

CIRCULAR

OUTLINE

- Standard deductible remains unchanged at US\$12,000 per event for the 2019 policy year.
- Any change in the cost of the International Group reinsurance will be passed on to the mutual Members.
- An explanation of the financial background to the Board's decisions can be found in the "Autumn Statement 2018" which accompanies this Circular.

TO THE MEMBERS

REVIEW OF OPEN POLICY YEARS AND 2019 POLICY YEAR GENERAL INCREASE

At its meeting on 29th October 2018, the Board reviewed the financial position of the Club, the performance of the open and closed years and decided on the required premium levels for 2019.

2016 policy year

There is no supplementary premium estimated for this policy year. The release call is set at 0 per cent.

2017 policy year

There is no supplementary premium estimated for this policy year. The release call is set at 5 per cent.

2018 policy year

There is no supplementary premium estimated for this policy year. The release call is set at 5 per cent of mutual premium plus any outstanding instalments of mutual premium.

2019 policy year

For the 2019 policy year, the Board has elected not to announce a General Increase. The Managers will focus on the risks brought to the Club by each Member, and those with adverse loss records may anticipate adjustments to ratings or terms.

The release call is set at 10 per cent of mutual premium plus any outstanding instalments of mutual premium.

As usual, mutual premium for 2019 will be payable in four instalments.

A detailed explanation of the background to the Board's decisions can be found in the "Autumn Statement 2018" which accompanies this circular. Both documents are also published electronically in the "Club Circulars" section of the website, (www.ukpandi.com).

Release calls

In assessing release calls, the Directors take account of premium risk, catastrophe risk, reserve risk, counterparty default risk, market risk and operational risk.

Deductibles

The standard deductible will remain at US\$12,000 per event, including fees and expenses, for the 2019 policy year (or the dollar equivalent in other currencies).

The Club may also propose higher than standard deductibles as part of the renewal terms for Members with adverse records.

Yours faithfully,

THE MANAGERS

For more information

Members requiring further information should contact their usual underwriting contact at the Club.