

URGENT URGENT URGENT

DCS: 10/01/2022

Assured
Broker
Leader

: MARCO POLO SHIPYARD (SRL)
: KIB Insurance Brokers
: MS FCIL (100% Shares)

CEC
Renewal for your
consideration

POI:
15 Jan

Sir,

- We are currently on our 8th Year of participation. The account is now coming up for renewal of a fresh 3-year policy w.e.f. 15.01.2022

UWR Year	Shares (SRL)	UWR Details	NET L/R	ACC. NET L/R
2014 - 2016 (3-Year Deal)	100% (NIL RI)	1st Year of Participation 12 months from 15.01.2014 FIRST YEAR OF 3 YEAR DEAL		
		LOL – SGD 2,000,000 MDP – SGD 28,500 Adjustment Rate 0.29% Deductible SGD 20,000	98.77%	
		Actual Annual Gross Receipts: SGD 12,546,752		
		2nd Year of Participation 12 months from 15.01.2015 SECOND YEAR OF 3 YEAR DEAL	CLEAN	
		Rolled-Over to 2 nd Year of 3-Year deal		
		Actual Annual Gross Receipts: SGD 12,765,213		134.9%
2017- 2018 (2-Year Deal)	60% Lead Share (NIL RI) QBE with 40% coinsurance	3rd Year of Participation 12 months from 15.01.2016 THIRD YEAR OF 3 YEAR DEAL	CLEAN	8-Year Record
		Rolled-Over to 3 rd Year of 3-Year deal		
		Actual Annual Gross Receipts: 12,374,782		However, if taking 2019 based on legal fees only, it would be 35.7% only
		4th Year of Participation 12 months from 15.01.2017 FIRST YEAR OF 2 YEAR DEAL		
		Renewal concluded matching QBE's renewal quote – being firm order given by client		
		LOL – SGD 2,000,000 MDP – SGD 20,000 Adjustment Rate 0.1875% Deductible SGD 15,000	CLEAN	
		Actual Annual Gross Receipts: SGD 4,192,577		
		NEW – 10% Upfront No Claim Bonus payable at each anniversary date		
		NEW – 10% Upfront Continuity Discount Clause subject to renewal with the same expiring brokers KIB Insurance Brokers (s) Pte Ltd and Underwriters		
		5th Year of Participation 12 months from 15.01.2018 SECOND YEAR OF 2 YEAR DEAL		
		Rolled-Over to 2 nd Year of 2-Year deal	CLEAN	
		Actual Annual Gross Receipts: SGD 8,049,946		

UWR Year	Shares (SRL)	UWR Details	NET L/R	Acc. NET L/R
2019 - 2022 (3-Year Deal)	100% Lead Share (NIL RI)	6th Year of Participation 12 months from 15.01.2019 FIRST YEAR OF 3 YEAR DEAL LOL – SGD 2,000,000 MDP – SGD 20,000 Adjustment Rate 0.1875% Deductible SGD 15,000 Actual Annual Gross Receipts: SGD 16,006,072	836% However, if claims only consisted of legal fees, then 133.4%	134.9% 8-Year Record
		7th Year of Participation 12 months from 15.01.2020 Second YEAR OF 3 YEAR DEAL Rolled-Over to 2 nd Year of 3-Year deal Actual Annual Gross Receipts: SGD 16,303,314	CLEAN	
		8th Year of Participation 12 months from 15.01.2021 Third YEAR OF 3 YEAR DEAL Rolled-Over to 3 rd Year of 3-Year deal Actual Annual Gross Receipts: TBA	CLEAN	However, if taking 2019 based on legal fees only, it would be 35.7% only
2022/23 To 2024/25		Upcoming Renewal 9th – 11th Years of Participation 3-Year Deal from 15.01.2022 to 14.01.2025		

Claims Record

Broker pleased to advise clean claims for expiring policy year 2021/22.

However, there are updates for the following claims:

- "LG Asphalt" Alleged damage to pressure sensor branch pipe on No. 2 cargo pump discharge line (22.09.2014) Amt: SGD 23,000 (Legal Fees only – MSFC/ Assured challenged the claim. No response/ follow up from either party since. Claims has thus been time Barred since September 2020 and thus considered as Claims being withdrawn)
- "Nautical Aleesya" Damage to No. 01 Bow Thruster due to wrong installation by In-house contractor PT Leonard Mandiri (01.03.2019) Amt: SGD 6,840 (Legal Fees) + SGD 85,000 (O/S)
MSFC current stance is that PT Leonard mandiri was not a named contractor
- "Wakashio Maru" Fire on board (02.04.2019) Amt: SGD 18,780 (Legal Fees) + SGD 50,000 (O/S)
MSFC current stance is that there is no evidence it is due to yard liability

Broker has advised that yard accepts MSFC's argument on the 2019 claims and will withdraw the claim. However, this was verbally advised to broker and the "Black and White" confirmation to close files has not been officially given yet

Net L/R for 2019 is 836% (However, if only taking legal fees, it is 133.4%)

8-Year Cumulative Net L/R is 134.9% (However, if only taking 2019 claims being the amount of legal fees, then it is 35.7%)

U/W Info

For this renewal, brokers are proposing as follows:

1. 3 years period from 15.01.2022 to 14.01.2024
2. Break and review clause (L/R 85%) (as per expiry)
3. Minimum deposit premium – S\$20,000 (as per expiry)
4. Adjustable premium rate – 0.1875% (as per expiry)
5. Deductible – S\$15,000 (as per expiry)
6. Upfront No Claim Bonus maintained at 10% (as per expiry)
7. Upfront Continuity Discount (linked to Continuity only) to be increased from 10% to 15%
8. Brokerage : 20% (as per expiry)

Broker (KIB, Singapore) called and informed that their market intel has informed them that Ed Broking (Mdm Christina Ong's Team) is the competing broker and has already obtained alternative quotes from a number of markets. Hence, they requested our most competitive quote for upcoming renewal and they will push yard to officially close the files on the 2019 claims.

CEO, In view of the above, can we propose the following for this renewal (Marco Polo SRL):

1. Agree to renew for a further 3-year period from 15.01.2022 to 14.01.2024
 2. subject to Break & Review clause as per expiry (L/R trigger set at 70% instead of 85%)
 3. All Terms and Conditions including Deductibles as follows:
 - a. MDP of SGD 20,000 As-Expiring
 - b. Adj. Rate of 0.1875% As-Expiring
 - c. Deductible of SGD 15,000 As-Expiring
 - d. To reduce 10% Upfront NCB to 5% Upfront NCB. maintain 10%. NCB.
 - e. 10% Upfront Continuity Discount (linked-to-Continuity only) As-Expiring
 4. Brokerage maintained at 20% As-Expiring
➤ FYI, nil Fac arrangement
 5. To renew our existing shares of 100% MS FCIL
 6. Subject to no deterioration of loss records as at renewal date
 7. Broker would like to confirm that the 2019 Upfront No Claims Bonus will not be clawed back in the event that Assured confirms that they will close file. (We note that even just based on legal fees spent, the loss ratio for 2019 is that of 133.4%). Can we confirm that we will not claw back the 2019 Upfront No Claim Bonus should assured confirm closure of file without claiming?
- The expiry rate and deductibles are extremely low, unless the insured withdraws the 2019 claim, then it has room to move to new terms for renewal.
For the 2019 claim is not withdrawn we need to withdraw the MDP to SGD 50,000 adjustment at 0.375%.
Annual T. claim 25000
- 15%
10% NCB
No upfront Continuity discount
Brokerage 15%

Financial Note: All Premiums paid