

The Standard

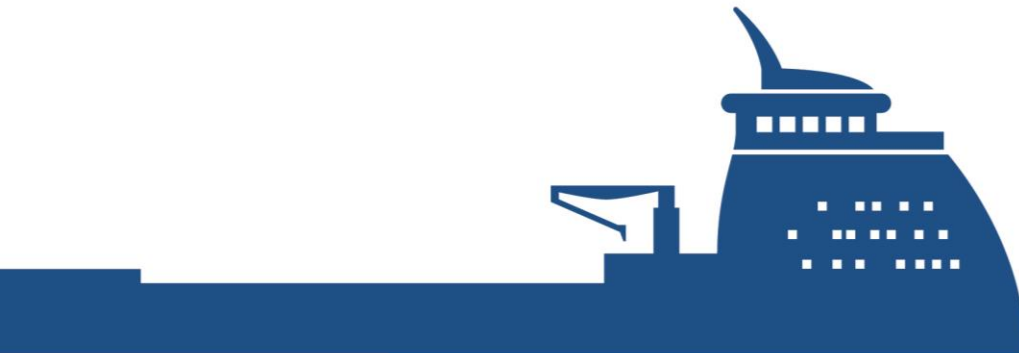
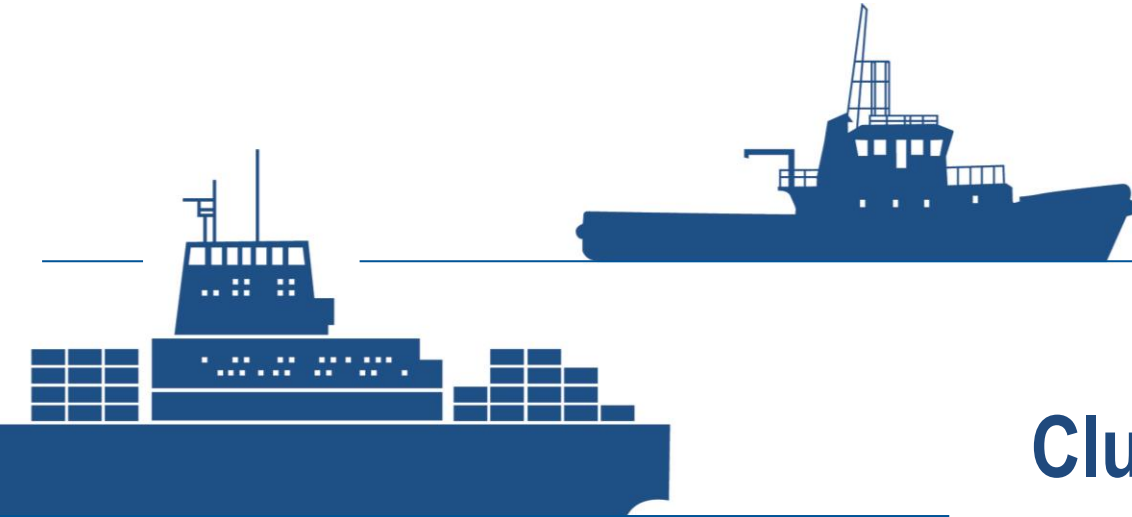


INCE & CO | INTERNATIONAL
LAW FIRM

Monaco seminar

Migrants: mortality and morality in the Mediterranean

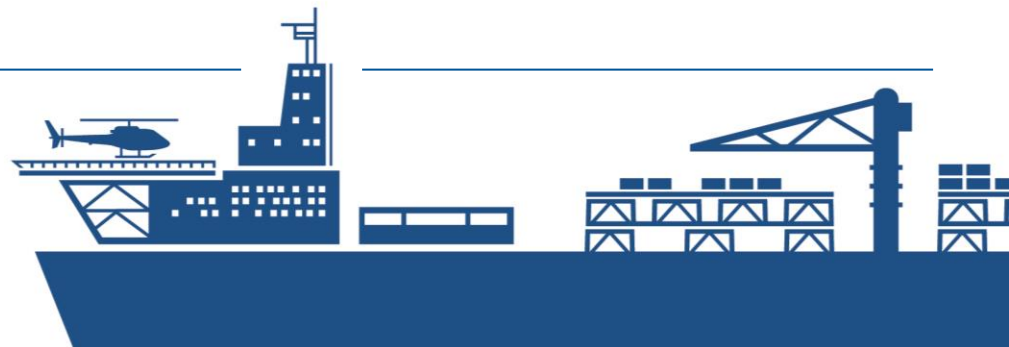
16 June 2016



Club update

Colin Fowles, Underwriting Director

16 June 2016



Overview of the club: key financials

Selective growth; breakeven underwriting; strong balance sheet

Total tonnage

138m gt

20 February 2016

+2.5%

20 Feb. 2015 – 20 Feb. 2016

Owned tonnage

116m gt

20 February 2016

+ 3.6%

20 Feb. 2015 – 20 Feb. 2016

Premium income

\$322m

Projected 2016/17

\$354m

2015/16

Combined ratio

95%

2015/16

100%

2014/15

Investment return

-0.9%

2015/16 financial year

1.8%

2014/15 financial year

Surplus

2015/16 financial year

\$10m

\$12m

2015 financial year

Free reserves

\$390

20 Feb 2016

\$380m

20 Feb 2015

S&P rating

A (strong)

AAA capital strength

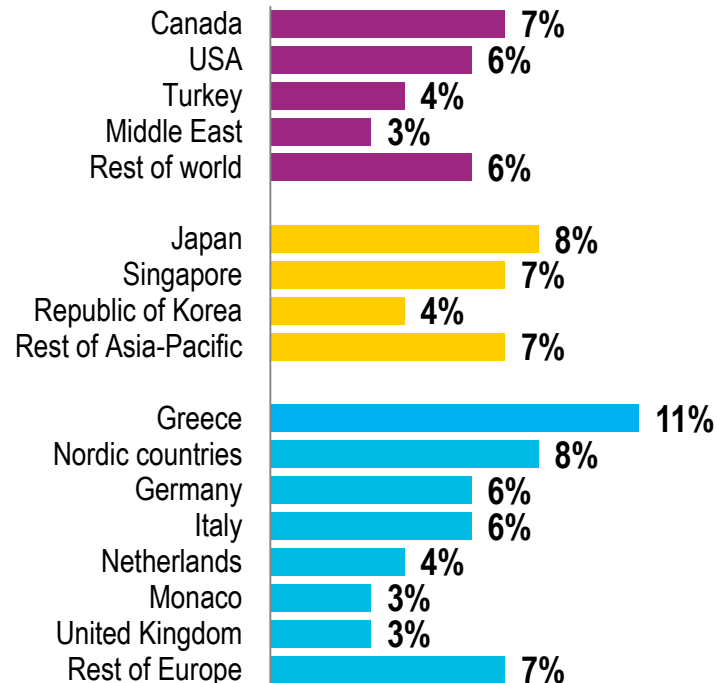
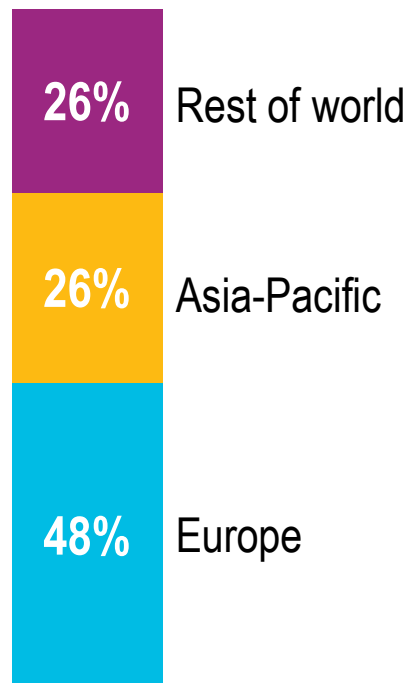
Affirmed June 2015

