

## **MISL - Policyholder Dividend (PHD) Policy 2025**

**Effective Date:** Monday 28<sup>th</sup> July 2025

**Issued by:** Shoreline Limited, as Managers for and on behalf of Maritime Insurance Solutions Limited

**Applies to:** All Insureds of MISL and their Entered Vessels

---

### ***Supersession and Effective Application***

*This Policy supersedes all prior Policyholder Dividend (PHD) policies, guidelines, or practices previously issued by or on behalf of MISL. It sets out the sole and exclusive terms governing the calculation, redemption, carryforward, pooling, and retirement of PHDs from the Effective Date forward.*

*Nothing in this Policy shall apply retrospectively or alter the treatment of PHDs earned or administered prior to the Effective Date. PHDs earned in prior periods shall continue to be treated in accordance with the policies and practices in effect at the time they were awarded, unless and until carried forward into the current policy year under this Policy.*

---

### **1. Purpose**

This Policy sets out the terms and conditions under which Policyholder Dividends (“PHDs”) are awarded, calculated, administered, redeemed, and retired by Shoreline Limited as Managers for and on behalf of Maritime Insurance Solutions Limited (MISL).

The PHD program is designed to reward an insureds’ loyalty by granting credits that may be applied against future premium obligations in respect of entered vessels.

### **2. Definitions**

- Policyholder Dividend (PHD): A non-cash credit calculated and awarded to an Insured in respect of one or more Entered Vessels, redeemable solely against future premiums payable to MISL.
- Insured: Any entity that holds an active policy issued by MISL in respect of one or more vessels.
- Entered Vessel: A vessel insured under a valid policy issued by MISL and meeting the eligibility criteria set forth in Section 3.
- Fleet: A group of Entered Vessels under common ownership or management, as recognized by Shoreline Limited for the purposes of PHD pooling and administration.
- PHD Retirement: The process by which unused PHDs are extinguished in accordance with Section 7 of this Policy.

### **3. Eligibility Criteria**

3.1. A vessel qualifies as an Entered Vessel for PHD purposes where:

- a. The vessel is insured from the beginning of a policy year (or from an agreed prorated attachment date), and
- b. The vessel renews its coverage with MISL in the succeeding policy year of account.

3.2. PHDs may be earned on a per-vessel basis but may be pooled and applied across all Entered Vessels within the same Fleet.

### **4. Calculation of PHDs**

4.1. PHDs are calculated and accrued using the following formula, once the premium has been fully paid. No PHD is accrued while the premium remains fully or partially outstanding.

$$PHD = \text{Earned Premium} \times \text{Applicable PHD Percentage}$$

4.2. The PHD Percentage applicable to any Insured or Entered Vessel shall be determined by Shoreline Limited (as Managers) at their sole discretion, taking into account the uninterrupted period of coverage with MISL.

### **5. Redemption**

5.1. PHDs may only be redeemed against future COFR and /or MDCl premium invoices in respect of Entered Vessels that:

- a. Remain within the same Fleet, and
- b. Are continuously insured with MISL.

5.2. PHDs may only be applied toward the premium component of an insurance invoice and may not be applied against:

- Policy fees or administration charges
- Deposit premiums
- Taxes, levies, or regulatory fees
- Third-party or pass-through charges

5.3. For Entered Vessels rated on a voyage basis (e.g. quarterly reporting tankers), PHDs shall be redeemed per reporting period. Where no voyages are declared in a given reporting period, any associated PHD's that become redeemable may be carried forward.

5.4. PHDs may not be redeemed for cash and may not be transferred outside the Fleet or to unrelated third parties.

5.5 The PHDs redeemed and credited against the premium on each occasion are subject to the applicable PHD percentage.

#### **5.6. Accrual and Timing of Redemption**

PHDs earned in respect of the current policy year of account may only be redeemed in a subsequent policy year, subject to the satisfaction of all applicable eligibility criteria under this Policy. Upon renewal of the underlying policy of COFR guarantee insurance, any unused PHDs shall be transferred into the Fleet's PHD pool and may thereafter be accessed and redeemed by the Insured at any time, in accordance with the terms of this Policy.

#### **6. Pooling and Carryover**

6.1. From 1 February 2024, Insureds may pool PHDs earned across all Entered Vessels within their Fleet.

6.2. Provided that at least one Entered Vessel remains actively insured under the Fleet, any unused PHDs shall be carried forward indefinitely.

#### **7. Retirement of PHDs**

7.1. If an Insured fails to renew coverage for any Entered Vessels within its Fleet, and no active policies remain in force, any unused PHDs shall be deemed retired and shall no longer be available for redemption.

7.2. While this Policy contemplates a maximum three (3) year carry-forward period for unused PHDs, Shoreline Limited does not currently impose such a time limit in practice. Accordingly, as of the Effective Date, PHDs shall remain available indefinitely, subject to the condition in Clause 7.1.

7.3. Shoreline Limited (as Managers) reserves the right to activate a defined carry-forward limit in the future. A minimum of thirty (30) days' prior written notice shall be provided to affected Insureds.

#### **8. Administration and Reporting**

8.1. Shoreline Limited shall maintain accurate records of PHDs earned, carried forward, redeemed, and retired for each Insured and Fleet.

8.2. An annual statement of PHD activity shall be issued to each Insured upon renewal or upon request.

8.3. Any dispute concerning the calculation, application, or retirement of PHDs shall be referred to Shoreline Limited's Managing Partner, whose determination shall be final and binding.

#### **9. Amendments**

9.1. This Policy may be amended, suspended, or withdrawn by Shoreline Limited (as Managers for and on behalf of MISL) at any time, with not less than thirty (30) days' written notice to affected Insureds.

9.2. No amendment shall affect PHDs already earned and declared, provided that the Insured remains eligible under the terms of this Policy.

**10. Governing Law**

This Policy shall be governed by and construed in accordance with the laws of Bermuda, unless otherwise agreed in writing.

**Issued by:**

**Shoreline Limited**

*as Managers for and on behalf of*

**Maritime Insurance Solutions Limited (MISL)**

**Signed:**



Captain Thomas Brown

Managing Partner – Shoreline Limited

**Date:** Monday 28<sup>th</sup> July 2025