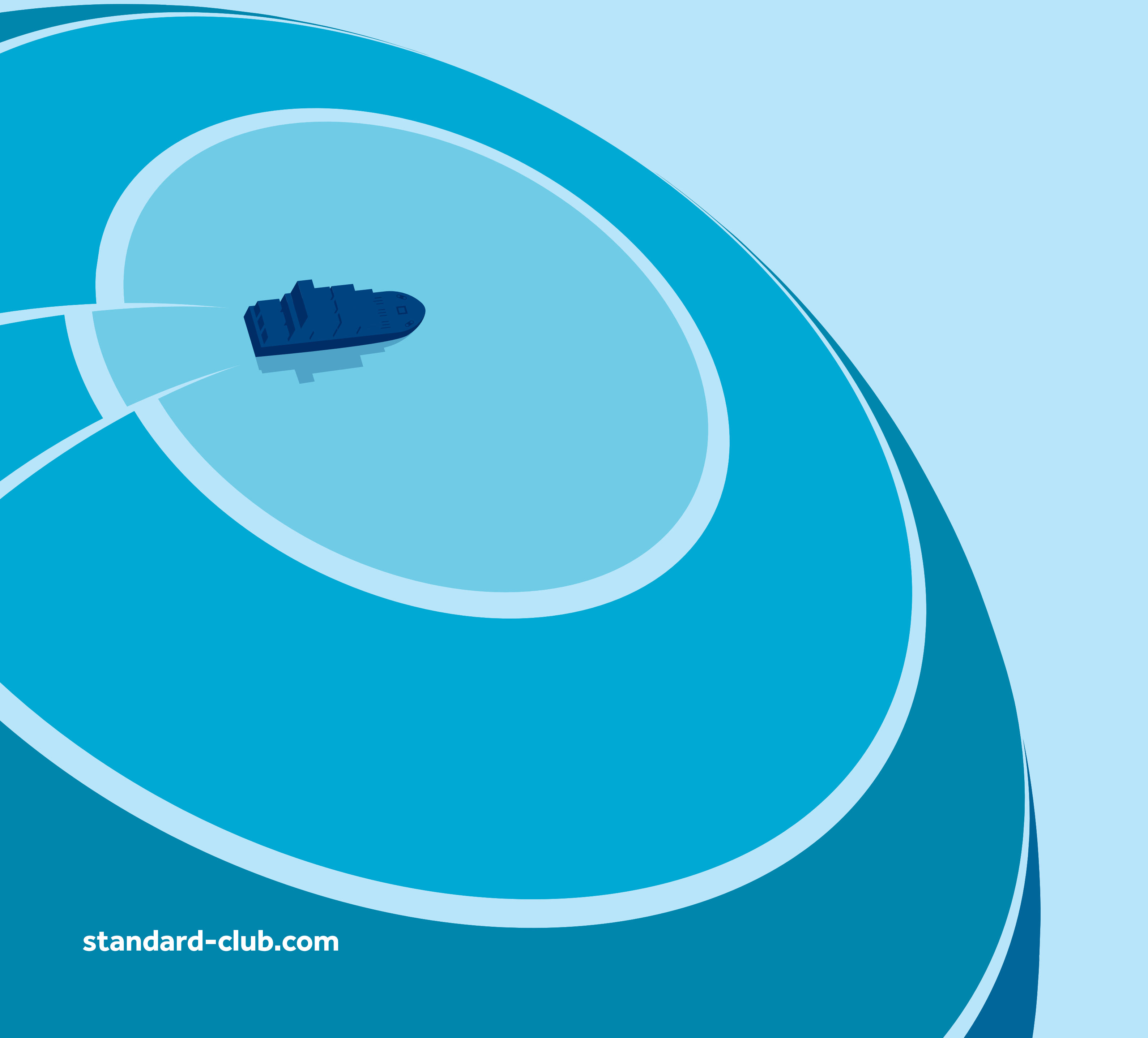
Standard
Club

Annual report and financial statements

2017

1 The club at a glance



The club at a glance

Free reserves

$430m

2017		430
2016		390
2015		380
2014		369
2013		363

Calls and premiums

$339m

2017		339
2016		354
2015		354
2014		336
2013		294

Tonnage

150mgt

2017		150
2016		138
2015		135
2014		131
2013		135

Combined ratio

95%

2017		95
2016		95
2015		100
2014		101
2013		113

Investment return

3.0%

2017		3.0
2016		-0.9
2015		1.8
2014		0.6
2013		6.6

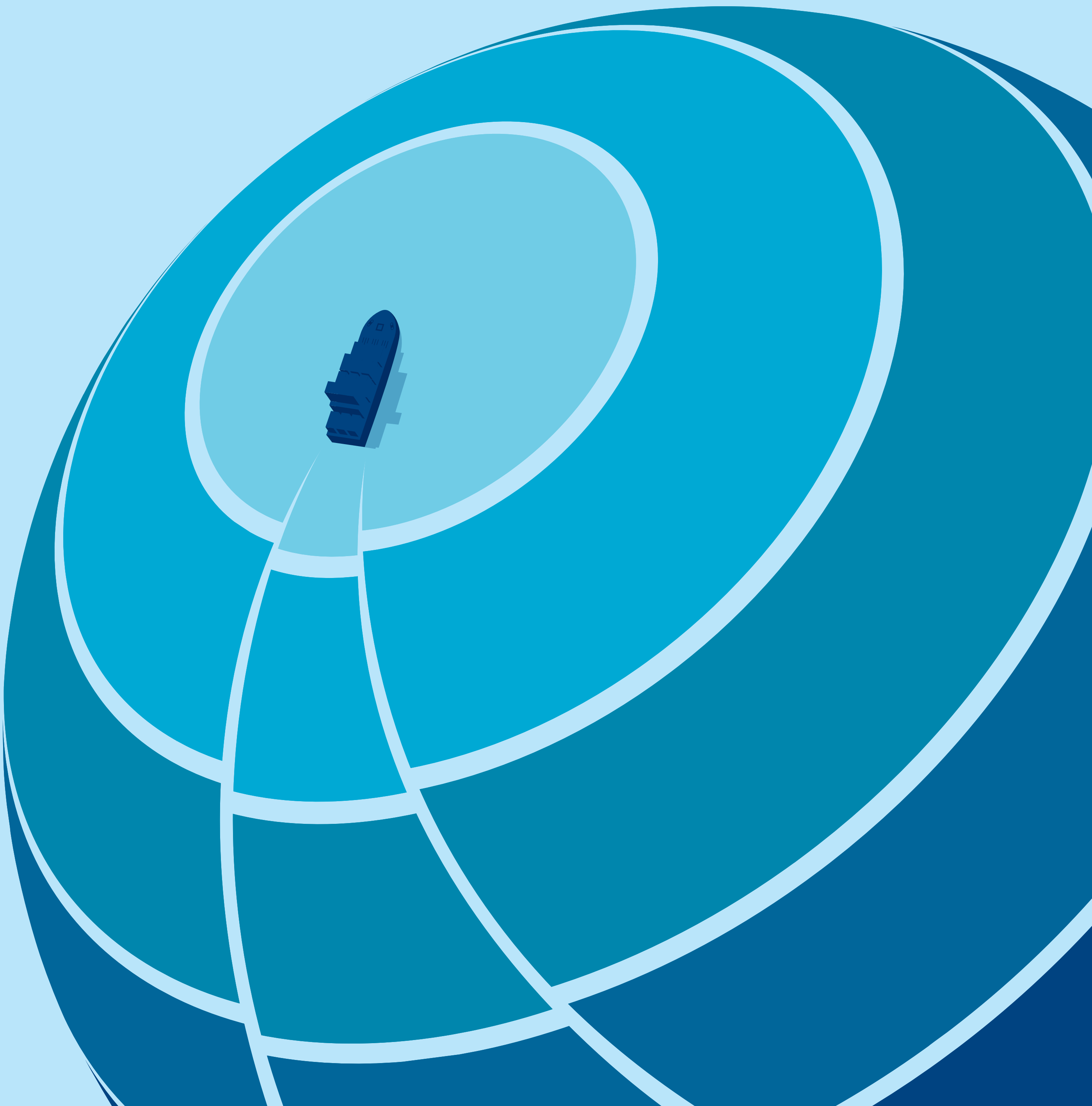
Claims cover ratio of net assets to outstanding clams

1.78

2017		1.78
2016		1.67
2015		1.66
2014		1.63
2013		1.66

* Appendices I, II and III are unaudited.

2 Chairman's statement



Chairman's statement

We are all too well aware that the global shipping industry has been under severe financial pressure since the financial crisis of 2008. Owners and operators are rightly focused on increasing efficiency and reducing their costs to the minimum, which includes insurance. The board of The Standard Club is mostly made up of members who live with this reality every day. As a result we are focused on ensuring that our P&I cover is kept to the lowest sustainable level, balanced by the need to provide the highest levels of financial security to members at all times.

