

**Circular ref: 2024/COFRS/001**

Circulated to Insureds, Brokers and Directors

Date: 11<sup>th</sup> December 2023

### **Maritime Insurance Solutions Ltd (MISL) – Change to Policy Holder Dividends (PHDs) Redemption Policy**

#### **Introduction:**

MISL values the loyalty and commitment of its policyholders. MISL's Policy Holder Dividend (PHD), is designed to reward and encourage long-term relationships with its clients. This circular outlines the 2024 change in conditions for the accumulation and redemption of PHDs.

#### **Change in Policy - Effective 1<sup>st</sup> February 2024**

**The MISL board of directors has unanimously approved a modification to our PHD redemption policy. Beginning on 1<sup>st</sup> February, 2024, we will no longer strictly align accrued PHDs with the individual vessels earning them. Instead, we will introduce a more flexible approach that allows for the pooling of all PHDs within a fleet's entry.**

**This change will empower the policyholder to apply their PHDs to any premiums paid within the applicable policy year of account.**

#### **Eligibility and Calculation:**

PHDs are awarded to policyholders based on their history of uninterrupted entry with MISL and the premium rate charged for the insured's COFR Guarantee Insurance.

The loyalty discount is awarded subject to MISL underwriters' discretion and can vary depending upon the policy structure and premium rate applied to the account.

Going forward PHDs may be redeemed as follows:

#### **PHD Redemption**

1. Each year at renewal and / or anniversary of your continuous entry with MISL, you will receive a PHD statement of account. This statement will allow you to budget for your PHD credit against your forward-looking annual premium spend.
2. PHDs can be redeemed against COFR guarantee premiums but not against fees/deposits.
3. The PHD earned in the current policy year cannot be redeemed in the same policy year. It can be redeemed against premiums paid in future policy years.
4. PHDs earned by individual vessels can be pooled and used by other vessels in the same fleet.

5. The PHD credit that can be redeemed against a premium paid, is determined by your current loyalty discount rate. For example, if your loyalty rate is 20%, then a maximum of US\$200 could be applied to a US\$1,000 premium receivable. This will facilitate a more even distribution/usage of dividend credits over time.
6. If a policyholder decides not to renew their COFR guarantee insurance with MISL, any remaining PHD credit at expiry will be fully retired.

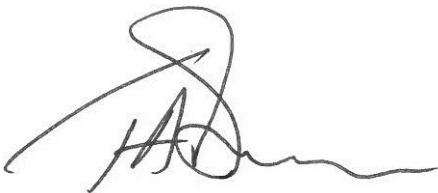
**Conclusion:**

MISL's PHD - is designed to provide long-term policyholders with financial benefits and incentives to remain with MISL. Moreover, the changes to pool the individual vessel PHDs across the fleet entry is designed to allow for better budgeting of the stored premium credit.

MISL hopes that this change in policy reflects its commitment to rewarding loyalty and fostering strong relationships with our valued clients.

This policy is subject to periodic review and amendments by MISL/Shoreline as needed.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'T. Brown', with a large, stylized flourish above the name.

Captain Thomas Brown  
CEO Shoreline Ltd