible.

The Proposed Transfer

Pursuant to the terms of the Scheme, the insurance business of UKB (other than policies issued by the Club's Hong Kong, Singapore and Japan branches) will be transferred to UKE on 20 February 2013. The Scheme is subject to the approval of the High Court of Justice in England (the 'Court') at a hearing due to be held on 30 October 2012. In addition the Scheme will be conditional upon the Bermuda scheme of arrangement having been sanctioned by the Bermuda court (following the approval of the scheme of arrangement at a scheme meeting) and the order of the Bermuda court having been delivered to the registrar of companies.

Under the terms of the Scheme all existing policies of insurance underwritten by UKB will be transferred to UKE (other than policies issued by the Club's Hong Kong, Singapore and Japan branches). In addition, all rights and liabilities which policyholders and other key stakeholders currently have against UKB will become enforceable against UKE. All new policies coming into effect post noon on 20 February 2013 will be underwritten by UKE. All policyholders will continue to be members of UKB.

Mr Michael Barkham of Ernst & Young LLP has been appointed by the Club to act as an independent expert (the 'Independent Expert') in relation to the Scheme and his appointment has been approved by the Financial Services Authority ('FSA'). Mr Barkham's priority and overriding duty is to the Court. He has produced a Scheme Report which has been presented to the Court. The Scheme Report sets out Mr Barkham's opinion that no policyholder would be adversely affected to a material extent by the Scheme and that there is no reason why the Scheme should not proceed.

The Club has consulted with the FSA regarding the proposed Scheme and, to date, the Club has not received an objection from the FSA. The FSA will continue to consider the proposed Scheme and will take into account any objections received from policyholders and other key stakeholders. Should the FSA develop any concerns regarding the impact of the Scheme on policyholders it will make these known to the Court at the hearing on 30 October 2012.

The Club believes that that Scheme is in the best interests of the Club, and consequently its policyholders and members, as it will reduce the number of separately regulated entities by transferring the underwriting business of UKB to UKE. This will assist the Club to streamline its corporate governance, reduce compliance costs and efficiently manage its solvency capital requirements.

Scheme Documents

A statement containing a summary of the Scheme and the Scheme Report is enclosed with this letter. Copies of this document along with the Scheme and the Scheme Report can also be viewed on the Club's website at <http://www.ukpandi.com/about-the-club/club-restructure/>. If you have any difficulty accessing the documents on our website you may request us to send you copies by e-mailing John McPhail whose email address is john.mcphail@thomasmiller.com or by writing to John McPhail at Thomas Miller, 90 Fenchurch Street, London EC3M 4ST.

Alternatively, you can request these documents free of charge by calling John McPhail on +44 (0) 20 7204 2308 during normal office hours. The documents will also be available for inspection at the offices of Thomas Miller at 90 Fenchurch Street, London EC3M 4ST during normal office hours.

Any person who considers that he/she/it would be adversely affected by the carrying out of the Scheme is entitled to appear at the hearing and make representations in person and/or to instruct a barrister or solicitor advocate to appear at the hearing and make representations on his or her behalf and/or to make written representations without appearing at the hearing. The application will be heard on 30 October 2012 by a Judge of the Chancery Division at The Rolls Buildings, 7 Rolls Buildings, London EC4A 1NL.

There is no need to reply to this letter if you have no objection to the proposed transfer. If you do intend to present any objections to the proposed transfer because you believe you would be adversely affected by the Scheme, or you otherwise object to the Scheme, please write to John McPhail at this address, or by email to john.mcphail@thomasmiller.com, as soon as possible giving your reasons for any objection you may have.

Further information regarding the proposed Scheme and its implications can be found on the Club's website at <http://www.ukpandi.com/about-the-club/club-restructure/>.

Yours faithfully

THOMAS MILLER (BERMUDA) LTD.