



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)

16 March 2016

Dear Scheme Creditor

Municipal Mutual Insurance Scheme of Arrangement

Further to my letter of 26 January I now write to inform you that the Scheme Administrator met with the Scheme Creditors' Committee yesterday to present his proposals for the Levy and associated Payment Percentage.

Arising from his review of the financial position of MMI and the continuing high level of new mesothelioma and child abuse claims being reported to the company, the Committee unanimously supported his recommendation that the Levy be increased to 25%. Allowing for the initial Levy of 15%, the balance of 10% will comprise the Second Levy to be applied to the claims financial position for each qualifying Scheme Creditor at 31 March 2016.

The change in the rate of Levy will mean that the Payment Percentage will reduce to 75% and this will apply to qualifying claims payments on or after 1 April 2016.

The next stage will be the issue of a formal Levy Notice on 1 April 2016 with the request for payment of the Levy and associated statement of claims information following no later than 15 April 2016.

We have prepared a Questions and Answers to assist understanding of this further Levy and a copy is attached for your reference. If you require any further information at this time please contact the company at: soa@mminsurace.co.uk.

In reaching their decision the members of the Creditors' Committee acknowledged that the Scheme of Arrangement remains in the best interests of Scheme Creditors as it enables the company to continue to pay claims at the new Payment Percentage of 75% and also to provide a full and free claims handling service to all Creditors.

Yours sincerely

Ian Willett

Director

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