



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)

2 November 2015

Dear Scheme Creditor

Municipal Mutual Insurance Scheme of Arrangement

I enclose your Scheme Statement of Claim Payments and Outstanding Estimates for the period to 30 September 2015

In addition, a copy of the company's Annual Report and Accounts for the year ended 30 June 2015 is attached for your reference. Your attention is drawn to the level of deficit in the balance sheet and the corresponding comments of the Scheme Administrator in his Statement relating to the implications for the Scheme of Arrangement.

The Scheme Administrator has discussed the issue of MMI's finances and the potential for a second levy with the Scheme Creditors' Committee. The substantial deficit at 30 June results from the need to strengthen the provisions for future claims, particularly in relation to mesothelioma and child abuse. The inevitable consequence is that there will be another levy but the percentage will be determined once we have our results for the current financial year to 31 December. Any levy amount will follow the actual position at 31 March 2016, with collection from qualifying Scheme Creditors during April. To enable Scheme Creditors to budget for the expected levy we will be providing a range of possible outcomes and that will be communicated to Scheme Creditors in due course.

Yours sincerely

Ian Willett
Director

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