Against this background The Standard Club achieved a positive result for members in 2016/17. We returned 5% of the mutual call on the 2016/17 policy year and reduced the premium charged to many members for the 2017/18 policy year. At the same time, we have grown the club, delivered a modest underwriting surplus and increased the club's reserves in line with the growth in tonnage. We believe these steps demonstrate our commitment to supporting members during these remarkably difficult trading conditions, while maintaining the highest levels of financial security.

Delivering our strategic objectives

Over the last year, the board's and managers' focus has been on driving forward the club's four strategic objectives, which are designed to offer members a complete and secure insurance solution. These are to:

- offer a broad range of P&I insurance and other marine and energy covers that represent excellent and sustainable value
- be recognised as providing excellent service through solving members' problems
- provide first-class financial security
- achieve selective growth, consistent with the other objectives.

Offering a broad range of covers of excellent and sustainable value

In recent years we have focused on increasing the range of insurance covers we offer to members. This is intended to enable the club to achieve sustainable growth by increasing the source and diversity of its income streams.

Recent initiatives have included helping to establish the Singapore War Risks Mutual, setting up The Standard Syndicate at Lloyd's, and creating an underwriting agency joint venture with Hydor AS in Norway.

The Singapore War Risks Mutual performed well; further information is provided later in this report.

The Standard Syndicate continues to make progress, despite being launched into one of the softest insurance markets for marine and energy insurance risks that many practitioners can remember. As a result it is taking longer than planned to build the business and deliver a satisfactory return for the club.

Combined ratio

2017	2016	2015
95%	95%	100%

Chairman's statement continued

The Syndicate has achieved good volumes of business and has established a robust business infrastructure and highly skilled team which position it well for the future. In particular, it made good progress in delivering its plan to diversify from marine risks by extending its range of non-marine insurance classes to include new political violence, terror, political risks and specie lines. The Syndicate also increased its capacity and welcomed two major new capital providers. I encourage all members to consider the Syndicate for their insurance requirements, not only to benefit from its high-quality service but also to support the club's investment in this exciting initiative.

Standard Hydor is an underwriting agency joint venture set up by the club and Hydor AS, a well-established Oslo-based marine insurance provider. The agency has been authorised by Lloyd's as an approved coverholder to write business on behalf of The Standard Syndicate. It is offering The Standard Syndicate's range of marine and energy insurance covers to shipowners and offshore energy operators across the Nordic markets.

Delivering excellent service through solving members' problems

Delivering a high standard of personal and professional service is one of the hallmarks of mutual insurance, so I am particularly pleased to report that in a recent survey the overwhelming majority of members confirmed that they would recommend the club to other shipowners.

Providing first-class financial security

As a mutual insurer, we do not aim to make a profit from underwriting our mutual business and target a break-even result each year. In 2016/17 we delivered a combined ratio of 95%, which is slightly better than our target.

The club's investment return made an important contribution to the club's performance during a year of considerable uncertainty in investment markets. The investment return for the year was 3%, in line with our benchmark return. The investment managers took a cautious attitude to risk over the year and it is particularly pleasing that they achieved this result whilst taking less risk than the benchmark, as measured by Value at Risk.

Over the past five years, the club's reserves have increased by around 22%, reflecting the increase in business insured by the club and the need to maintain its capital strength. In the current difficult market conditions for shipowners and operators, we consider that this level of reserves provides members with sufficiently high levels of financial security. As a result, the board concluded that it was appropriate to return 5% of the 2016/17 mutual call to members. After this return, the club's free reserves stood at $430m at the year-end, an increase of 10% over the previous year-end. Standard & Poor's has recognised the club's financial strength and has maintained its 'A' (strong) credit rating.

Delivering selective high-quality growth

The board recognised the difficult financial conditions faced by many members and agreed that there should be no general increase in premium for the 2017/18 renewal. We are focused on insuring a high-quality membership with excellent operating standards and work to ensure that each member pays a premium which is commensurate with the risk that they bring to the club. With this in mind, the managers agreed individual terms with each member, with an overall small reduction in estimated total premium from the expiring membership.

The board is satisfied with the club's selective growth over the year, which demonstrates the club's appeal and the excellent standards of service provided to members. The club grew by 7% in tonnage during the 2016/17 policy year and by a further 2% at renewal, both from new members joining the club and existing members adding more tonnage. The club's overall annual growth of 9% compares well with the world fleet growth of 3%. Total tonnage insured is now 150mgt, up more than 12mgt over the year.

Planning for Brexit

While there is still much uncertainty about how the UK will withdraw from the EU, it seems likely that there could be a so-called 'hard Brexit', which may mean that UK insurance companies lose the automatic right to offer insurance to EU insureds. The club is closely monitoring these developments and is considering a number of options to ensure that we retain the flexibility to continue to offer a high standard of service to our members across the EU.

Our commitment to the mutual system

We firmly believe that the club structure and the pooling arrangements of the International Group of P&I Clubs (IG) provide the best way to deliver financial security and protection to shipowners. Between them, the clubs still insure nearly 90% of the world's ocean-going tonnage.

We engage fully with the IG's committees and working groups to ensure that the system works effectively for all member clubs. At the same time we believe that the club system needs to develop and evolve to meet the challenges of the changing marine market. As a result we are very pleased to support new developments and promote good governance, and we will continue to be constructive advocates of development and improvement in the system.

With parts of the global shipping industry continuing to consolidate owing to overcapacity, we are on the record as saying that we believe there is scope for consolidation between the IG clubs to increase efficiency and competitiveness in the market. We will continue to monitor developments and, while we recognise the complexity involved in club mergers, we continue to support the principle to drive consolidation in the sector.

Talent and diversity

In 2016, I was honoured to be selected as co-Personality of the Year by the Women's International Shipping and Trading Association (WISTA) for CSL's initiatives to employ a growing number of female directors, managers and seafarers. I have long believed that embracing diversity in all its forms is not only the right thing to do, but is also good for business. The Standard Club board is committed to ensuring diversity in the club's management and has worked with our managers to ensure that the club can draw on a rich and diverse pool of talented people. The managers have recently established a diversity and inclusion forum, which supports this aim, with the objective of ensuring that the organisation benefits from the diversity of its people and that they work in an environment where difference is valued and appreciated.

Board of directors

There have been a number of changes to the composition of the board in the past year and I would like to take this opportunity to recognise the exceptional contribution of three long-serving directors: S S Teo, J B Rae-Smith and Rob Clarke. All three have had a significant impact on the development of the club during a period of significant change, not only on the board, but also through their work on committees and subsidiary club boards.

S S Teo of Pacific International Lines retired from the board after 19 years' continuous service to the club and to Standard Asia, including 16 years serving as chairman of Standard Asia. He has been succeeded as chairman of Standard Asia by Bhumindr Harinsuit. J B Rae-Smith of Swire Pacific Offshore retired in August 2016 after 11 years' service, including serving on the club's Strategy Committee. Rob Clarke of British Columbia Ferry Services stood down in October 2016, having joined the boards in 2007. During his time as a director he served as chairman of the Audit and Risk Committee for both the club and Standard Europe and was a member of the club's Strategy Committee and Chairman's Group.

Alberto Chiarini of Saipem Group and Peter Senkbeil of SBM Offshore also retired during the year. I would like to thank all the departing directors for their service, insight and contributions to our discussions and deliberations in their time as directors.

We strive to ensure that the board composition represents the entire membership of the club, so I have been very pleased to welcome a number of new directors this year. Carlo Cosimi of Saipem Spa, Harjeet Joshi of The Shipping Corporation of India, Tomomaru Kuroyanagi of Kumiai Navigation and James Woodrow of The China Navigation Co joined in 2016 and have already made important contributions to our deliberations. Early in 2017 Choo Wee Teo of Pacific International Lines was appointed a director and Oivind Tangen of SBM Offshore joined at the May 2017 board meeting.

This will be my last chairman's statement as I will be retiring in October 2017 and handing over to Cesare d'Amico, one of our deputy chairmen. I would like to take this opportunity to thank Cesare and Erik Johnsen for their unstinting support and encouragement as deputy chairmen. I would also like to thank Constantine Peraticos who served as my deputy chairman for many years, and the whole board for its continuous backing and commitment over my time as chairman.

Finally, I would like to thank all the members for their commitment to The Standard Club. It is this support which enables us to continue to deliver high-quality insurance cover, backed by exceptional standards of service across all areas of the club's work, from underwriting and claims to efficient day-to-day insurance administration and loss prevention initiatives.

Rod Jones
Chairman

3 The directors

The directors

Directors who have served since the date of the last annual report and financial statements are:

R Jones[1,2,3,4,5,6]
Chairman
CSL Group Inc

C d'Amico[2,3,4,5,6]
Deputy Chairman
d'Amico Società di Navigazione SpA

E Johnsen[1,2,3,4,6]
Deputy Chairman
International Shipholding Corporation

N Aksoy
Akmar Shipping Group and Turkish Cargo Lines

L D'Amato
Fratelli D'Amato SpA

A Bensler[2,3]
Teekay Corporation

A Broomhead[1,5]
Pacific Basin Shipping Ltd

A Chiarini
Saipem Group
(Resigned 8 June 2016)

R Clarke[1,3,4,6]
British Columbia Ferry Services, Inc.
(Resigned 21 October 2016)

P Clausius[3,5]
Transport Capital Pte Ltd

P Clerici
Coeclerici SpA

C Cosimi
Saipem Spa
(Appointed 31 January 2017)

A Cossar[1]
Bermudian resident director

M Cox[1,3,4]
Matson Navigation Co Inc.

