



MUNICIPAL MUTUAL

(subject to a Scheme of Arrangement under section 425 of the Companies Act 1985 which was triggered on 13 November 2012, with Gareth Hughes appointed as Scheme Administrator)

1 January 2014

Dear Scheme Creditor

Levy Notice pursuant to the Scheme of Arrangement (the "Scheme") between Municipal Mutual Insurance Limited (the "Company") and its Scheme Creditors (the "Creditors")

Further to my letter dated 30 October 2013 in which I indicated that the Levy Notice would be issued on 1 January 2014, please now find enclosed a notice setting out details of the Levy (the "Notice"). The Notice is issued as of and with effect from 1 January 2014 (the "Levy Notice Date"). Terms defined in the Scheme have the same meaning in this letter unless otherwise defined.

As I have previously indicated, a review of the assets and liabilities was undertaken in accordance with the requirements of the Scheme and I concluded, based on that review, that the Levy should be set at 15%. This shall not apply, however, to the first £50,000 of aggregate payments made to you or on your behalf by the Company or any such payment that has been agreed by the Financial Services Compensation Scheme as being a Protected Liability.

The Company is in the process of calculating the amount payable by you in respect of the Levy based on the financial information available as at 31 December 2013. A statement will be sent to you separately detailing the amounts that have been paid to you by the Company since the Record Date and the corresponding amount payable by you in respect of the Levy (the "Statement"). It is intended to send the Statement to you by no later than 15 January 2014.

The Notice and the Statement shall together constitute the Levy Notice for the purposes of the Scheme, and shall both be taken to be issued as of and with effect from the Levy Notice Date.

Payment of the Levy is required by no later than 14 February 2014. Please ensure that you quote your above Scheme Creditor number when making payment by either payment option.

If you have any questions regarding the arrangements detailed in this letter or the attached Notice, please do not hesitate to contact me.

Yours faithfully,

Gareth Hughes
Scheme Administrator

Municipal Mutual Insurance Limited 29 Buckingham Gate Westminster London SW1E 6NF
Tel No: 020 7821 6444 Fax No: 020 7821 1556 www.mminsurance.co.uk

Registered Office: 29 Buckingham Gate Westminster London SW1E 6NF Registered No: 76678 England