

## TO ALL MEMBERS

24 October 2017

Dear Sirs

### FINANCIAL POSITION AND RENEWAL 2018

The board reviewed the club's financial position and requirements for the 2018 renewal at its meeting in Hong Kong on 20 October 2017. Projections for the club's financial results remain good and an increase in the reserves of the club is expected at the end of the financial year in February 2018. The club's underwriting result and the return on the club's investments are both expected to exceed initial expectations. Consequently the board has decided to make a return of mutual call in respect of the 2017/18 policy year. This is in the same manner as the return made last year on the 2016/17 policy year and reflects the strong financial position of the club. The board are clear, however, that a return of call addresses the expectation of a surplus at the end of the current financial year and such a return should not necessarily be expected every year.

### OPEN POLICY YEARS

#### P&I class:

All open years are performing satisfactorily. No calls in addition to the Estimated Total Premium (ETP) are expected and the board has determined to return to members 5% of mutual call for the 2017/18 policy year. Credit notes for this return will be issued in late February 2018 to allow members to offset the return against premiums payable during the course of the 2018 policy year.

Release call percentages were reviewed at the May board meeting and are now nil for the policy years 2015/16 and 2016/17 and 6% for the current policy year. The 2015/16 policy year is expected to be closed in May 2018. The above release call percentages remain amongst the lowest in the International Group, reflecting the club's strong financial profile.

#### Defence class:

This class is performing satisfactorily. No call in addition to the ETP is expected. The board determined that the release call margins should remain at the same level as the P&I class: nil for prior policy years and 6% for the current policy year; the 2015/16 policy year is expected to be closed in May 2018.

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The Standard Club Europe Ltd

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**RENEWAL 20 FEBRUARY 2018****P&I and Defence class**

The board determined that no general increase should be applied this year either to the P&I class or the Defence class. The board have asked the managers to increase deductibles for the P&I class by 10% with deductibles below \$20,000 increased by \$2,000. As in previous years, the board has asked the managers to agree appropriate renewal terms with members whose claims and risk profile are out of line with their premiums. The release call for the 2018/19 policy year for both classes is set at 6%, which is the same as the current policy year.

Any adjustment in the International Group's reinsurance costs will be reflected in members' premium.

The ETP will be debited in the same manner as the 2017/18 policy year. Mutual P&I class ETP being payable 60% within the 2018/19 policy year and 40% deferred to November 2019. For Defence, 100% of the mutual ETP will be payable within the 2018/19 policy year.

As in previous years, a further update will be issued in due course in relation to other renewal matters.

Yours faithfully



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