H Deeble CBE[3]
P&O Ferries Division Holdings Limited

A Groom[1,2,3,4,6]
Non-executive director

J Grose[4]
Manager

N Hadjioannou[2]
Alassia Holdings Inc.

B Harinsuit[2,5]
The Harinsuit Transport Co Ltd

B J Hurst-Bannister[1,3,4,6]
Insurance expert director

G Jaegers[3]
Reederei Jaegers GmbH

H Joshi[5]
The Shipping Corporation of India Ltd
(Appointed 21 October 2016)

D Koo[2,5]
Valles Steamship Co Ltd

T Kuroyanagi[5]
Kumiai Navigation (Pte) Ltd
(Appointed 21 October 2016)

E Lauro
Scorpio Group

D Marock[4]
Manager

A Martinos
Minerva Marine Inc.

R Menendez Ross[1,2,3,4,5,6]
Interocean Transportation Inc.

C Peraticos[2,3]
Pleiades Shipping Agents SA

J B Rae-Smith[3,5]
Swire Pacific Offshore Ltd
(Resigned 10 August 2016)

S Rosina[3]
Premuda SpA

P Senkbeil
SBM Offshore
(Resigned 31 January 2017)

M Sørensen[1,4,6]
Maersk Drilling A/S

O Tangen
SBM Offshore
(Appointed 12 May 2017)

C W Teo[5]
Pacific International Lines (Pte) Ltd
(Appointed 31 January 2017)

S S Teo[5]
Pacific International Lines (Pte) Ltd
(Resigned 21 October 2016)

J Woodrow[3,5]
The China Navigation Co Pte Ltd
(Appointed 21 October 2016)

1 Member of the Audit and Risk Committee.
2 Member of the Nomination and Governance Committee.
3 Member of the Strategy Committee.
4 Director of Standard Europe.
5 Director of Standard Asia.
6 Member of the Chairman's Group.

4 Report of the directors

Report of the directors

The Standard Club is a mutual protection and indemnity association, owned by its shipowner members and controlled by a board of directors drawn from the membership.

The club's four strategic objectives – to offer a broad range of P&I insurance and other marine and energy covers that represent excellent and sustainable value; to be recognised as providing excellent service by solving members' problems; to maintain first-class financial security; and to achieve selective growth, consistent with the other objectives – remain unchanged since the last annual report. Looking at each objective in more detail:

A broad range of covers...

The club's core P&I cover provides our members with high-limit insurance against all normal liabilities arising from shipowning and ship operating. This core cover is backed by the International Group's pooling and reinsurance arrangements.

Nearly all the club's members have insurance needs beyond core P&I, both for additional liabilities in their particular trades, for example in the offshore sector, and for property risks. It is for this reason that in recent years we have focused on increasing the range of insurance covers we offer to members and can now provide cover for virtually all of our members' needs either directly, backed by the club's own extensive reinsurance programme with high limits of cover – up to $1bn for some covers – or via The Standard Syndicate (Syndicate 1884), which started underwriting on 1 April 2015.

We have also launched other initiatives, including helping to establish the Singapore War Risks Mutual and creating an underwriting agency joint venture with Hydor AS in Norway. Further detail on each initiative is included in the operational review.

...that represent excellent and sustainable value

Underwriting result

The club recognises that the generation of underwriting surpluses is an inefficient use of members' capital, and in this regard, the club's goal is to break-even with investment returns an added benefit.

For the 2016/17 policy year, the club achieved a positive result for members with a financial year combined ratio, including the club's share of The Standard Syndicate, of 95%. In addition, the club announced no general increase at the 2017 renewal and returned 5% of mutual calls on the 2016/17 policy year. This has been returned as of right to all mutual members entered in the year and irrespective of other considerations, such as renewal into 2017 or record. After the 5% return of the 2016/17 mutual call to members, the club's free reserves stood at $430m at the year-end, an increase of 10% over the previous year-end.

The club's investment return made an important contribution to the club's performance during a year of considerable uncertainty in investment markets. The investment return for the year was 3.0%, in line with our benchmark return. The investment managers took a cautious attitude to risk over the year and it is particularly pleasing that they achieved this result whilst taking less risk than the benchmark, as measured by Value at Risk.

Report of the directors continued

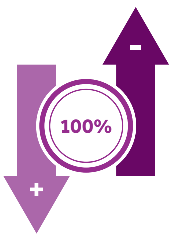
Underwriting discipline

The club remains focused on underwriting discipline, with risk selection and loss prevention essential for aligning member premiums with claims and risk. This approach is supported by an ethos of continuous improvement in the underwriting and claims functions to minimise rate increases.

The club selects and manages risk based on operating quality and, at renewal, aims to improve operating quality by the non-renewal of some members where standards have failed to be maintained. The assessment of member and ship risk profile is carried out via a desktop risk assessment system. When a member joins the club, this is then followed up with member and ship risk reviews.

Combined ratio

95%



Calls and premiums

$339m

The board believes that the focus on underwriting discipline has supported the club's improved underwriting performance in recent years and ensured that premiums for members have remained at a sustainable level representing excellent value. However, the board also acknowledges that a general industry downturn has contributed towards a benign claims experience which in turn has supported the 2016/17 results.

Release calls

An actuarial assessment is undertaken to establish the level of release calls for each policy year, as the various risks to which the club is exposed could lead to a wide variety of profit and loss outcomes.

The club has considered each of a large number of possible results to assess the probability of the free reserves falling to a level at which a supplementary call might be made. The size of such a supplementary call, weighted by the probability of requiring a call of that size, represents the liability foregone by a member who leaves the club. A benchmark release call rate is calculated as this amount plus a risk transfer premium, adjusted to take into account any commercial or market considerations.

The reduction in release calls reflects several initiatives launched by the club in recent years to enable it to better anticipate claims developments and achieve early accurate estimating, thus avoiding any late deterioration in the incurred amounts for each policy year.

On this basis, the club has agreed to set release calls at 0% for 2015/16, 0% for 2016/17 and 6% for 2017/18, maintaining the rates set last year, which are amongst the lowest in the International Group.

Providing excellent service through solving members' problems

Ensuring that members are satisfied with the club's performance and that they are receiving fair treatment from the club are high priorities for the board. A formal member and broker survey was conducted in the summer of 2016 and the results were really positive with 96% of members expressing a likelihood to recommend the club to another shipowner.

Release calls for P&I and Defence Classes

Policy year	20 May 2017	20 May 2016	20 May 2015	20 May 2014	20 May 2013	20 May 2012	20 May 2011
2017/18	6						
2016/17	0	7					
2015/16	0	3	7				
2014/15		2	3	8			
2013/14			2	4	14		
2012/13				3	4.5	15	
2011/12					3.5	10	15

Another member and broker survey will again be conducted during 2017.

In addition to an annual survey, informal regular monitoring of member satisfaction is carried out to gauge the members' views of the club and to identify any areas for improvement. The results of this monitoring process are reviewed by the Nomination and Governance Committee. In addition to this process, the managers aim to visit as many members as practically possible every year to ensure that they are aware of the club's strategy and operations, and to identify any areas for concern.

Tonnage

150mgt

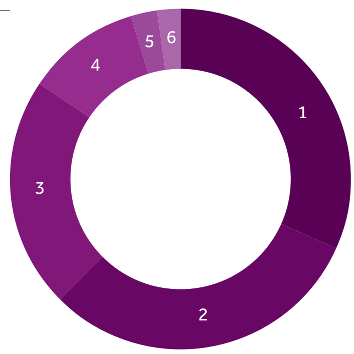
Claims

As a mutual, the club exists to pay claims, not to find reasons not to do so. The club's approach to service reflects the fact that members are at the heart of its business. It is when members have casualties that they most need the club's support. The club in turn seeks to help its members to the maximum extent possible, both in terms of support in handling claims and in the reimbursement of losses. The club's claims handlers have high authority levels and are highly trained – there are more than 40 qualified lawyers, and exceptionally high levels of take-up for the International Group P&I qualification, all supported by an in-house team of technical experts. In addition, the club's claims handlers go the extra mile, taking personal ownership of claims – this means that members receive a consistent level of service, even when issues arise outside normal office hours.

Much work has been done by the club to control the cost of claims handling by external service providers, ie lawyers, correspondents and technical experts. Detailed service level agreements have been agreed and discounted billing rates negotiated to ensure that members receive the highest-quality service at the lowest cost.