Membership

Diverse spread of business by country of management and ship type

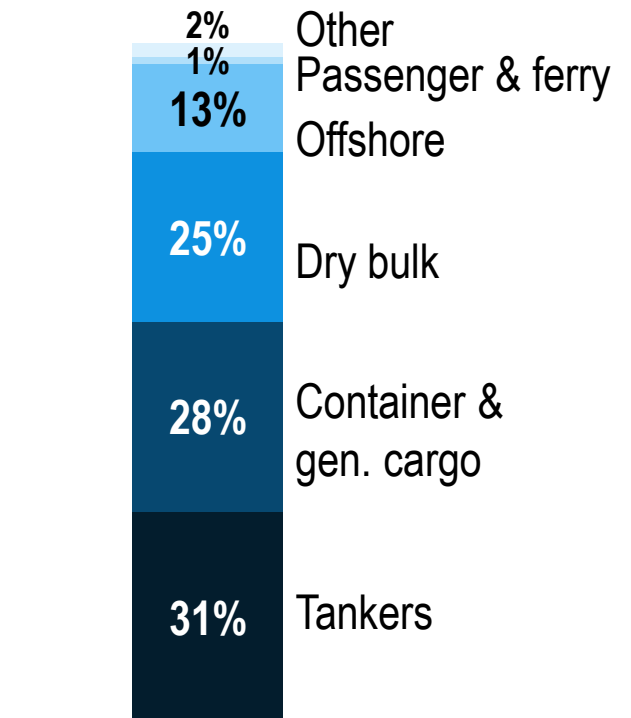
Owned tonnage by region

116m GT



Owned tonnage by ship type

116m GT



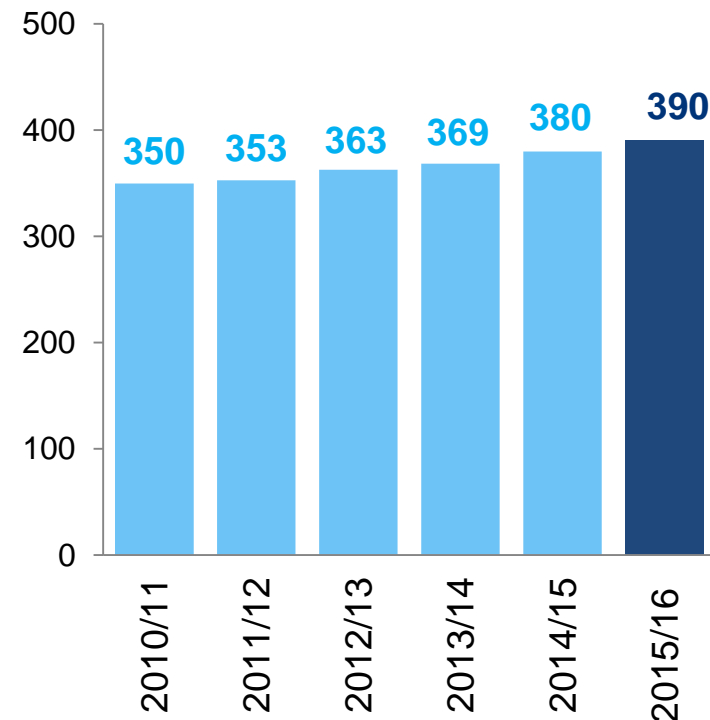
Financial security

Leading capital strength; steady growth in reserves

S&P ratings of IG clubs

CLUB	RATING	S&P CAPITAL STRENGTH
GARD	A+	AA
STANDARD	A	AAA
UK CLUB	A	AAA
BRITANNIA	A	AAA
SKULD	A	AA
NORTH OF ENGLAND	A	AA
STEAMSHIP MUTUAL	A-	AA
SHIPOWNERS	A-	AAA
JAPAN	BBB+	A
WEST OF ENGLAND	BBB+	AA
SWEDISH	BBB+	AAA
LONDON	BBB	AAA
AMERICAN	BBB-	BBB-

Free reserves, USDm



No unbudgeted supplementary calls for over 20 years
Release calls among the lowest in the IG

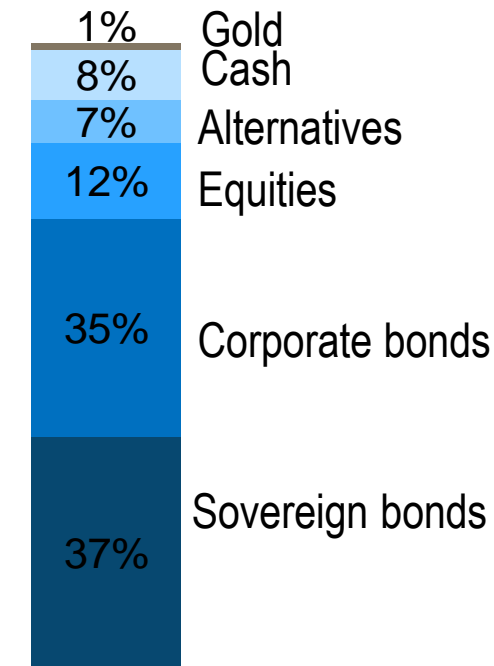
Investment policy

The portfolio is low-risk, consistent with AAA capital strength

Portfolio breakdown

% of portfolio

20 February 2016 unaudited

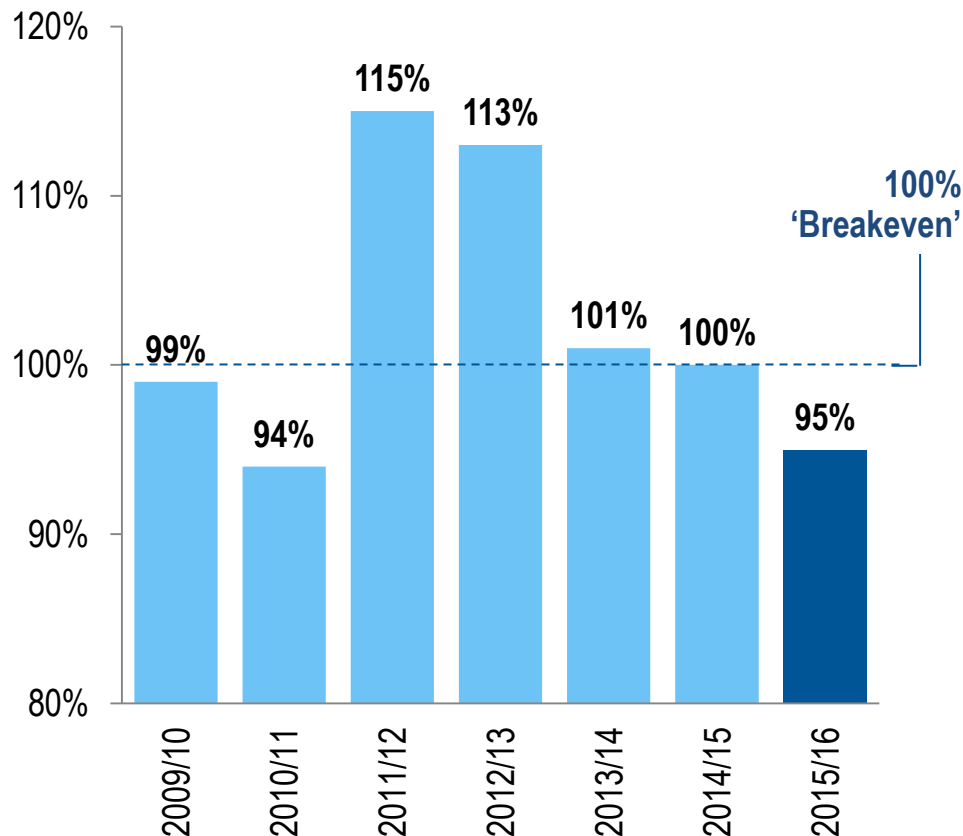


Approach

- Aim to **‘break even’** on underwriting; investment returns as a ‘buffer’
- **Prioritising capital preservation**; risk profile has reduced over past 3 years to combat market volatility
- Asset allocation criteria established by the board
- Managers seek to maximise returns while operating within criteria and maintaining AAA capital strength
- Performance monitored actively by the board using agreed benchmarks

