

Assured : Mediterranean Shipping Company (MSC)
 Broker : Cambiasso Risso Asia
 Claims Leader : SIAT / Generali

Sir,

- We are currently on our 11th UWR year of participation (15.5 years of participation) on this account on the HNM which due for renewal on 11.11.2023. Underwriting details as follows:-

To CEO,
 Renewal suggestions for
 your considerations
 Willy

30/10

UWR Year	POI	Shares	UWR Details	NET L/R	Acc. NET L/R
2008/09 (12 mths)	12 months from 11.05.2008	FCIL: 10% <i>(RI 20% of 10% to SingRe)</i> Brokerage: 20.5%	<ul style="list-style-type: none"> • <i>FCIL writing at own merits and rates</i> • Offered premium is 10% higher than expiring • PA Deductible increased from USD 500k to USD 1mil across the fleet, except for vessels "Melody" and "Rhapsody" at USD 300k each vessel • Collision Liability Deductible at USD 200k 	74.32%	
2009/10 (18 mths)	18 months from 11.05.2009	FCIL: 10% <i>(RI 20% of our share to SingRe)</i> Falcon: 3.5% Brokerage: 22.5%	<ul style="list-style-type: none"> • <i>FCIL writing at own merits and rates</i> • Renewed As-Expiring basis • PA Deductible of vessel "Melody" increased from USD 300k to USD 500k; "Rhapsody" sold • Collision Liability Deductible maintained at USD 200k • New buildings rate at 0.105% • Brokerages increased from 20.5% to 22.5% 	128.95%	
2010/11 (12 mths)	12 months from 11.11.2010	FCIL: 4.25% <i>(RI 20% of our share to SingRe)</i> Falcon: 1.75% Brokerage: 22.5%	<ul style="list-style-type: none"> • <i>FCIL writing at own merits and rates</i> • Renewed at about -10.7% reduction in rates on overall basis • Introduced Aggregate Deductible of USD 5mil across the whole fleet incl. TL/CTL • All other terms and conditions, Deductible levels and Brokerages maintained as expiry 	Clean	127.27%
2011/13 (18 mths)	18 months from 11.11.2011	FCIL : 6.25% <i>(RI 25% of our share to SingRe)</i> Falcon : 2.258% Brokerage: 22.5%	<ul style="list-style-type: none"> • <i>FCIL writing at own merits and rates</i> • Renewed at -10% reduction in overall premium • Aggregate Deductible for the fleet reduced from USD 5mil to USD 4.5mil (for period) • All other terms and conditions, Deductible levels and Brokerages maintained as expiry 	56.88%	
2013/14 (18 mths)	18 months from 11.05.2013	FCIL : 11.5% <i>(RI 20% of our share to SingRe)</i> Falcon : 3.5% Brokerage: 22.5%	<ul style="list-style-type: none"> • <i>FCIL writing at own merits and rates</i> • Renewed at about -11.5% reduction in rates on overall basis • Aggregate Deductible for the fleet maintained at USD 4.5mil. If 6 months extension, AAD to increase by USD 1.5mil • All other terms and conditions, Deductible levels and Brokerages maintained as expiry 	108.62%	
2014/16 (18 mths)	18 months from 11.11.2014	FCIL : 11.5% <i>(RI 20% of our share to SingRe)</i> Falcon : 3.5% Brokerage: 22.5%	<ul style="list-style-type: none"> • <i>FCIL writing at own merits and rates</i> • Renewed As-Expiring basis • Introduction of MSC bespoke clause – good performance clause • Aggregate Deductible maintained at USD 4.5mil (for period) 	95.86%	