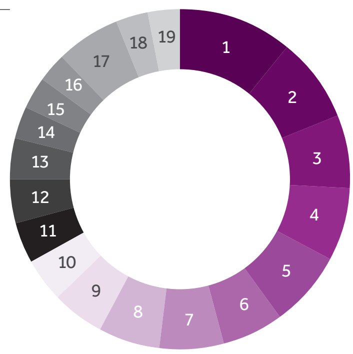
Ship types entered
Owned tonnage as at 20 April 2017

1	Tankers	32%
2	Container and general cargo	31%
3	Dry bulk	22%
4	Offshore	11%
5	Passenger and ferry	2%
6	Other	2%



Country of management
Owned tonnage as at 20 April 2017

1	Greece	11%
2	Japan	8%
3	Nordic region	7%
4	Germany	7%
5	Italy	7%
6	Canada	6%
7	USA	6%
8	Singapore	6%
9	Switzerland	5%
10	Monaco	4%
11	Turkey	4%
12	Republic of Korea	4%
13	United Kingdom	4%
14	Middle East	3%
15	Hong Kong	3%
16	Netherlands	3%
17	Rest of Asia	6%
18	Rest of Europe	3%
19	Rest of World	3%



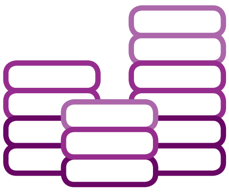
Report of the directors continued

Investment return

3.0%

Claims cover ratio of net assets to outstanding claims

1.78



Free reserves

$430m

Discretionary claims

The club prides itself on its pragmatic approach to paying claims. In support of this, the board considers claims that fall outside the core cover provided by the club, which can be covered if the board exercises its discretion to reimburse the member. Each claim is reviewed in detail to understand its specific circumstances and to assess whether the costs incurred by the member should be within the scope of the club's cover.

In this respect, the cover offered to members is broad and inclusive, and the board takes a sympathetic view to discretionary claims, always aiming to be fair and consistent.

Underwriting

The club's experienced underwriting teams have an in-depth knowledge across trades, risk types and regions and take pride in their ability to always find a solution. They focus on tailor-made solutions for members by combining poolable and non-poolable P&I and other covers.

Selective growth

Good risk selection and correct pricing are a priority in selecting the right members for the club. Each year the club takes steps at renewal to improve the overall quality of the book and, as a result, some members leave the club but some new members join.

At 20 February 2016, tonnage was 138mgt. Despite tough trading conditions for much of the membership, tonnage is now in excess of 150mgt, mostly due to members adding tonnage during the year but also to new members joining both during the 2016/17 policy year and at renewal.

At the 2017/18 renewal, a number of members also agreed to add additional ships to their entries as these enter service during the year.

As the club grows, an effort is made to continue to ensure that the membership remains broad and diverse with no one member representing more than 5% of the club by gross tonnage.

First-class financial security

Standard & Poor's

S&P reaffirmed the club's 'A' (strong) rating in June 2016. While the rating was unchanged, two of the scores that contribute to the overall outcome were increased. The stable outlook reflects S&P's expectations that the club will 'maintain capital and earnings commensurate with the 'AAA' capital rating' (a key component of the overall credit rating), and 'maintain operating performance at a combined ratio of less than 103% (in the absence of any abnormal large loss events)'.

Summary of financial results and consolidated balance sheet

As set out in the consolidated statement of comprehensive income, there is a surplus for the year of $40m (2016: $10m). Total reserves available for claims stand at $988m (2016: $973m). The amount set aside to meet outstanding claims and IBNR was $554m at 20 February 2017 (2016: $583m).

Statement of comprehensive income

Revenue from calls, premiums and releases amounted to $339m (2016: $354m), after a $11m return of premium on the 2016/17 policy year. Paid claims, net of reinsurance recoveries, were $229m (2016: $200m). Pool and reinsurance recoveries amounted to $71m (2016: $139m).

Average expense ratio
The average expense ratio for the club's P&I class for the five years ended 20 February 2017 was 12.4% (2016: 12.2%). The ratio was calculated in accordance with the Schedule and Guidelines issued by the International Group pursuant to the International Group Agreement and is consistent with the relevant financial statements. The ratio expresses the club's expenses as a percentage of its total income. Although members' brokerage is not an expense of the club, for the sake of consistency, the ratio includes members' brokerage fees paid by members to their brokers through the agency of the club.

Open and closed policy year balances – P&I class
The appendices to the report set out details of the open policy years together with the closed policy year balances. The board closed the 2014/15 policy year at its meeting on 12 May 2017 on the basis of the financial position at 20 February 2017. The total open policy year balance at 20 February 2017 amounted to $255m after closure of the 2014/15 policy year. Included in this balance are estimated reinsurance recoveries of $62m. The estimate of net outstanding claims liabilities for the closed years amounted to $299m (including liabilities for the 2014/15 policy year).

Free reserves
The free reserves represent the surpluses built up out of open and closed policy years (which includes investment returns), and constitute the core capital of the club.

The club's free reserves increased to $430m at the year end (2016: $390m). The club's reserves have increased modestly over the last few years, to maintain the club's capital strength while the business insured in the club has increased.

The board has reviewed the strategic purpose of the club's capital, and agreed that the appropriate level of free reserves would:

1. ensure that the club has sufficient capital to reflect its business risks and to comply with regulatory requirements
2. provide a sufficient buffer so as to make the probability of supplementary calls very low and unnecessary in any phase of a normal underwriting cycle, levied only in extreme stress scenarios
3. ensure that the club is perceived as being in the top division of clubs from a financial perspective, in order to give the club flexibility and the power to maintain discipline on pricing and quality
4. maintain an S&P or similar rating of 'A' or above.

The current level of free reserves is within the target strategic range set by the board. The board will ensure that the free reserves continue to be aligned with the volume of and risks in the club's business.

The board keeps the need to make supplementary calls under review when considering the overall financial resources available to the club and has decided that no supplementary call is currently needed for any of the open policy years, nor is any expected.

Key performance indicators

The board monitors the progress of the club by reference to the following KPIs:

	2013	2014	2015	2016	**2017**
Tonnage mgt	135	131	135	138	**150**
Gross premium and calls $m	294	336	354	354	**339**
Free reserves $m	363	369	380	390	**430**
Claims cover[1]	1.65	1.63	1.66	1.65	**1.78**
Financial year combined ratio[2] %	113	101	100	95	**95**
Investment return[3] %	6.6	0.6	1.8	(0.9)	**3.0**

1 Ratio of net assets to outstanding claims.
2 The ratio of total expenditure to total income, as set out in the technical account section of the consolidated statement of comprehensive income. A ratio below 100% indicates an underwriting surplus.
3 Return for 12 months to 20 February. Includes revaluation of Standard House.

Business review

Principal activities

The principal activity of The Standard Club Ltd was to act as a holding company for subsidiaries that provide insurance and reinsurance of third party liabilities and related risks, war risks and defence risks on behalf of its members. At 20 February 2017, there was approximately 150mgt of shipping entered in the club.

The club also has a share (40% for 2015 and 2016 years of account, 47% for 2017) of a Lloyd's syndicate (The Standard Syndicate) which writes marine and energy business in large part (but not exclusively) for the club's members.

Directors

The directors of the club who were in office from the last report and up to the date of signing the financial statements are shown on page 7 of this report.

During the year, the board was pleased to welcome Carlo Cosimi, Harjeet Joshi, Tomomaru Kuroyanagi, Oivind Tangen, Choo Wee Teo and James Woodrow as new directors. Having been appointed during the year, they offer themselves for re-election at the AGM. The directors who retire by rotation in accordance with the bye-laws and offer themselves for re-election are Nicolas Hadjioannou, David Koo, David Marock, Andreas Martinos and Marianne Sørensen. The directors fulfilling the corporate governance requirement to seek annual re-election after serving a period of nine years on the board and who, being eligible, have also offered themselves for re-election are: Necdet Aksoy, Luigi D'Amato, Cesare d'Amico, Paolo Clerici, Alistair Groom, Bhumindr Harinsuit, Erik Johnsen, Ricardo Menendez Ross and Constantine Peraticos. Details of those directors seeking annual re-election are included in the notice of the AGM, set out on page 67.

Since the last report, Peter Senkbeil, J B Rae-Smith, Alberto Chiarini, S S Teo and Rob Clarke have retired from the board. The directors of the club would once again like to take the opportunity to thank each of them for their valued contribution.

Meetings of the board

Since the date of the last report, the board has met on three occasions: on 21 October 2016 in Tokyo, on 31 January 2017 in Amsterdam and on 12 May 2017 in Rome. At each meeting, the board reviewed the club's strategy and business plan, risks, financial and underwriting performance, significant claims, new members admitted to the club, new ships attaching, reinsurance arrangements, legal, regulatory and tax matters, industry developments, control and governance matters, and investment strategy and results. The principal issues discussed by the board, and the decisions reached, are set out in this report.

The Audit and Risk Committee, Nomination and Governance Committee and Strategy Committee have each met on three occasions since the date of the last report. The Chairman's Group has also held regular discussions with the managers during the year to monitor the club's performance between board meetings.