Sustainable 'breakeven' underwriting

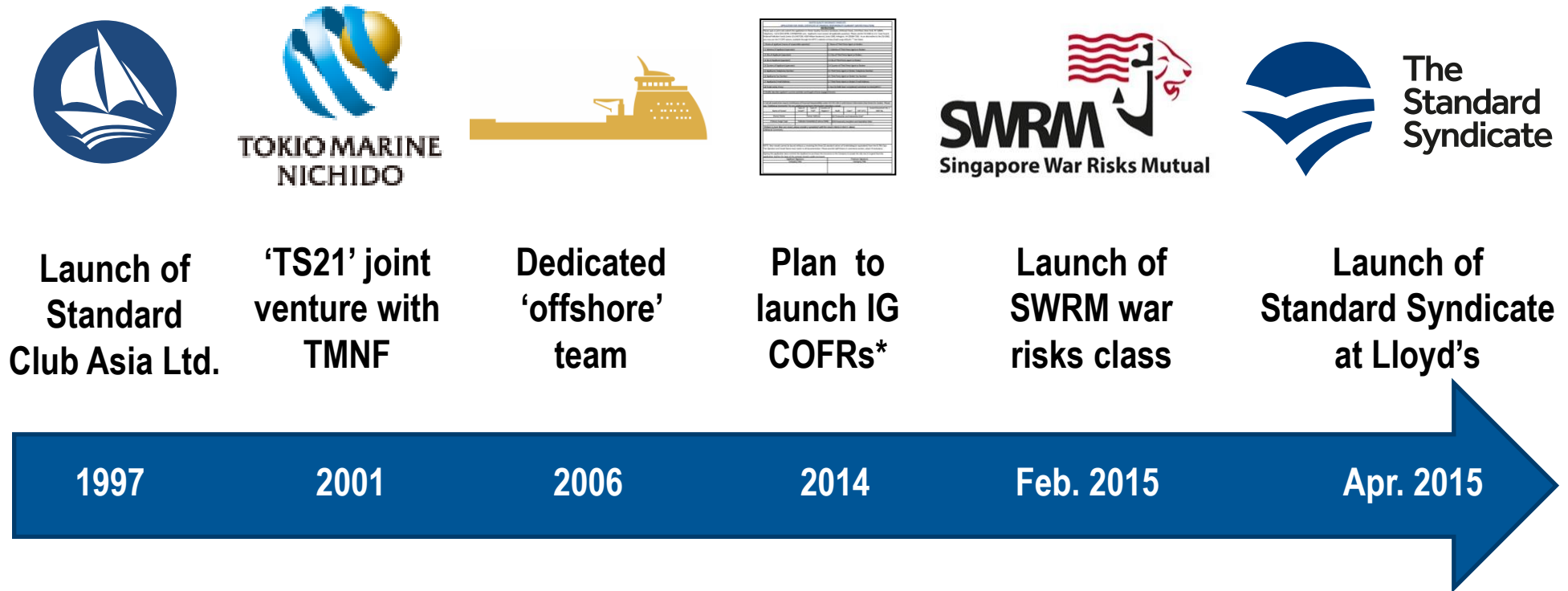
Financial year combined ratio



Key principles

- Disciplined underwriting to align member premiums with claims and risk
 - Assessment of risk profile
 - Proprietary pricing tools
- Selection and management of risk based on a sound understanding of operating quality
- Continuous improvement in efficiency to minimise rate rises required – e.g.,
 - Agreed rate reductions with lawyers and other 3rd-party suppliers
 - Centralised operational activity
- Diversification into profitable non-P&I lines to support P&I business

Track record of flexibility and innovation



*Not supported by the International Group, but resulted in a competitive new entrant to this market

"Owners could save close to \$40m each year if International Group clubs support [Standard's] move and guarantee US COFRs" – Tradewinds, January 2014

Meeting members' insurance needs

P&I	War & defence	Non-P&I liabilities*	Assets*	Specialist risks*
<ul style="list-style-type: none"> • Mutual owned pooled • Fixed premium owned • Fixed premium charterers • Tailored extensions – e.g., <ul style="list-style-type: none"> – Contractual cover – Crew – Kidnap & Ransom – Passengers – Salvors etc. 	<ul style="list-style-type: none"> • War risks <ul style="list-style-type: none"> – War P&I – War hull • Defence (FD&D) 	<ul style="list-style-type: none"> • Liability <ul style="list-style-type: none"> – Ship owners / operators – Ship builders – Port authorities – Terminal operators – Stevedores – Wharfingers etc. • Corporate lines <ul style="list-style-type: none"> – E&O – D&O 	<ul style="list-style-type: none"> • Hull & machinery <ul style="list-style-type: none"> – IV, Loss of Hire – Mort'gee's Interest – Builder's Risks – Marine War Risks • Cargo & specie <ul style="list-style-type: none"> – Transport liability – Loss or damage – General / specialist, logistics, ROVs, specie, project • Property <ul style="list-style-type: none"> – Marine property – Ports and terminals infrastructure – Buildings, equipment – Industrial / commercial property – Business interruption 	<ul style="list-style-type: none"> • Energy <ul style="list-style-type: none"> – Property – e.g., offshore platforms, drilling rigs, FPSO's. – Oil, gas or condensate wells offshore / onshore – Construction projects for offshore installation • Political risk & terrorism



The Standard Syndicate – overview

- **Launched** as planned in **April 2015**
- Aims: to improve the **financial strength** of the club and to expand the **range of marine and energy covers** available to members
- An **alternative approach** to other Lloyd's syndicates, leveraging the **relationships, knowledge, service** of The Standard Club
- Early **performance** has been highly encouraging, in terms of:
 - Premium levels achieved
 - Support from the club's members and brokers
- **Ambitious plan** for 2016 and beyond, in order to achieve scale; we will need to build further on the support from members

The Standard Syndicate – approach

- Marine and energy covers **tailored to operators' needs**
- **Lloyd's insurance in local markets**
- Alignment of **club and member interests** in directing attractive business to the Syndicate
- Underwriting excellence for long-term **sustainability and profitability** – based on **knowledge of the risk**
- Club quality **service** and **claims handling**
- **Focus on low catastrophe risk**

A differentiated approach, leveraging the relationships, knowledge, service of The Standard Club





The Standard



 **@StandardPandi**
 **The Standard P&I Club**
www.standard-club.com

Charles
Taylor

 **@ctaylorplc**
 **Charles Taylor plc**
www.ctplc.com



Migrants: morality and mortality in the Mediterranean

Ewa Szteinduchert
Senior Claims Executive

16 June 2016

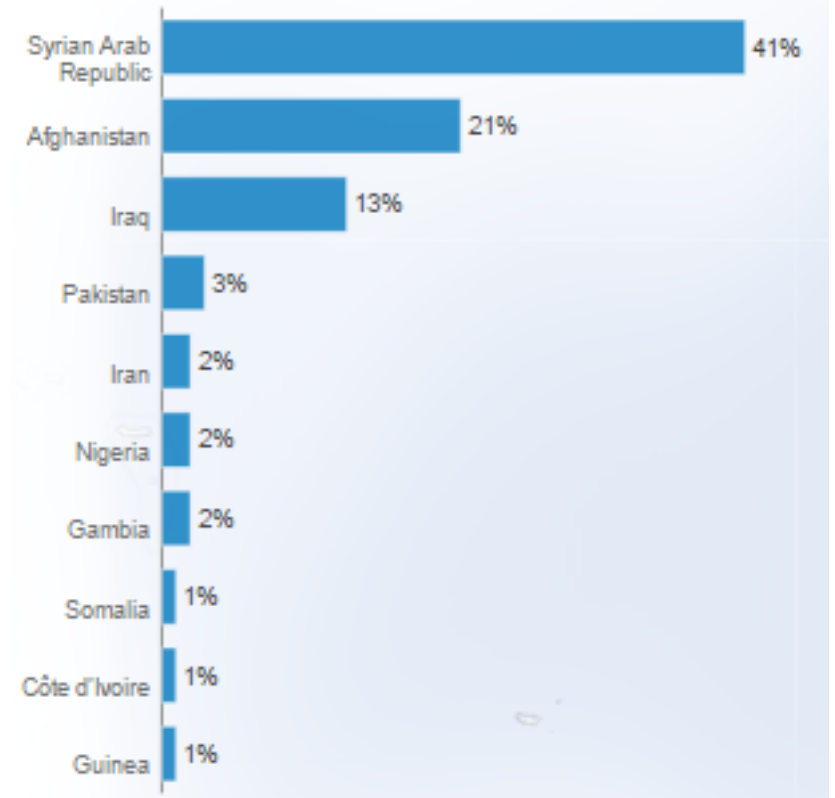
Contents

- 01 Background
 - 02 Legal framework
 - 03 Legal obligations
 - 05 Insurance & club cover
 - 06 Additional covers
 - 07 Practical points
-

Background

- Migrants, refugees and distressed persons
- People searching for work, escaping persecution or war zones and in need of asylum
- Risk of criminals and smugglers
- Not just a Mediterranean problem
- Not a new problem

Top-10 nationalities represent **89%** of the sea arrivals based on arrivals since 1 Jan 2016



