

## OIL TRADER FACILITY

### FACT SHEET

Utilising our considerable experience in the oil and oil trading sector, United Insurance Brokers have structured an extensive wording specifically for companies involved in this arena.

The great significance of this facility is that it is purposely designed to react to barrel price change. The unique premium structure allows the insured to hedge the barrel price whilst still being able to make a fixed cost entry on their balance sheet.

#### COVERAGE

Coverage for each risk, whether direct or on a reinsurance basis, is negotiated individually for each Insured and can range from basic Institute Bulk Oil Clauses to All Risks including Guaranteed Outturn and Contamination, wordings having been built over many years handling large state owned oil companies and trading houses.

At the outset of the contract, information will be provided to Insurers detailing barrel price, estimated volumes and anticipated turnover. These elements will form the basis of the premium adjustment feature.

If during the period of insurance the barrel price increases to realise a turnover of greater than 125% of the initial value, the Insured's premium will be capped at 125% of the premium that was expected from the original estimates irrespective of how much the barrel price has increased.

The facility offers additional price benefit in relation to volumes shipped. If the actual number of barrels shipped exceeds 150% of the number originally estimated, the premium required by underwriters will be capped at 75% of the amount of premium which would normally have been realised.

To demonstrate more clearly how the premium adjustment facility operates, please refer to the examples on page two of this fact sheet. The rating used in these examples merely illustrates the premium adjustment process and demonstrates the benefit of the facility to the insured. Each risk will be assessed on its own merits and an appropriate rating level established.



#### STRUCTURE

We specialise in designing policies that have the flexibility to address any aspect of an Insured's risk profile. We arrange coverage which is pertinent to the Insured's unique exposures and operating practices. These policies will contain common terms and conditions for transit and stock exposures in order to avert any potential division of loss situations.

#### UNDERWRITER SECURITY

The United Insurance Brokers Oil Trader Facility is offered by insurers who, like United Insurance Brokers, have extensive knowledge in this class of business. The participating Insurers are rated at least A- by Standard & Poor's

#### OTHER UIB CARGO PRODUCTS

We also have facilities for:

- Stock throughputs
- Rust on steel
- War on land in Iraq, Afghanistan and Libya
- Hi tech goods including mobile phones
- Deductible buy back
- Delay in Start Up projects
- Perishable goods including inherent vice

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EXAMPLES

At Inception	Barrels Estimated	Barrel Price at Inception	Values Estimated	Adjustable Rate	Anticipated Premium
	1,000,000	100	100,000,000	0.05%	50,000

On Adjustment	Barrels Shipped	Barrel Price at Expiry	Values Shipped	Values Declared	Adjustable Rate	Anticipated Premium		
				Based on Barrel Price Cap		Based on Price Cap	Based on Volume Feature	Based on Min.Premium
Example 1 Reduced Barrel Price	100,000	50	5,000,000	7,500,000	0.05%	3,750	3,750	25,000
	1,000,000	50	50,000,000	75,000,000	0.05%	37,500	37,500	37,500
	10,000,000	50	500,000,000	750,000,000	0.05%	375,000	281,250	281,250

Example 2 Static Barrel Price	100,000	100	10,000,000	10,000,000	0.05%	5,000	5,000	25,000
	1,000,000	100	100,000,000	100,000,000	0.05%	50,000	50,000	50,000
	10,000,000	100	1,000,000,000	1,000,000,000	0.05%	500,000	375,000	375,000

Example 3 Rising Barrel Price	100,000	150	15,000,000	12,500,000	0.05%	6,250	6,250	25,000
	1,000,000	150	150,000,000	125,000,000	0.05%	62,500	62,500	62,500
	10,000,000	150	1,500,000,000	1,250,000,000	0.05%	625,000	468,750	468,750

Adjustment Features	
Barrel Price	75% minimum, 125% maximum, compared with value at inception
Volume	25% discount on barrel price adjusted premium if volumes greater than 150% of estimate
Minimum Premium	50% of Anticipated Premium at Inception



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UIB is an accredited Lloyd's broker. Authorised & Regulated by the Financial Services Authority