Operational review

Selected key business areas

Standard Asia

2017 marks the 20th anniversary of The Standard Club Asia Ltd's operations in Singapore. It was established on 14 May 1997 and remains the only incorporated P&I club subsidiary in the country. Standard Asia's board met in Singapore on 10 August 2016 and considered a wide range of issues, with a particular focus on business development across the club's core Asia-Pacific markets. Despite the loss of almost 1mgt formerly entered by Hanjin Shipping Co Ltd, the club has seen healthy growth in excess of 5% over the year, with mutual owned tonnage increasing from 17.9mgt at 20 February 2016 to 18.9mgt at 20 February 2017. Ten new members joined the club during the policy year with a further three joining at the February 2017 renewal. Premium income was down slightly at renewal, reflecting the prevailing soft insurance market conditions, but the club's overall financial position remains strong after a sustained improvement in the underwriting result and a 2016/17 financial year combined ratio of 95% (61% before the quota share with Standard Re).

There are 31 staff in Singapore who provide a complete range of member services, including claims, underwriting, loss prevention and finance. A further two claims staff are based in Hong Kong and report to Singapore.

Standard Offshore

Standard Offshore has continued to both welcome new members and gain additional tonnage from existing members to the club during the course of the 2016/17 policy year and over the renewal period.

The market continues to be extremely challenging across all sectors of the oil and gas industry. Whilst there have been increased levels of lay-ups and difficulties in achieving a balanced contracting position, we are pleased to see that, as a whole, the membership is carefully managing this process and engaging in early dialogue with the club. The level of new contract awards that our members are winning clearly speaks to their high standards of operating quality.

SWRM
Singapore War Risks Mutual

Singapore War Risks Mutual (SWRM)

SWRM, a class within Standard Asia with its own committee, completed its second year of underwriting on 20 February 2017. The year ended with 450 ships (representing 12.2mgt) entered in the facility by 25 owners. The premium income generated remains significantly in excess of budget, despite strong competitive pressures. With a 2016/17 financial year combined ratio of 73% and no claims to date, the class continues to make a positive contribution to Standard Asia's overall result.

London Class

The specialist inland and shortsea class of the club continues to expand in very challenging conditions both in the sector itself and in the face of commercial market competition. The class now has 5,988 units entered and increased entered tonnage by 23.6% to 4.5mgt at the February 2017 renewal.

TS21

The club's joint venture with Tokio Marine Nichido Fire (TMNF) continues to prosper and Japan represents the third largest region for the club at 8% by gt insured. TS21 insures 62 members which represents 8% of the total Japanese market.

Standard Syndicate

The Standard Syndicate (Syndicate 1884)

The Standard Syndicate has experienced difficult trading conditions, with deteriorating results on both the 2015 and 2016 year of account, largely as a result of hull, cargo and D&O claims. The syndicate is focused on improving its performance through a number of short-term and longer-term actions. At an operational level, 2016 was a year of solid progress and the syndicate continued to enjoy good support from club members. It increased its capacity, welcomed two new major capital providers, expanded the number of insurance covers provided and built on its innovative, customer-centric approach to bringing business into Lloyd's. Trading conditions remain challenging, but it is hoped that by focusing on writing high-quality, profitable risks, the syndicate will be able to strengthen its foundations and achieve its targets for 2017 and beyond.

Members are encouraged to consider the syndicate for their insurance requirements so as to support the club's investment in this exciting initiative.

Operational review continued

Standard Hydor

Standard Hydor

The club has entered into a 50/50 joint venture with Hydor, a Norwegian fixed premium P&I provider. Standard Hydor is an approved Lloyd's coverholder, underwriting exclusively for The Standard Syndicate in the Norwegian, Finnish and Swedish markets, offering marine and energy covers. The facility has been strongly supported by the market and has had an encouraging start since Lloyd's approval in October 2016.

The Korea Standard Collaboration Facility (KSCF)

On 3 August 2016, Standard Asia and the Korea P&I Association (KPIA) signed a memorandum of understanding to establish the KSCF. The facility targets Korean coastal and regionally trading small craft, including tankers chartered to oil majors, which require International Group cover. KPIA bears the first $500,000 of each claim with Standard Asia insuring in excess of that up to a limit of $1bn. The cover is provided on a fixed premium basis and the facility complies with the International Group Agreement. Following renewal, the facility now has its first two members.

Reinsurance

Club retention and the Pool

The individual club retention increased to $10m with effect from 20 February 2016 and remains unchanged for the 2017/18 policy year. The attachment point on the Group GXL reinsurance programme, which has remained at $80m since 2014, increased to $100m from 20 February 2017.

The pooling mechanism maintains fairness between IG clubs and ensures that the exposures generated are manageable.

The IG reinsurance programme

This year's GXL renewal resulted in an overall premium decrease of around 7.5% for members, depending upon ship type. The structure of the programme this year remains the same with three private placements covering 15% of the first and second layers. Hydra, the IG's captive, has an aggregate retention under its own reinsurance contract of $125m.

Non-pool reinsurance programme

A large proportion of the club's members benefit from the club's non-poolable covers. The biggest users of the non-pool programme are charterers and those involved in the offshore energy and specialist sectors, whose risks are largely excluded from the Pool. The club continues to offer the same maximum limit of $1bn. This programme also includes the club's fixed premium business.

Retention reinsurance

The club has purchased a new stop loss protection for its retention risks.

The club appreciates the support given by its reinsurers and values highly its relationship with them.

Claims

The claims environment

The 2016/17 policy year has been satisfactory, with fewer significant casualties compared with previous policy years. Older years have also performed well, with minor improvements in the back years.

Defence Class claims have generally mirrored the benign state of P&I, apart from a small number of large disputes with shipyards in the most recent year.

The claims environment activity is obviously influenced by global economic conditions and consequent levels of shipping activity, but clear underlying trends and emerging risks are more difficult to identify. Approximately 60% of incurred claims are attributable to a relatively small number of large claims/casualties, but these occur on a largely random basis in terms of types of claim, trades and geographical location. Large claims are getting larger due to technological developments in the ability to provide comprehensive responses to oil spills and wreck removals, and changing social attitudes to environmental and 'people' claims. At the same time, improved operational standards, resulting from closer regulation of shipping, and higher deductibles which also apply to fees, have drastically reduced the number of small claims. While these trends are generally positive overall, they do serve to create more volatility in claims levels, both within the club's retention and on the Pool, and the upper reinsurance layers.

Pool claims

The 2016/17 policy year has been good for the Pool, with seven claims notified by clubs to date and none from The Standard Club so far. This compares favourably with previous years, both in terms of the Pool generally and The Standard Club's claims on the Pool.

Loss prevention

Survey programme

The managers continue to focus on the operating quality of the club's membership, primarily driven by the loss prevention team. The objectives of the loss prevention team are to:

- ensure the club underwrites ships and members of appropriate quality
- minimise losses to members and to the club
- provide expert technical and loss prevention advice to members and to the club's underwriting and claims teams.

During the 2016/17 policy year, the managers carried out a total of 36 member risk reviews. The managers also carried out 480 ship surveys, including 335 routine surveys, 90 entry surveys and 4 follow-up surveys. The remaining 51 surveys were related to PSC detentions and dedicated ultrasonic hatch cover tests. The survey results fell within the expected brackets, with 42% of the surveys considered a pass, 48% resulting in recommendations that the members could rectify without any cover implications, and 8% (39 surveys) resulting in a request for repairs to be carried out as a condition of continued cover.

At the last renewal, two members were not offered renewal terms as a result of concerns about operational quality.

The club's survey programme for the 2016/17 policy year focused on ships where the loss prevention team expected to find more deficiencies, resulting in fewer ships being surveyed (480 against 523 in the 2015/16 policy year). The result was that 48% of surveys gave rise to recommendations as compared to 45% during the previous policy year. This 'smart selection' process extended also to the selection of surveyors and ports of survey, resulting in a substantial saving on the cost of the survey programme compared with previous policy years.

PEME scheme

The club's pre-employment medical examination (PEME) programme has successfully completed its first year and the number of PEME tests conducted on a monthly basis continues to grow. The 15 clinics now conduct around 400 examinations per month. We continue to recommend that members carry out enhanced PEME tests for their crews in order to safeguard the crews' lives and reduce the potential for personal illness claims.

SLAC

The Safety and Loss Advisory Committees (SLAC) Europe and Asia are key to the club's loss prevention initiatives and each committee has met twice since the last report. Following the successful revision of the SLAC format in 2015, the managers reviewed the composition of the SLAC committee for London Class members, and the first meeting of the revised committee will take place in 2017. The SLAC London committee focuses on loss prevention and claim trends specific to inland waterways and coastal trade.

Training and education

Training and education are viewed by the club as key tools in the fight against preventable claims. The club's educational efforts cover technical and behavioural/managerial topics, and include both loss prevention publications and initiatives. Furthermore, the managers continue to engage with various industry bodies on specific projects, full details of which can be found on the club's website.