Source: IOM/UNHCR

Background

219,000

Refugees/migrants are estimated to have crossed the Mediterranean in 2014

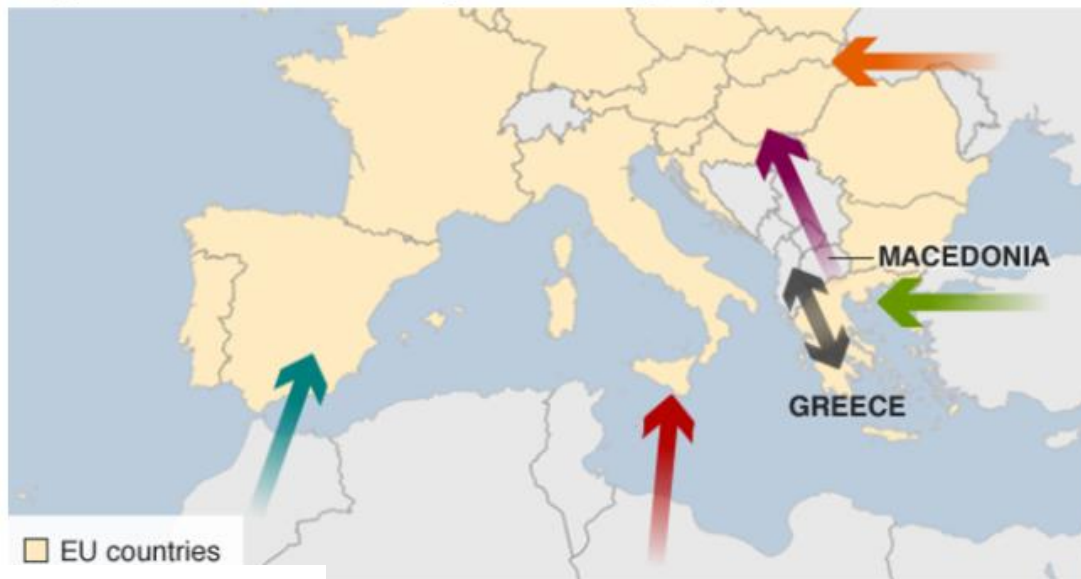
1,015,078

Refugees/migrants are estimated to have crossed the Mediterranean in 2015

205,287

Arrivals by sea in 2016

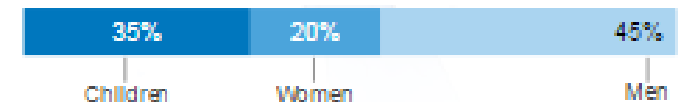
Migrants detected entering the EU illegally, 2014-2015



Source: IOM/UNHCR

Demographics

Based on arrivals since Jan 2016



1,380 died or missing in Mediterranean

976 died or missing en route to Italy

Background

- Search and Rescue operations (SAR) dependant upon international shipping companies to assist anyone in distress at sea
- Shipowners under an obligation to assist through international law and convention
- Inevitably leads to questions regarding insurance

