

2016/2017 Membership Credit

Executive Plan Summary



FM Global's 2016/2017 membership credit is a credit against renewal or anniversary premium of approximately US\$465 million to all eligible policyholders renewing between June 30, 2016, and June 29, 2017.

Eligibility

All Factory Mutual Insurance Company, FM Insurance Company Limited and FM Global de México (FM Global lines only, for all three entities) policyholders that renew their policies during the membership credit period of June 30, 2016, through June 29, 2017, or that have a policy anniversary during this period, will be eligible to receive a membership credit against premium at the time their policies renew. These policyholders are "eligible FM Global policyholders."

Credit Application

The membership credit will be applied during the period of June 30, 2016, through June 29, 2017, in the form of a premium offset at the time of policy renewal or annual anniversary.

Credit Calculation

The base membership credit rate is 5 percent of eligible in-force premium 90 days prior to renewal or anniversary date. Long-term policyholders will receive an enhanced membership credit rate, as shown below:

Credit Tier	Policyholder Tenure Criteria
5%	Base rate, fewer than 5 years
10%	5 consecutive years, but fewer than 20 years
15%	20 consecutive years or more

The membership credit will be applied to premium as of the date of policy renewal or anniversary from June 30, 2016, through June 29, 2017. The membership credit will be calculated based on in-force premium in effect 90 days prior to the renewal or anniversary date of the prior policy.

Generally, premium from all FM Global lines will be included in the calculation, including any related international premium. Billed engineering fees are added to the premium calculation prior to applying credit. The program does not include policies issued by, or on behalf of, Affiliated FM or Mutual Boiler Re, or policies for cargo coverage. In addition, premium not ceded to FM Global, such as premium retained by WorldReach® partners, cessions to program partners and/or captives, brokerage commissions, and fronted terrorism premium is excluded from the calculation.

Sample Calculation

A sample membership credit calculation for a policyholder insured for 20 consecutive years or more is as follows:

Account inception with continuous coverage	1980
Applicable credit rate	15%
Premium on FM Global policies	US\$1,803,677
Less: Premium ceded to captives	(430,185)
Fronted premium	(123,000)
Plus: Billed engineering fees	475,214
Eligible premium	US\$1,725,706
Membership credit rate	x15%
Membership credit	US\$258,856

Credit Administration

Administration of the membership credit is entirely within the discretion of FM Global.

The Executive Plan Summary is intended to provide only general information. For details on the membership credit application to a specific policy, please contact your account manager.