This year, a major focus for the department has been the promotion of near-miss reporting as a means to prevent avoidable incidents. Near-miss reporting is an essential task which prevents accidents and saves lives. According to Herbert William Heinrich, an industrial safety expert from the United States, for every major accident involving fatality or serious injury, there are 29 minor accidents and 300 near-misses. If near-misses are reported, collated, analysed and results distributed, there is an opportunity to reduce the number of serious incidents that occur by identifying weaknesses in operational procedures and putting into practice the lessons learned.

In conjunction with Video Tel, The Standard Club has produced an educational video and workbook to educate mariners and shore managers specifically about near-miss reporting and emphasise its importance in improving safety onboard ships.

CHIRP video maritime feedback bulletins

The Confidential Hazardous Incident Reporting Programme (CHIRP) works to collect information regarding incidents or near-misses and to distribute this knowledge to help others in learning

Operational review continued

from these experiences. Its latest initiative, sponsored by The Standard Club, is the production of new 'video maritime feedback bulletins', which are released on a quarterly basis. Each eight-minute production promotes good safety practices and provides excellent material for discussion during a ship's safety committee meeting. It encourages shipowners and ship operators to compare their organisation's own performance in such matters, which aligns with The Standard Club's own efforts to reduce losses and accidents in the international maritime industry.

Spot the hazard competition

The spot the hazard competition, created in conjunction with the International Chamber of Shipping, was open to all serving seafarers and was designed to promote hazard awareness as a means of reducing the toll of easily preventable accidents. The response to this competition amongst the seafaring community was most encouraging, with just over 1,500 competition entries being submitted from across the spectrums of rank, sector and nationality. The results of the competition were positive, with many seafarers scoring top marks on each of the posters. Yet every year, there are a significant number of accidents that could have been prevented, so there is still work to be done in order to translate this understanding of what constitutes a hazard into safe onboard working practices. As a result, a poster was created featuring all of the hazard scenes, for use onboard ship. The aim of the new poster is to encourage everyone onboard a ship to be responsible for its safety, by identifying hazards before they escalate into serious incidents.

Navigation assessments

In light of the recent trend of preventable navigation-based accidents, the loss prevention department has also worked with The Nautical Institute on its new publication *Navigation Assessments: A guide to best practice*. The publication is designed to serve as a guide for organisations that would like to use navigation assessments as a means of monitoring standards onboard their own vessels. The club's experience indicates that many ships are affected by low-level non-compliance and behaviours that put the vessel and the maritime venture at risk, so this publication is a positive step to ensuring that industry stakeholders have full visibility of the safety challenges their organisations face.

Conclusion

The club's loss prevention efforts remain central to the club's strategic objectives and an important aspect of the club's service to members.

The team welcomes direct discussion with members and would encourage any member with technical or risk-related queries to get in touch via their usual club contact.

Investments

In the year to 20 February 2017, the club's total investment assets returned 3.0%. The investment portfolio, which excludes certain sterling assets including the Standard House property, CTplc shares and a currency hedge of the management fee, returned 4.5%.

As at 20 February 2017, the investment portfolio was allocated as follows:

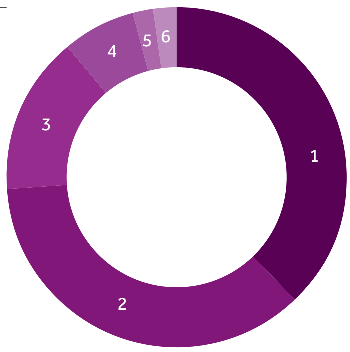
- Corporate bonds 38%
- Sovereign bonds including bills 36%
- Equities 15%
- Alternatives 7%
- Gold 2%
- Cash/FX forwards 2%

The currency allocation was:

- US and Canadian dollars 86%
- European currencies (excluding sterling) 6%
- Sterling 6%
- Other currencies 2%

Investment portfolio
Asset allocation as at 20 February 2017

1	Corporate bonds	38%
2	Sovereign bonds including bills	36%
3	Equities	15%
4	Alternatives	7%
5	Gold	2%
6	Cash/FX forwards	2%



The main changes in asset allocation over the year were a decrease in the allocation to government bonds which was offset by an increase in corporate bonds, whilst there was an increase in the allocation to equities which was made out of cash. In addition, there was a reduction in the allocation to non-dollar currencies. The overall investment risk level remained cautious.

Solvency and capital management

The Standard group of clubs is regulated by the Bermuda Monetary Authority under a regulatory regime deemed 'equivalent' to Solvency II, the EU-wide European regulatory regime which applies to the club's subsidiary, The Standard Club Europe Ltd (Standard Europe), and which came into force on 1 January 2016.

A key requirement of the regulatory regimes that the Standard group of clubs operates under is to have a well-developed Own Risk and Solvency Assessment (ORSA) programme in place (also referred to as the Commercial Insurer's Solvency Self-Assessment (CISSA) programme in Bermuda). The club has been developing this programme over recent years, and its ORSA/CISSA is updated and reviewed annually by the board.

As part of the ORSA, the club makes use of its internal model to make assessments of its own capital needs as well as to inform important business planning issues, including setting the renewal pricing strategy, reinsurance purchasing and projecting the club's prospective result against which actual performance can be measured.

The ability of the club to make supplementary calls remains an important part of the resources available to meet its capital requirements. The Solvency II Framework Directive allows mutual insurers, such as the club, to have the right to make supplementary calls included as additional capital.

The board keeps the need to make supplementary calls under review when considering the overall financial resources available to the club and has decided that no supplementary call is currently needed for any of the open policy years, nor is any expected.

The board's strategic approach to capital has been referred to above in the free reserves section of the report of the directors.

Brexit

A referendum in June 2016 saw the UK vote to leave the European Union (EU). In anticipation of a leave vote the club's investment team positioned the portfolio defensively against such an outcome.

On 29 March 2017, the UK Prime Minister, Theresa May, triggered Article 50, the legal mechanism by which a country formally exits the EU, marking the start of two years to negotiate its terms of exit with the remaining 27 EU member states.

It is looking increasingly likely that the UK is heading towards a 'hard' Brexit, which may mean that UK insurance companies lose the automatic right to offer insurance to EU insureds. The club is closely monitoring the situation and is considering all possible options in order to ensure that the high standard of security and service offered by the club will continue post-Brexit, with little or no interruption to operations.

Industry issues

Sanctions

Iran sanctions – 'fall-back' reinsurance cover
The current US reinsurers participating on the International Group General Excess of Loss (GXL) reinsurance and Collective Overspill contracts and the Hydra reinsurance programme will not be renewed for the 2017/18 policy year and have been substituted with alternative non-US capacity. This means that there will be no need to renew the fall-back reinsurance cover beyond 20 February 2017.

Impact of US election
Donald Trump's election as President raises the prospect that the United States may pull out of the nuclear deal agreed with Iran under the Joint Comprehensive Plan of Action (JCPOA). Under this agreement, the United States lifted 'secondary sanctions' against Iran, which prohibited non-US companies from doing business with Iran.

The JCPOA is not a treaty approved by US Congress, but a political commitment approved by a United Nations resolution. This means that President Trump could withdraw from the JCPOA and reimpose secondary sanctions on non-US persons by signing an Executive Order. However, US lawyers have advised the club that it is unlikely that President Trump will renounce the JCPOA. It is more likely that President Trump will attempt to renegotiate the nuclear deal and there will be strong support for such an approach from the Republican majority in the US Congress, many of whom oppose the JCPOA. However, the renegotiation would be quite complicated because it would involve the other permanent members of the UN Security Council (ie China, France, Russia and the UK), plus Germany and the EU, and Iran has little incentive to alter the deal.

There is also uncertainty regarding whether President Trump will repeal sanctions imposed against Russia, with the purpose of expanding business opportunities for US companies.

Brexit
On 29 March 2017 the UK Government triggered Article 50 of the Lisbon Treaty, which means that it has two years to negotiate an exit from the EU (commonly known as Brexit), unless this is extended with the unanimous agreement of all EU member states.

In the UK, sanctions legislation largely derives from three sources: UN Security Council resolutions, EU sanctions and the UK's own autonomous sanctions (which relate mainly to terrorism and crime). Brexit will not affect the UK's obligation to implement UN sanctions. The UK's existing autonomous sanctions regime is also expected to remain in effect. However, it is still uncertain what approach the UK will take to EU sanctions ie those that currently exist and also those imposed by the EU after Brexit. The UK may opt to implement all existing EU sanctions *en masse* into UK law, but some legislation may be passed to repeal or amend parts of them.

The UK has played a key role in EU sanctions policy, eg it is a party to the JCPOA which lifted trade sanctions against Iran and it has provided strong support for sanctions against Russia. It is therefore likely that economic and political factors will cause the UK to remain broadly in line with the EU.

Ballast water management

Convention update

The IMO adopted the 'International Convention for the Control and Management of Ships' Ballast Water and Sediments' (BWMC) on 13 February 2004. As of 11 January 2017, 54 states representing 53.3% of the world's merchant tonnage have ratified the BWMC. The BWMC will enter into force on 8 September 2017.