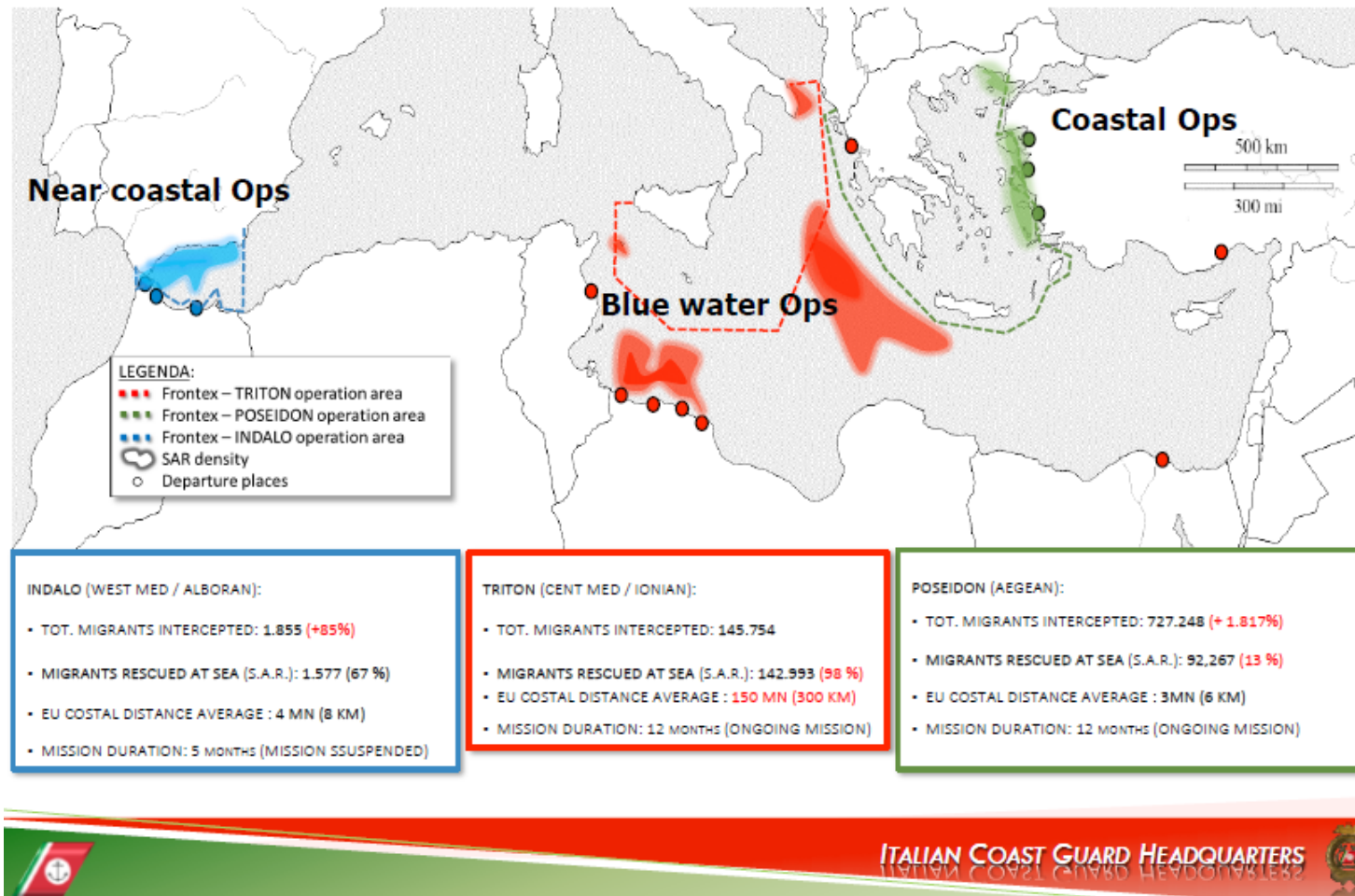


Source: BBC World



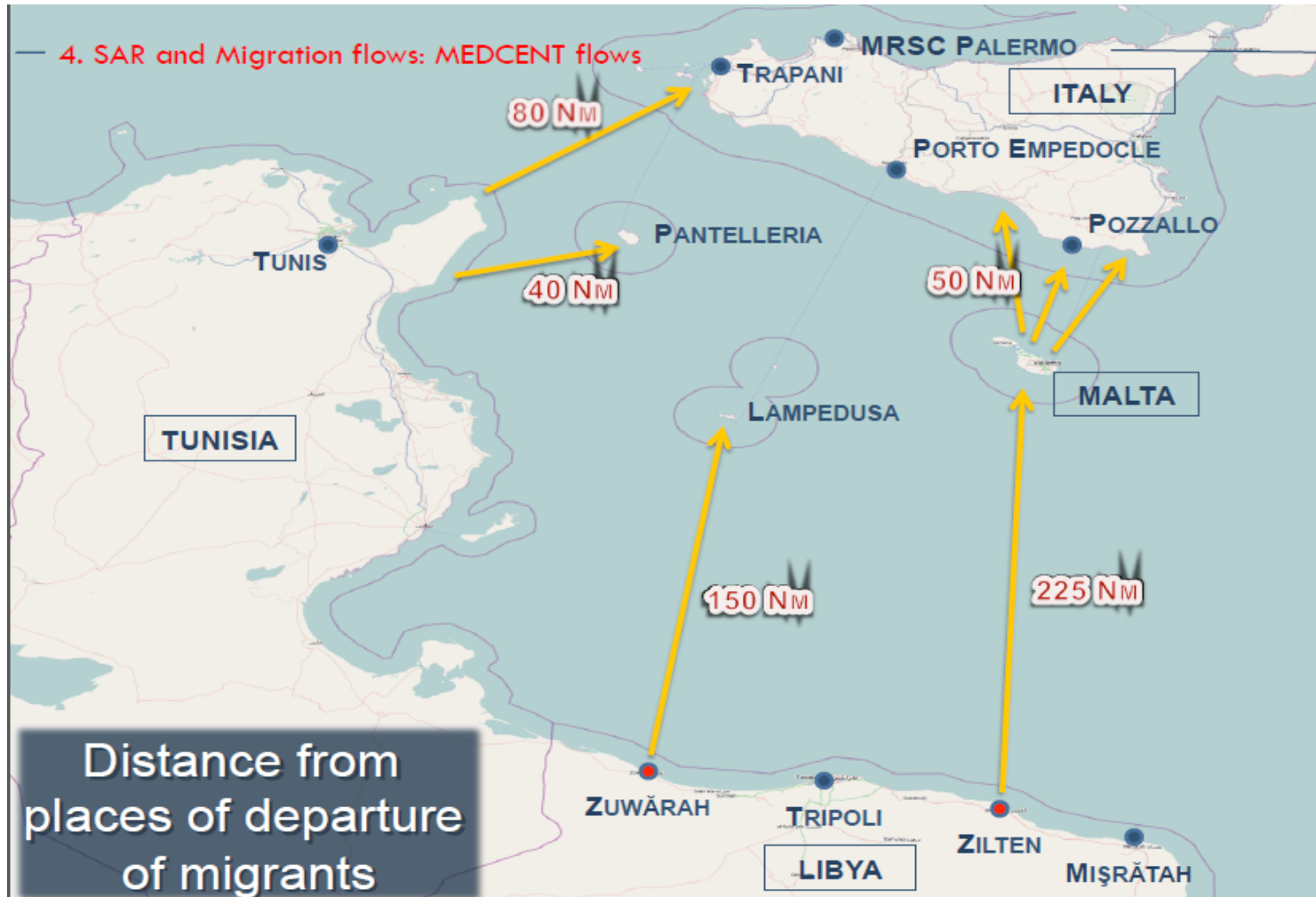
Source: BBC World

Background



Source: Italian Coast Guard

Background



Source: Italian Coast Guard

Scenario

- 14 August 2016
- Vessel: M/V “SAVIOUR”
- Owner: Lucky Saviour Ltd.
- Charterer: Busy Company S.p.A
- Voyage: from Suez Canal to Agadir, Morocco
- Location of vessel: 20NM South of Lampedusa
- Notification from Italian Coast Guard to pick up 250 migrants
- Disembarkation port: Pozzallo, Italy





The Standard



 **@StandardPandi**
 **The Standard P&I Club**
www.standard-club.com

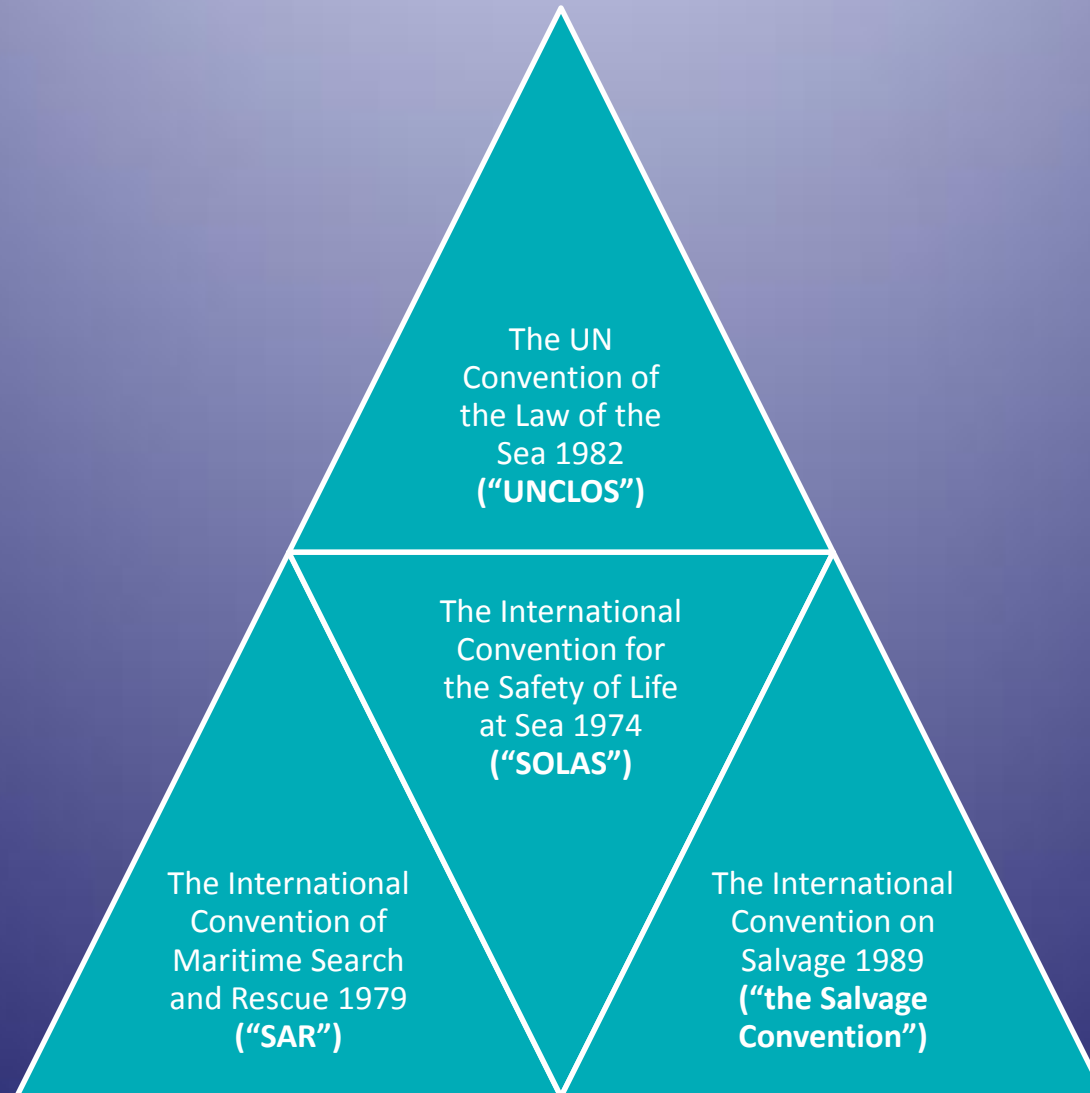
Charles Taylor

 **@ctaylorplc**
 **Charles Taylor plc**
www.ctplc.com

Migrants: Morality and Mortality in the Mediterranean
| Ian Cranston – Managing Partner, Ince & Co Monaco SARL
| Ruth Monahan – Solicitor, Ince & Co Monaco SARL



The Legal Framework At Sea



Master's Duties

UNCLOS:

- “render assistance” to persons “in danger of being lost”
- “proceed with all possible speed” insofar as this can be “reasonably expected”
- A master is only obliged to assist if “he can do so without serious danger to the ship, the crew or the passengers”

SOLAS:

- A ship that is “able to provide assistance” must “proceed with all speed”
- The master’s “professional judgement” cannot be interfered with

Salvage Convention:

- The master is bound “to render assistance to persons in danger of being lost at sea”

Coastal State's Duties

UNCLOS:

- A coastal state must “promote the establishment, operation and maintenance” of search and rescue services

SOLAS:

- “Ensure that necessary arrangements are made for distress communication” and the “rescue of persons in distress at sea”

SAR:

- A coastal state must help those at sea “regardless of nationality”
- Where a commercial ship has provided assistance, the coastal state must “as soon as reasonably practicable” arrange for rescued persons to disembark at “a place of safety”
- So that the commercial ship may then proceed “with minimum further deviation”

