

TO ALL MEMBERS OF THE STRIKE AND DELAY CLASS

17 November 2020

Dear Sirs

Financial Position and Renewal 2020/21

The class committee met on 6 November to review the financial position of the class, open policy years and the requirements for the 2021 renewal.

FINANCIAL POSITION AND OPEN POLICY YEARS

Premium income for the 2020/21 year remains in line with projections, whilst claims are slightly higher than expected. This is primarily due to the unprecedented disruption resulting from Covid-19 pandemic and public health measures to control it. A deficit is now forecast of \$2.3m.

The class finances remain strong and the defensively positioned investment portfolio is currently making a positive contribution. No call in addition to Estimated Total Premium (ETP) is expected.

The 2019/20 policy year is maturing in line with expectations and no additional call is expected.

Release call percentages are maintained at 20% of and in addition to ETP.

RENEWAL 20 FEBRUARY 2021

The risk environment for 2021/22 was considered by the committee. Two key themes will influence the perils insured by the class. Firstly, Covid-19 has significantly affected the global economy, presenting major challenges for all countries to confront in the years ahead, not least widespread unemployment and potential unrest. Secondly, climate change will continue to drive an increase in the frequency and severity of extreme weather events.

The club is focused on how to most effectively support its members in these extraordinary times, by delivering a combination of broad cover at the lowest sustainable cost, supportive and efficient claims service and robust finances in its own right and as an integrated part of Standard Club.

The committee set a general increase of 7.5% to be applied to member's premium at 20 February 2021.

Terms for members that renewed at 20 February 2020 included cover for disruption directly resulting from Covid-19, offering protection at a time when this was needed most. Reinsurance markets have

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since excluded cover for pandemics and communicable diseases and the class will also exclude this in its rules from 20 February 2021. However, if individual members wish to request limited coverage for this risk at additional premium, the club will explore this with them or their broker.

Renewal approach

To ensure fairness amongst members, the club will continue to conduct detailed analysis of individual members' rating adequacy, terms and deductibles against their historical and forecast claims exposures. Members whose current rating levels are insufficient will need to increase their premium contributions to the class in excess of the general increase.

Yours faithfully

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Standard Club

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