The purpose of the BWMC is to develop a safer and more effective management of ballast water that eliminates the risk of harmful aquatic organisms spreading from one part of the world to another. It applies to all international trading ships over 400gt that:

a) are fitted with ballast water tanks
b) are registered in states that are parties to the convention
c) operate in the waters of such member states.

The convention defines ships as submersibles, floating craft, floating platforms, FSUs and FPSOs.

In order to ensure compliance with the BWMC owners must:

- develop a BWM plan
- install an approved ballast water treatment system (BWTS) onboard
- have a valid BWM certificate onboard
- maintain their BWM record book
- train their ship staff in BWM operations.

The BWTS must be approved by the national authorities and be fitted at the time of the first renewal of the ship's International Oil Pollution Prevention (IOPP) certificate following the date of the convention's entry into force or on delivery in the case of new builds with a keel laying date after 8 September 2017. More than 60 BWTS have received IMO approval.

The IMO has issued a set of FAQs on its website: www.imo.org/en/OurWork/Environment/BallastWaterManagement/Pages/BWMFAQ.aspx.

The IMO revised the G8 Guidelines for approval of BWTS at the MEPC 70 meeting in October 2016. MEPC 70 agreed that these guidelines should be made mandatory and the IMO is working on revising the G8 Guidelines so that they are published as the Code for approval of ballast water management systems.

Owners that installed a BWTS system before 28 October 2016 which does not meet the standards required by the final version of the G8 Guidelines, will be allowed a further five years from September 2017 to comply.

US ballast water issues

The United States is not a party to the BWMC. However, the US Coast Guard (USCG) Regulations require the installation on most ships operating in US waters of a BWM system that meets the USCG's strict testing standards.

The USCG's *Final Rule on the Standards for Living Organisms in Ships' Ballast Water Discharged in US Waters* was issued on 23 March 2012 and came into effect on 21 June 2012. The purpose of these regulations is to bring ballast water discharge standards in line with the IMO's standards. The regulations have been introduced via a phased-in schedule, with three phases of implementation according to the ship's construction date and ballast water capacity. The final phase began on 1 January 2016.

The US ballast water management regulations allow the USCG to grant extensions to the compliance implementation schedule for up to five years from the ship's scheduled implementation date. Applications for extensions must be made at least 12 months before the ship's scheduled implementation date and supplemental applications must be made at least 90 days prior to the end of the extension period.

In addition to the USCG ballast water management regulations, the Environmental Protection Agency (EPA) has issued its own ballast water discharge standards, which are similar but not identical to the USCG's final rule and came into effect on 19 December 2013. Since compliance with the USCG regulations is still impossible at this time, the EPA issued an Enforcement Response Policy on 27 December 2013. In this guidance, the EPA stated that it would take a low enforcement priority approach. The EPA advised that ship operators must have received an extension from the USCG and must be in compliance with all other provisions of the 2013 policy.

Industry issues continued

As of 28 April 2017, there are three USCG-type approved systems. Shipowners now have options for BWM systems which are compliant with both the USCG and the IMO's BWM standards.

A number of US states, such as California, have also implemented additional ballast water management requirements that are even more stringent than those mandated by the USCG and the EPA. Those Californian requirements are expected to become even stricter on 1 January 2030, when California's Final Performance Standards are set to come into effect. There are currently no BWTS which meet California's Interim Performance Standards.

With regard to the US requirements, members should ensure that they obtain an appropriate extension from the USCG or install an alternative management system, noting the risks associated with doing so.

Maritime Labour Convention (MLC)

The MLC entered into force on 20 August 2013. In April 2014, the International Labour Organisation (ILO) agreed several amendments to the MLC in order to implement the principles agreed in 2009 by the joint IMO/ILO financial security working group, including payment of unpaid wages and entitlements following abandonment. These amendments entered into force on 18 January 2017.

From 18 January, ships that are subject to the MLC will now be required to display certificates issued by an insurer or other financial security provider confirming that insurance or other financial security is in place for the cost and expense of crew repatriation, as well as for up to four months' contractually entitled arrears of wages and entitlements following abandonment (MLC Regulation 2.5.2, as amended). A further certificate will be required for liabilities for contractual claims arising from seafarer personal injury, disability or death (MLC Standard A4.2, as amended).

The boards of all clubs in the IG have decided that clubs should provide the necessary certification. The scope of P&I cover will be extended to include unpaid wages in the event of abandonment. However, all the IG clubs have agreed that this liability will not be poolable. On the basis that these new MLC liabilities will not fall within the IG's existing pooling arrangements, there will be a right of indemnity from members for unpaid wages and other entitlements. All IG clubs are participating in a separate group reinsurance arrangement in the event a club becomes liable for its members' financial default resulting in seafarer abandonment, in excess of their $10m retention.

The MLC's financial security requirements raise many challenges for shipowners, insurers, flag states and port states. The IG has been instrumental in establishing an informal correspondence group of 18 states which have been consulted and given the opportunity to comment on the proposed steps taken by the IG. The aim has been to provide a system for security that meets with the requirements of the MLC and is accepted in all states where the MLC is in force.

If MLC certificates are issued by a club, they will be recorded on the ship search facility on the club's website. There is no need to apply for state-issued certificates; however, some states may require shipowners on their register to supply copies of the certificates for their records.

Principal risks and uncertainties

How the club manages risk

The board is responsible for identifying and managing the club's risks. The board's risk management responsibilities are led by the Audit and Risk Committee, which reviews the risks facing the club, their potential impact, and management and mitigation of those risks at each of its meetings. The board sets the club's risk appetite in relation to all key aspects of the club's operations, and the club's strategy reflects that appetite.

Key risks are evaluated to assess their probability and potential impact. The club's management sets controls which are designed to ensure that the tolerances contained in the board's risk appetite are not exceeded and, where possible, puts in place arrangements or processes to mitigate the club's risks. Acting through its Risk Committee, the club's management regularly monitors the effectiveness of the risk management system, including the impact of changes in the club's risk profile and emerging risks. A risk register is maintained which records the risks and their potential likelihood, impact, mitigation and controls. The club's internal model reflects the risks identified and is used to assess the potential aggregate impact and hence the levels of capital required to cover them.

The club's risk and internal audit functions report to the Audit and Risk Committee, providing assurance that the club's risk management systems are functioning correctly.

Type of risk	Risk description	Management action
Underwriting risk		
Premium risk	The risk that premiums charged will not be sufficient to meet all associated claims and expenses, including: • internal risks arising from underwriting inappropriate or incorrectly priced business • external risks arising from adverse insurance or reinsurance market movements or adverse trading conditions for the club's members.	• Premium risk is managed by: – clear underwriting controls, pricing models and underwriting review and authority levels – monitoring for undue concentrations of risk, acceptability of member loss records and consistency of pricing with risk appetite – a dedicated loss prevention function, aimed at ensuring the club only underwrites those shipowners who operate to an acceptable standard as well as encouraging good risk management by members. • Premium risk is mitigated by appropriate reinsurance programmes, including the IG pooling and reinsurance programme, and the club's own non-pool and retention reinsurance. • Reinsurance strategy is set by the board in line with the board's risk appetite and is designed to mitigate the club's insurance risk through programmes tailored to the club's exposures. The efficacy of the club's reinsurance arrangements in mitigating club risks is tested by the actuarial function.
Reserve risk	The risk that claims reserves will be inadequate to cover known losses, and/or unknown or undeveloped losses, such as occupational diseases.	• Reserve risk is managed by: – prompt reserving of potential losses – regular review of individual estimates and overall reserve adequacy – systematic claims audits and monitoring the performance of individual claims handlers to ensure consistency of approach – modelling of technical provisions by the club's actuarial function.

Principal risks and uncertainties continued

Type of risk	Risk description	Management action
Financial risk		
Credit risk	The risk of a loss occurring owing to the failure of a counterparty to meet its contractual debt obligations. Counterparties include members, reinsurers, other IG clubs, intermediaries, banks and investment counterparties.	• The risk of default is mitigated by: – using only well-rated reinsurers and monitoring their financial condition – Pooling Agreement provisions, which provide security for inter-club obligations – prompt follow-up of outstanding member premiums, ability to net overdue premium amounts against unpaid claims, and suspension or cancellation of cover – investment rules and counterparty limits.
Market risk	The risk of loss occurring from fluctuations in the value or income from investments, including the effects of fluctuations in interest and exchange rates.	• The club's investment strategy has been developed with the following objectives: a. To preserve capital for the payment of the club's claims and other liabilities by limiting the risk in the portfolio as agreed from time to time by the board. b. Within the risk tolerance agreed by the board, to maximise the overall returns as measured over rolling three-year periods. c. To ensure there are ready funds to meet liabilities as they fall due. • There are clear and regularly reviewed investment rules, and the club manages its investment risk through investing widely and in different asset classes to diversify the overall portfolio and produce reasonable returns with acceptable volatility. The club is exposed to equity price fluctuation risk, but the investment rules limit equity exposure. • The currency of investment is matched to the profile of the liabilities to which the club is exposed. The club makes use of forward currency contracts to hedge its exposure to fluctuations in the value of non-core currencies and to maintain the matching of the investment profile to the liability profile. • Interest rate risk exposure is measured and controlled through regular consideration of the appropriate duration of the fixed interest part of the portfolio. • The investment asset and currency benchmarks are modified from time to time to reflect the board's reassessment of market risk appetite, as informed by its assessment of the investment markets as well as by risk appetite and regulatory considerations.