Refugee Convention 1951

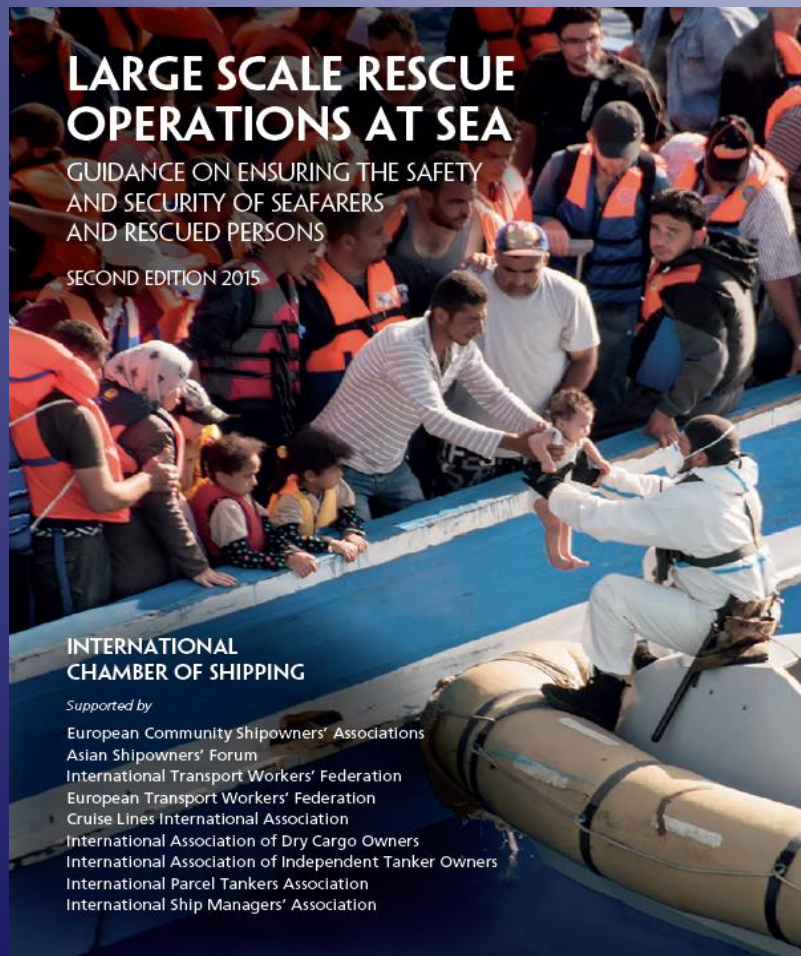
- The responsibility placed on coastal states by the Refugee Convention is considerable:

“No Contracting State shall expel or return a refugee in any manner whatsoever to the frontiers of territories where his life or freedom would be threatened on account of his race, religion, nationality, membership of a particular social or political opinion”

Comment

- Master has to make difficult decisions independently
- Coastal states have corresponding duties, but may not always be able to act as they should
- The Refugee Convention can make coastal states reluctant to allow disembarkation of rescued persons
- The growth of Isis attacks may make coastal states more cautious

International Chamber of Shipping Guidance



- Legal considerations
- Practical checklists
- Links to further resources
- Arabic / French safety signs
- www.ics-shipping.org

Introduction to Legal Obligations

- Obligations imposed on the Master
- Obligations imposed on Owners
- Cargo Obligations



Deviation

- Is there an express right to deviate?
- Is there an implied right to deviate?
- *Scaramanga v Stamp* (1880) 5 C.P.D. 295

"A deviation for the purpose of saving life is justifiable, but not a deviation for the mere purpose of saving property."



Hague Rules

Article IV rule 2(I):

The shipowner shall not be liable for

"loss or damage resulting from saving or attempting to save life or property."

Who is Going to Pay the Bill?

- The cost of the rescue itself?
- Food, stores and welfare of those on board?
- Disembarkation costs?
- Time – is the ship on hire?
- Bunkers?



Voyage Charters



TREATISE OF THE LAW

RELATIVE TO

Merchant Ships and Seamen :

FORM OF A CHARTER PARTY.

THIS CHARTER PARTY of affreightment, indented, made and fully concluded upon, this day of in the year of our Lord one thousand eight hundred and between owner of the good of the burthen of tons, or thereabouts, now lying in the harbour of whereof is at present master, on the one part, and

on the other part, WITNESSETH, that the said for the consideration hereafter mentioned, ha letten to freight the aforesaid with the appurtenances to her belonging, for a voyage to be made by the said where she is to be discharged (the danger of the seas excepted :) And the said do by these presents covenant and agree with the said in manner following, that is to say, that the said in and during the voyage aforesaid, shall be tight, staunch and strong, and sufficiently tackled and apparelled with all things necessary for such a vessel and voyage : and that it shall and may be lawful for the said agents or factors, as well at as at to load and put on board the said loading of such goods and merchandize as they shall think proper, contraband goods excepted.

IN consideration whereof, the said do by these presents agree with the said well and truly to pay, or cause to be paid, unto in full for the freight or hire of the said and appurtenances, the sum of and so in proportion for a less time, as the said shall be continued in the aforesaid service, in days after her return to or in days after the said voyage shall be otherwise, in any manner whatsoever, determined and notice thereof to the said . And the said do agree to pay the charge of victualling and manning said and port charges and pilotage during said voyage, and to deliver said on her return to to the owner aforesaid or order.

And to the true and faithful performance of all and singular the covenants, payments and agreements aforementioned, each of the parties aforesaid binds and obliges himself, his executors and administrators in the penal sum of dollars, firmly by these presents. In witness whereof, the parties, aforesaid have hereunto interchangeably set their hands and seals, the day and year above written.

Signed, sealed and delivered, }
in presence of us, }

BY CHARLES ABBOTT,

NOW LORD TENDERDEN, CHIEF JUSTICE OF ENGLAND.

BOSTON :

HILLIARD, GRAY, LITTLE, AND WILKINS.

1829.

Time Charter

- Dependants upon the clause
- Key considerations:
 - Is the Vessel on hire?
 - Who pays the out of pocket expenses?



NYPE 1946

15. Off-hire Clause

That in the event of the loss of time from deficiency of men or stores... or by any other cause preventing the full working of the vessel, the payment of hire shall cease for the time thereby lost.

16. Deviation Clause

...The vessel shall have the liberty ... to tow and to be towed, to assist vessels in distress, and to deviate for the purpose of saving life and property.

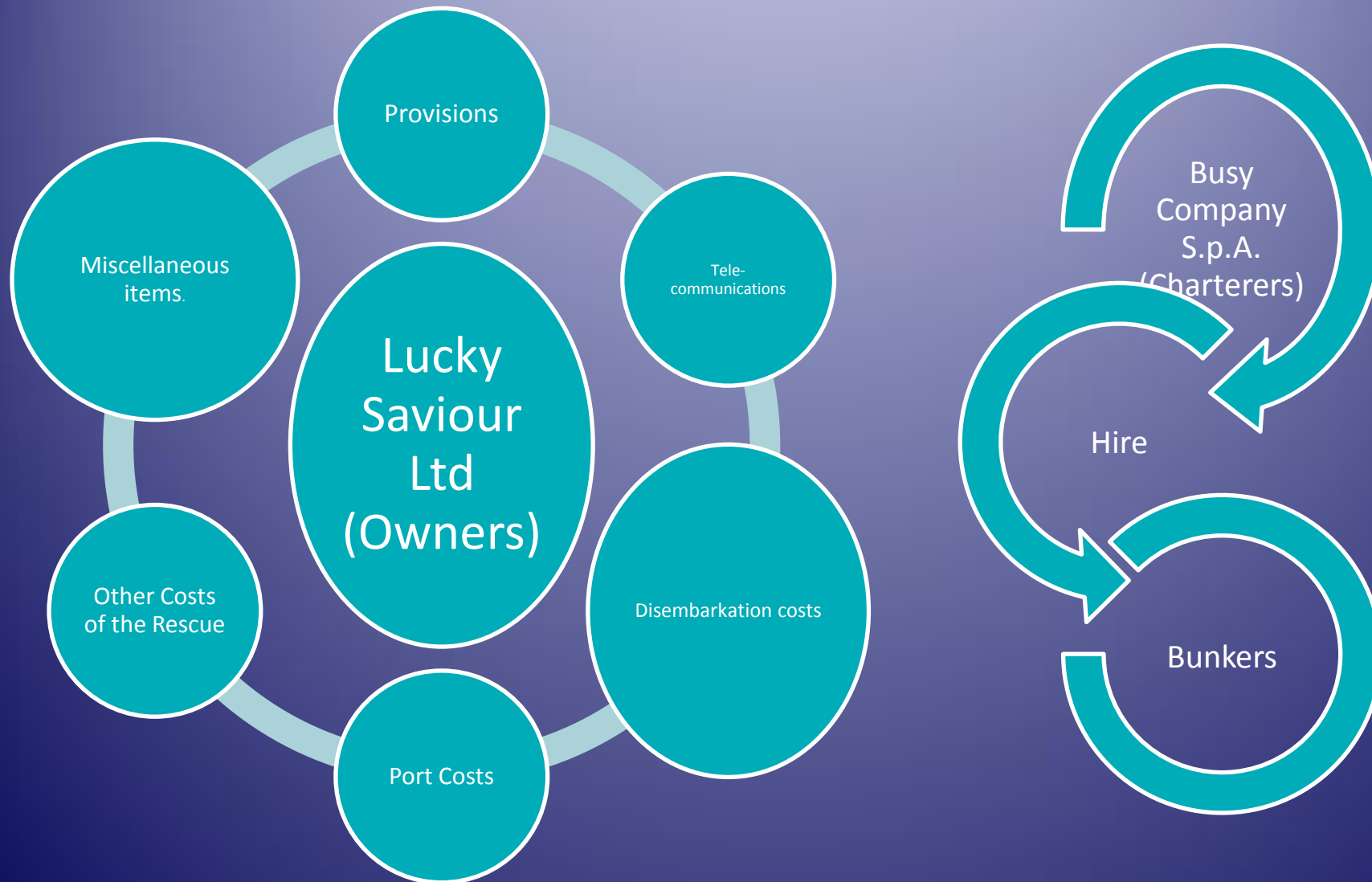
NYPE – Clause 2

2. Charterers to pay for

That the Charterers shall provide and pay for all the fuel except as otherwise agreed, Port Charges, Pilotages, Agencies, Commissions, Consular Charges (except those pertaining to the Crew), and all other usual expenses except those before stated ...

