

TO ALL MEMBERS

22 October 2013

Dear Sirs

FINANCIAL POSITION OPEN POLICY YEARS RENEWAL 2014

The board reviewed the club's financial position, the open policy years and the requirements for the 2014 renewal at its meeting on 18 October 2013.

FINANCIAL POSITION

The club remains in good financial health. A minor reduction in free reserves is currently forecast for the year-end as a result of a small underwriting deficit. Unlike recent years, the club does not expect a substantial subsidy from investment returns, which have been flat this year.

OPEN POLICY YEARS

P&I CLASS

2011/12: Claims in this year have improved slightly. No call in addition to the Estimated Total Premium is expected, and the board determined that the release call margin should remain at 3.5%. The year is expected to be closed in May 2014.

2012/13: Claims in this year are slightly better than previously forecast, but an underwriting deficit is still expected. Pool claims in the International Group were particularly heavy in this year. No call in addition to the Estimated Total Premium is expected, and the board determined that the release call margin should remain at 4.5%.

2013/14: Although it is too early to be certain about the outcome of this policy year, claims are developing broadly in line with those in the previous policy year, and an underwriting deficit is forecast. However, no call in addition to the Estimated Total Premium is expected, and the board determined that the release call margin should remain at 14%.

The Standard Club Europe Ltd

www.standard-club.com

Registered in England No. 17864. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority

Managers' London Agents: **Charles Taylor & Co. Limited**. Registered in England No. 2561548
Charles Taylor & Co. Limited is an appointed representative of Charles Taylor Services Limited,
which is authorised and regulated by the Financial Conduct Authority

Registered Address: Standard House, 12-13 Essex Street, London WC2R 3AA, UK
Telephone: +44 20 3320 8888 Email: pandi.london@ctplc.com

DEFENCE CLASS

The club has seen some improvements in claims in recent years but claims remain generally high. However, no call in addition to the Estimated Total Premium is expected.

The board determined that the release call margins should remain at 3.5% for 2011/12, 4.5% for 2012/13 and 14% for the 2013/14 policy year.

RENEWAL 20 FEBRUARY 2014

P&I CLASS

The board has sought to limit increases in P&I insurance costs in recent years, recognising the very difficult trading conditions facing many members. This year the board has decided that, to maintain the financial health of the club, the budget for next year should be set with a view to underwriting to balance. Accordingly the board has decided that a general increase of 12.5% in rates is required. As usual, risk exposure and record will be taken into account and any increase in the cost of the International Group excess of loss reinsurance programme will be passed on to members.

The instalment pattern of premium payments will be adjusted so that payment of the 12.5% increase will be fully deferred to 2015, with 60% of ETP being payable during 2014 and 40% payable in November 2015.

As last year, the board is keen to ensure that deductibles contribute towards achieving a satisfactory underwriting result and has therefore determined that deductibles will be increased by 10%, with those up to and including \$10,000 increased by \$1,000.

DEFENCE CLASS

The board determined that a general increase in rates of 12.5% should be applied.

The board also decided that there should be a limit on cover of \$5m (subject to the usual application of deductible). Introducing a limit brings the club into line with the majority of other International Group clubs.

A further update will be issued in due course in relation to other renewal matters, such as any possible changes in relation to the club's reinsurances, war and terrorism risks, US voyage surcharges for tankers and limits on cover.

Yours faithfully



Alistair Groom
Chief Executive
Charles Taylor & Co Limited

Direct Line: +44 20 3320 8899
E-mail: alistair.groom@ctplc.com