

## What is Policyholder Dividend program?

The Policyholder Dividend Program is designed to recognize the loyalty of our insureds (“members”) and the program was first introduced during the 20<sup>th</sup> anniversary of Shoreline Mutual (Bermuda) Ltd (“Shoreline”) and Arvak Ltd (“Arvak”). Their successor Maritime Insurance Solutions Ltd (“MISL”) fully recognizes the original dates of entry in Shoreline or Arvak for the purpose of determining Dividend entitlements.

## When did the program come into effect?

The program came into effect during the year 2014. For the tanker vessels that declare quarterly voyages the program came to effect on January 1 and for all other vessels the respective renewal dates became dates of program commencement.

## What is the criteria to qualify for this program?

To qualify a vessel needs to be insured from the beginning of the policy year (or from prorated attachment) immediately preceding the policy year in which the Dividend is being granted. Furthermore, to qualify the vessel must be insured at the end of the policy year immediately succeeding the policy year for which the Dividend has been determined.

## How does this program work?

Based on original date of entry (Note: MISL fully recognizes the original dates of entry in Shoreline or Arvak) the Dividend entitlement of a fleet or an individual vessel is determined. Dividend is then calculated and credited against the premium due for the policy year immediately succeeding the policy year for which the Dividend is due.

## How are dividend credits calculated and awarded?

Dividend credits are calculated by multiplying the paid premium for the period for which the dividend is determined by the percentage entitlement. Percentage entitlement is determined based on the original entry date of fleet or vessel.

In the case of quarterly tanker reporting, tanker dividend is calculated on paid premium relating to preceding year’s quarter. If there are no voyages reported in the current quarter, the dividend credit is carried forward to a subsequent quarter when a voyage is performed.

In respect of all other vessels it is calculated on the paid premium relating to preceding policy year and awarded in the current policy year once the fleet or vessel is renewed.

Are fees included in calculating dividends?

No. Dividend credits are calculated only on paid premium.

Can accrued dividends be used to pay fees or deposits?

No. Dividend credits are only available to offset against premium due.

What will happen to any unused dividends?

Any unused Dividends are carried forward provided the policy is renewed for a maximum period of three years.