... But when the vessel puts into port for causes for which vessel is responsible, then all such charges incurred shall be paid by the owner.

Summary Slide



Conclusion

- Shipowners have legal duties that may be enforced
- Although coastal states are more supportive than in the past, their resources are limited and their decision making may not be ideal
- Shipowners can minimise risks by being prepared
- Decisions must often be made quickly, but there may be the opportunity to take legal advice, which may be complex and depend, for example on the location of the vessel.

Ian.Cranston@incelaw.com

Ruth.Monahan@incelaw.com



The Migrant Crisis – Implications for P&I Cover

Richard Stevens
Divisional Claims Director

16 June 2016

Introduction

- Magnitude and urgency of the migrant crisis is undisputed
- United Nations Human Rights Council Report
 - 1 million migrants reached Europe via a Mediterranean crossing in 2015
 - 3,800 individuals lost their lives
 - Five fold increase in arrivals from 2014 figures
- What are the implications for P&I cover?

Introduction

- Shipowners are under an obligation through international conventions and law to come to the aid of vessels or people in distress
- From a practical point of view:
 - Inform the club as soon as it is possible to do so
 - Club can then appoint local correspondent to assist

The Standard Club

- Receives questions from shipowners regarding search and rescue ('SAR') Operations
 1. Costs and expenses incurred as a result of a SAR
 - >Can these costs be recovered from the P&I Club?
 2. Whether SAR operations and deviations result in P&I cover being excluded
 - >Particularly cover for cargo liabilities

Club rule

- Rule 3.4

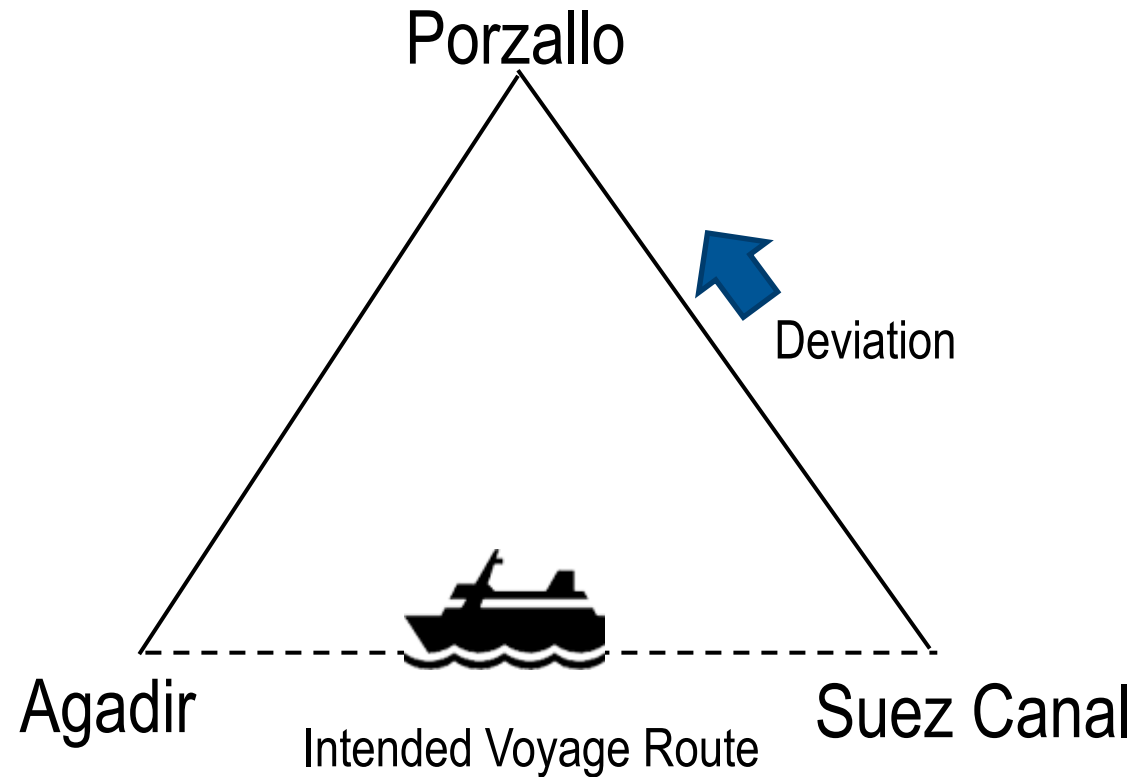
‘Port and other charges solely incurred for the purpose of landing stowaways or refugees, or others saved at sea, or landing or securing the necessary treatment for an injured or sick person, other than crew, including the net loss to the member in respect of fuel, insurance, wages, stores and provisions incurred for such purpose.’



Details

- Whether costs are 'solely incurred'
 - Was vessel calling at a port in any event?
- Deviation can be defined as:
 - Commencing as soon as the vessel changes course
 - Completed when the vessel has returned back on course

Deviation example



Costs recoverable

- Members should be able to recover:
 - Extra cost of bunkers
 - Insurance
 - Wages
 - Stores
 - Provisions
 - Port charges
- Must be supported with evidence

Costs recoverable

- Costs of maintaining those rescued
 - Food
 - Water
 - Medicine
- Costs of security and immigration at receiving port
- Similar to position with stowaways, but not repatriation costs
- Always seek to make a recovery against authority instructing vessel to participate in SAR operation

Costs recoverable

- Loss of hire/revenue not covered by club
 - Consider making express provision for this in commercial contracts
 - See The Strike Club presentation

The Standard Club

- Whether SAR operations and deviations result in P&I cover being excluded
 - Particularly cover for cargo liabilities
- Vessels are often laden with cargo when ordered to assist
- Deviation may be a breach of contract of carriage (under any bill of lading issued)

Club rule

- Rule 3:13 (Exclusion):

*‘....there shall be no recovery [from the Club] in respect of [cargo] liabilities arising out of deviation, or a consequence of a deviation, from the contractually agreed voyage, **which may deprive the member of the right on defences** or rights of limitation which would otherwise have been available to him’*



Cargo liabilities

- Hague-Visby Rules
- Article 4:
 - *‘Any deviation in saving or attempting to save life or property at sea or any reasonable deviation shall not be deemed to be an infringement or breach of these Rules or of the contract of carriage, and the carrier shall not be liable for any loss or damage resulting therefrom.’*
- SAR missions will not be a breach of the Hague-Visby Rules
 - Shipowner defences remain in place
- Hamburg Rules – same principle applies

Crew Claims

- Consequences of SAR operation
 - Possible mental trauma to crew
- Assuming this was a recognised psychological injury under local law then crew may be able to recover from shipowner
- Covered by the club under usual crew cover

The Future?

- Several instances of participation in SAR
- Limited instances of cub recovery
 - Costs not exceeding deductible for example
- Likelihood of further club / member exposure - very significant



The Standard



 **@StandardPandi**
 **The Standard P&I Club**
www.standard-club.com

Charles Taylor

 **@ctaylorplc**
 **Charles Taylor plc**
www.ctplc.com

Nick Rowe, Underwriter
16 June 2016

Profile

- Specialist marine mutual since 1957
- Similar structure to a P&I Club:
 - owned by members
 - not for profit
 - service-oriented
- Reinsurance programmes to limit net exposure and protect reserves
- Premium income US\$30m
- US\$28m free reserves
- S&P rating BBB+
- Managed by Charles Taylor since 1 March 2015

What risks can you insure?

Shipboard risks

- Collision, Stranding, Grounding, Striking FFOs
- Fire, Explosion or Breakdown in Machinery
- Piracy
- War
- Actual or Alleged Pollution
- Quarantine
- Illness, Injury or Death on board or ashore
- Stowaways, Refugees, Saving life at sea
- Discovery of contraband: drugs, arms, munitions...
- Crimes committed on board by officers and crew
- Actions of a ship in the same beneficial ownership
- Crew Strikes

Deductible / limits

4 / 17

7 / 14

2 / 12

2 / 12

1 / 20

1 / 20

1 / 20

1 / 20

1 / 20

1 / 20

1 / 20

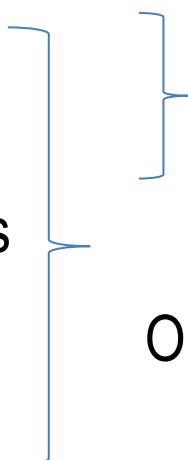
1 / 20

What risks can you insure?