UWR Year	POI	Shares	UWR Details	NET L/R	Acc. NET L/R
2016/17 (18 mths)	18 months from 11.05.2016	FCIL : 11.5% <i>(RI 20% of our share to SingRe)</i> Falcon : 3.5% Brokerage: 22.5%	<ul style="list-style-type: none"> • <i>FCIL writing at own merits and rates</i> • Renewed As-Expiring basis • Renewal Value Adjustment at TLO Rates @ 0.07% • Aggregate Deductible maintained at USD 4.5mil (for period) • Good performance clause maintained in the slip 	246.00%	
2017/19 (18 mths)	18 months from 11.11.2017	MSFCIL : 10% <i>(RI 20% of our share to FHK & SingRe respectively)</i> Brokerage: 22.5%	<ul style="list-style-type: none"> • <i>MSFCIL writing at own merits and rates</i> • Renewed As-Expiring basis on Terms and Conditions, Rates and Deductible levels & Brokerages • Aggregate Deductible maintained at USD 4.5mil (for period) • Good performance clause maintained in the slip 	1.43%	
2019/20 (18 mths)	18 months from 11.05.2019	MSFCIL : 10% <i>(RI 20% of our share to FHK & SingRe respectively)</i> Brokerage: 22.5%	<ul style="list-style-type: none"> • <i>MSFCIL writing at own merits and rates</i> • Renewed As-Expiring basis on Terms and Conditions, Rates and Deductible levels & Brokerages • Aggregate Deductible maintained at USD 4.5mil (for period) • Good performance clause maintained in the slip 	57.74%	
2020/22 (18 mths)	18 months from 11.11.2020	MSFCIL : 10% <i>(RI 20% of our share to FHK & SingRe respectively)</i> Brokerage: 22.5%	<ul style="list-style-type: none"> • <i>MSFCIL writing at own merits and rates</i> • Renewed As-Expiring basis on Terms and Conditions, Rates and Deductible levels & Brokerages • Introduced a one-off 10% Covid-19 Return Premium (<i>on gross premium of expiring 2019/20 UWR year</i>) • Aggregate Deductible maintained at USD 4.5mil (for period) • Good performance clause maintained in the slip 	127.27%	
2022/23 (18 mths)	18 months from 11.05.2022	MSFCIL : 10% <i>(RI 20% of our share to FHK & SingRe respectively)</i> Brokerage: 21.5%	<ul style="list-style-type: none"> • <i>MSFCIL writing at own merits and rates</i> <p>Supported Firm Order (as awarded to us) following same renewal stance as that of Claims Leader – SIAT / Generali and as agreed by the owners</p> <ul style="list-style-type: none"> • Renewal adjustment with TLO Rate @ 0.05% • Thereafter, Renewal Rates maintained As-expiring basis • New structure for Good Performance Clause • All other terms and conditions, including Deductibles & Aggregate Deductible of USD 4.5mil (for period) maintained As-Expiring <p>However, we reduced our Brokerage levels from 22.5% to 21.5%.</p>	160.63%	198.17%
2023/24 UWR year Upcoming Renewal – 18 months from 11.11.2023					

Claims Performance

Regret to advise that the expiring 2022/23 UWR year is adverse with Net L/R at 198.17%
(ie: after application of the Aggregate Deductible of USD 4.5mil for period)

Top 3x claims incurred under 2022/23 UWR Year:-

- MSC Rita** : Explosion fire @ USD 37,000,000
- MSC Elaine** : Grounding @ USD 5,000,000
- MSC Rachele** : Main engine damage & Towage @ USD 4,000,000

Additionally, there are deterioration on the expiring UWR years, with details as under:-

(Figures All-in USD)

UWR Year	Total Incurred Claims (at 2022/23 Renewal Review)	Total Incurred Claims (at 2023/24 Renewal Review)	Deteriorated by
2011/13	9,813,861	10,130,574	316,713
2013/14	12,970,206	18,970,207	6,000,000
2014/16	16,051,911	15,631,268	- 420,643
2016/17	45,658,945	44,560,307	- 1,098,638
2017/19	0	203,199	203,199
2019/20	8,196,035	8,559,842	363,807
2020/22	19,549,000	41,102,297	21,533,297
Total	112,239,958	139,157,694	26,917,736

On accumulated basis over our past 11 UWR years of participation back in 2008/09, the Accumulated Net L/R stands at 127.27%

UWR Details

Over the expiring policy period, the fleet has grown from 501 containers to 643 containers (ie: additions of 142 vessels), of which resulted a total additional premium at about USD 7 mil over the past 18 months period.

For the upcoming renewal, we have been advised that all markets have agreed to the following:-

- (a) An as-expiring renewal after value adjustments
- (b) Aggregate Deductible increased from USD 4.5 mil (for 18 months period) to USD 7.5 mil (for 18 months period)
(ie: applicable to all claims including TL & CTL)
- (c) PA Deductibles all maintained As-expiring
- (d) All other terms and conditions maintained As-expiring

We have also been advised that there are new markets coming into this renewal at premiums lower than ours. Understand that there are about 130% capacity available now (excluding us)

Henceforth, broker would like us to renew based on point (a) to (d) as above with a view of maintaining our 10% shares.

(ie: there are suggestions that our shares could be signed down, but we will try our very best to maintain our shares)

For the upcoming renewal, though it is senseless for us to renew on as-expiring basis but given the current market conditions, trust we can:-

- (1) Agree to renew on accommodation based on point (a) to (d) as mentioned above on our expiring shares of 10%
⇒ Continue to cede 20% of our shares each to SingRe & Falcon as per expiring arrangement
- (a) Subject to no deterioration of claims record as at cover bound
- (b) SIAT / Generali maintained as Claims leader with their final shares to be advised
- (c) All contract changes for our shares to be agreed by us
- (d) Warranted all outstanding premiums to be paid / settled to us no later than 14 days from renewal inception else no covers given (*last instalment is outstanding*)

Top Value - MSC DITTE / MSC ERICA @ USD 140,000,000 each

Note: The as-if TWM Premium for this fleet after adjustments, at TLO Rate of 0.050% is about USD 34,721,858

- Average Rate @ 0.10378864%
- Premiums on our expiring shares of 10%, based on the as-if TWM Premium is about USD 3,492,185