Onshore risks

13. Strike, lockout, stoppage, restraint of labour	1/20
14. Revolution, insurrection, riot, civil commotion, political protest	1/20
15. Action of environmental objectors or religious zealots	1/20
16. War and piracy	1/20
17. Fire, explosion or mechanical breakdown on land	1/20
18. Storm, tempest, flood, sandstorm, snow, ice, fog, lightning	1/20
19. Earthquake, volcanic eruption, avalanches, heave, landslide	1/20
20. Aircraft impact or accident, delay to / misdirection of air cargo	1/20
21. Accidental loss or damage to any transshipment vehicle	1/20
22. Partial or total closure of a port*	1/20
23. Physical obstruction, high or low levels of water	1/20
24. Import / export controls, embargo, prohibition, border closure	1/20
25. Physical or electronic damage by strikers, vandals, terrorists...	1/20
26. Expropriation, confiscation or seizure of cargo	1/20

Delay insurance : what costs can you protect?

- Wages and maintenance
 - Fuel and stores
 - Spare parts and consumables
 - Insurance
 - Financing
 - Tonnage tax
 - Hire / hire payments
- 
- The diagram consists of two blue curly braces. The first brace is on the right side of the first three list items (Wages and maintenance, Fuel and stores, Spare parts and consumables) and is labeled "Running costs". The second brace is on the right side of the next three list items (Insurance, Financing, Tonnage tax) and is labeled "OPEX".
- “Running costs”
- OPEX

Total costs = ‘daily entered sum’

Case study: deviation to rescue migrants



Regulatory disclosure

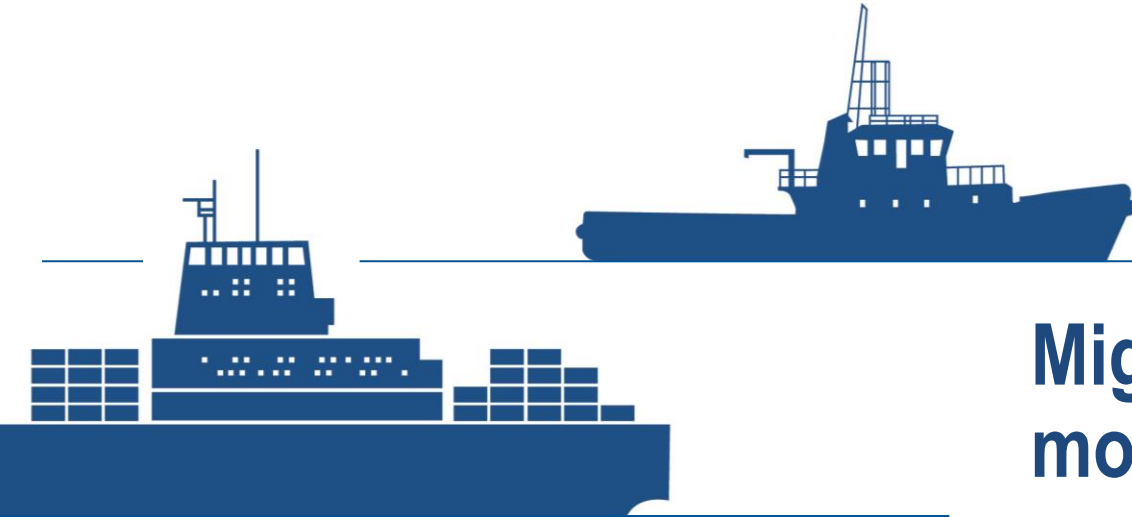
The Shipowners' Mutual Strike Association (Bermuda) Limited and The Shipowners' Mutual Strike Insurance Association (Bermuda) Limited are regulated by the Bermuda Monetary Authority. The Shipowners' Mutual Strike Insurance Association Europe is regulated by the Commissariat aux Assurances in Luxembourg.

The information here is not intended to amount to legal or technical advice. Every effort is made to make it accurate and up to date. However, no responsibility is assumed for its accuracy nor for the views or opinions expressed, nor for any consequence of or reliance on them. You are advised to seek specific legal or technical advice from your advisers about any specific matter.

The
STRIKE CLUB



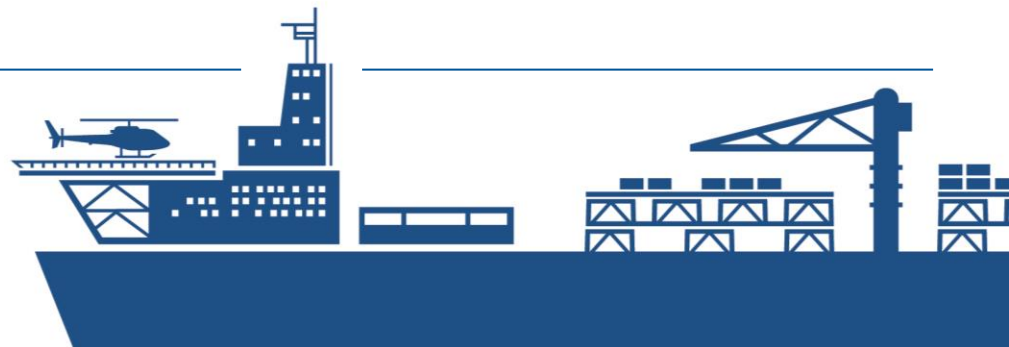
Charles
Taylor



Migrants: morality and mortality in the Mediterranean

Ewa Szteinduchert
Senior Claims Executive

16 June 2016



Practicalities: Before

- Plans and procedures
- Training and familiarisation
- Equipment
- Food / water / first aid supplies



Source: BBC World

Practicalities: During

1. Contact nearest/responsible maritime authority/coast guard and/or nearby ships
2. Establish clear plan for the safe rescue
3. Provide assistance and rescue distressed persons
4. Details and numbers of distressed persons rescued
5. Identify any special medical needs



Source: BBC World

Practicalities: During

6. Ensure vessel security not at risk
7. Maintain open dialogue with the responsible maritime authority/coast guard and good internal communication among crew
8. Inform all interested parties
9. Keep careful and detailed record of the entire event



Source: International Chamber of Shipping



Source: International Chamber of Shipping



Source: International Chamber of Shipping

Practicalities: After

- Disembarkation
- Search for stowaways
- Cleaning
- Crew welfare
- Gather all evidence
- Legal issues



Source: BBC World

Wider guidelines for owners/operators

- Ensure the crew is fully briefed in advance of plans and procedures
- Keep stores of bottled water, ready the food, medicines and nutrition on board
- Consider addressing this situation in advance when agreeing to charterparties that would include ships trading in the Mediterranean
- Ensure saved persons are not allowed to take any of their personal belongings on board, apart from clothes/blankets
- Provide crew with gloves and other PPE to avoid potential spread of diseases



Source: BBC World

Summary

In advance of a rescue

- Make sure there is a suitably worded deviation clause and allocation of risk/costs in the CP
- Procedure and plans on board
- Education and training
- Inform the club if requested to undertake search and rescue operation

After the rescue

- Professional assistance from those with local knowledge – local correspondents
- Legal advice on CP terms

Solutions?

- More assistance to prevent people trafficking
- More training/preparation by owners and operators
- Compensation?



Source: BBC World

Regulatory status

The Standard Club Ltd is regulated by the Bermuda Monetary Authority. The Standard Club Ltd is the holding company of the Standard Club Europe Ltd and the Standard Club Asia Ltd. The Standard Club Europe Ltd is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. The Standard Club Asia Ltd is regulated by the Monetary Authority of Singapore.

Charles Taylor Services Limited (CTS) is authorised and regulated by the Financial Conduct Authority to carry out general insurance mediation activities for commercial clients. For more details please see www.fsa.gov.uk/register/home.do or call the FCA on 0845 606 1234. CTS is a wholly owned subsidiary of Charles Taylor Holdings Limited. The ultimate parent and controlling company is Charles Taylor plc.



The Standard



 **@StandardPandi**
 **The Standard P&I Club**
www.standard-club.com

Charles Taylor

 **@ctaylorplc**
 **Charles Taylor plc**
www.ctplc.com

The Standard



INCE & CO | INTERNATIONAL
LAW FIRM

Thank you for coming