Type of risk	Risk description	Management action
Financial risk continued		
Liquidity risk	The risk arising from insufficient financial resources being available to meet liabilities as they fall due.	• The club continually monitors its cash and investments to ensure that the club meets its liquidity requirements. • Adequate cash holdings are maintained at all times and the club's asset allocation strategy is designed in part to enable the ready availability of funds to meet insurance liabilities as they fall due. • The club regularly reviews the time period required to liquidate the investment portfolio. • The likely cash outflows in relation to specific large claims are projected and kept under review. • Significant claim settlements through the IG Pool and reinsurance arrangements are subject to special settlement provisions that provide the club with access to funding for large claims that are subject to reinsurance recoveries.
Operational risk	The risk resulting from inadequate or failed internal processes, people and systems, or from external events.	• The club has identified its operational risks and has in place appropriate controls to manage and mitigate such risks, consistent with good practice, regulatory guidance and legislation relating to human resources, financial crime, business continuity and information security. • As the club employs independent third-party managers to manage its day-to-day activities, appropriate controls are also in place to monitor the club's outsourcing of its operations.

Detailed risk disclosures for credit, market and liquidity risk are set out in note 15.2 to the financial statements, starting on page 56.

Corporate governance

Overview

The club comprises members from the international shipping community and seeks to follow good governance principles that would generally be recognised throughout world markets.

The club is principally regulated in Bermuda, with regulated operating insurance subsidiaries in the UK and Singapore, and the club has had particular regard for the requirements of these countries in arriving at its current practices.

Board responsibilities
The board's governance of the club is described in the board governance policies statement. This sets out, amongst other things, the board's role and matters reserved for the board, and the board's duties, composition and operation. The principal functions of the board are to:

- govern and direct the club's affairs
- ensure that the club's objectives are being fulfilled
- set the overall strategy and key policies
- set and review the club's risk appetite
- oversee risk management and compliance issues
- ensure that there is a suitable and clear allocation of responsibility between itself and the managers
- satisfy itself that the managers have an appropriate structure for the management of the club
- direct and supervise the managers and consider their reports on all significant aspects of the club's affairs
- ensure that there are suitable systems of control.

At each board meeting, the directors are provided with up-to-date reports on the key financial indicators for the club and on risks, controls, underwriting, claims, investment and general policy issues. The directors are provided with board meeting papers in sufficient time before each board meeting to enable them to understand the relevant issues and to focus upon decisions that need to be made.

The board has delegated to the managers the implementation of the board's strategy and policies, and the management of the day-to-day operations of the club.

A formal management agreement between the club and the managers sets out their respective obligations and responsibilities. In addition, there is a service level agreement against which the board reviews the performance of the managers.

Board membership
The great majority of directors are non-executive and are not involved in the day-to-day executive management of the club. By virtue of the bye-laws, directors are, in the most part, the owners or senior executives of member companies.

The chairman is responsible for the direction and effectiveness of the board and the oversight of the club's affairs and strategy. There are two deputy chairmen whose role is to assist the chairman in carrying out his role. The chairman and deputy chairmen are elected for a term of three years but may be re-elected for four further three-year terms.

The board also has the benefit of an insurance expert director and expert insurance and investment guidance from its managers and personnel within the managers' group, as well as access to additional independent insurance and regulatory, financial and investment expertise as required.

A Bermudian resident director with insurance and regulatory experience, appointed to the board in January 2016, continued to serve on the board during the year.

One-third of the directors must retire from office by rotation at each annual general meeting (AGM) and all directors appointed since the date of the last AGM must put themselves forward for re-election.

Directors who have held office for a period of nine years must offer themselves for annual re-election to the board. Directors must retire from the board at the next AGM if they are no longer eligible to be elected to the board according to the bye-laws.

Remuneration
Directors receive fees agreed by the club membership at the AGM (other than the fees of non-member directors, which are agreed by the board and which are appropriate to their non-executive status).

Directors who are employed by the managers do not receive directors' fees. However, the performance-related elements of their remuneration are reviewed by Charles Taylor Group's Remuneration Committee to ensure that they are stretching and designed to promote the long-term success of the business.

The Nomination and Governance Committee considers the remuneration policy of the managers to ensure that incentives are aligned with the interests of the club and with prudent risk-taking.

The club's administrative functions are undertaken by the managers, who receive a management fee for their services, which is agreed by the board annually. This follows a review by the Nomination and Governance Committee, which reports to the board, of the managers' budgets, performance and costs, including a comparison with other clubs based upon available data. The club's financial statements provide full disclosure of the management fees paid. The board is keen to encourage greater transparency of administration costs by P&I clubs generally, although this does not appear to be a high priority for some clubs.

Insurance and indemnity

The club maintains liability insurance for its directors and officers with a cover limit of £30m, which is renewed on an annual basis. The club also indemnifies its directors through its constitutional documents.

Committees of the board

The board's three main committees – Nomination and Governance, Audit and Risk, and Strategy – meet prior to each board meeting and each have written terms of reference which are available on the club's website.

Nomination and Governance Committee

The committee's main responsibilities include identifying suitable candidates for board membership and membership of board committees, reviewing the overall composition of the board, leading reviews of the board's effectiveness, and reviewing and making recommendations on the club's governance structure, policies and practices. During the year, the committee reviewed the make-up and balance of the skills on the board, succession planning for key board appointments, as well as board attendance and potential candidates for board membership. The committee does not generally use the services of an external consultancy firm or open advertising for the appointment of non-executive directors, as board candidates are generally sought from the members. In addition, the committee considered assessments of the club's compliance with the UK Corporate Governance Code 2016 and the FRC Guidance on Audit Committees 2016, as a result of which a few minor enhancements will be made to the club's Audit and Risk Committee's terms of reference, procedures and training programme.

The committee also reviews the induction and training programmes for board and committee members.

The committee leads the review of the managers' performance and, in this respect, during the year, reviewed their performance against the specific requirements of a service level agreement, as well as their remuneration. The committee considered succession planning for key executive management roles.

The performance of the board, its committees and the chairman are reviewed annually. The Nomination and Governance Committee conducted an evaluation of the board's and committees' effectiveness in 2016 and considered the board and committees to be operating effectively.

In accordance with the requirements of the Insurance Code of Conduct 2015, the committee considers, at each meeting, the group governance map.

Ensuring that members are satisfied with the club's performance and that they are receiving fair treatment from the club are high priorities for the board.

A formal member and broker survey was conducted in the summer of 2016. Additionally, informal regular monitoring of member satisfaction is carried out to gauge the members' views of the club and to identify any areas for improvement.

The results of this monitoring process are reviewed by the Nomination and Governance Committee. In addition to this process, the managers aim to visit as many members as practically possible every year to ensure that they are aware of the club's strategy and operations, and to identify any areas for concern. A formal member and broker survey will again be conducted during 2017.

Corporate governance continued

On 13 May 2016, the joint Nomination and Governance Committee of The Standard Club and The Standard Club Europe became two distinct committees of their separate boards. The Standard Club Europe Nomination and Governance Committee held its first meeting on 20 October 2016.

Audit and Risk Committee

The Audit and Risk Committee's role includes the review of the financial statements of the club, its financial regulatory returns, relations with and reports from the external and internal auditors, and oversight of the club's risk management and internal controls. During the year, the committee reviewed the annual report and gave consideration to the scope and nature of the year-end audit. It considered compliance with accounting standards, the independence (taking into consideration the Ethical Standard 2016) and effectiveness of the external auditors, and the scope and extent of the non-audit services provided by them. A policy on the provision of non-audit services by the external auditors will be developed taking into account the Ethical Standard 2016 and legal requirements.

The committee plans to consider retendering the external audit work in 2018.

It received a direct report from the external auditors' engagement leader and challenged him on the audit report.

The committee received a report following an external quality assessment of the internal audit function, conducted by Deloitte, which contained a number of recommendations to enhance the function.

The committee reviewed the integrity and effectiveness of the club's financial controls, the operation and resources of the risk management, compliance and internal audit functions, and the risk management, compliance and internal audit reports. The club's principal risks and uncertainties, and the effectiveness of the company's risk management and internal controls systems, including whistleblowing arrangements, were reviewed by the committee and the board. Rob Clarke stepped down as the chairman of the Audit and Risk Committee at the end of its meeting held on 12 May 2016. Marianne Sørensen was appointed as chairman with effect from 13 May 2016.

The committee receives a report on whistleblowing incidents and complaints, if any, at each meeting.

During the year, the Bermuda Monetary Authority, whose regime had been granted equivalence to the Solvency II regime by the European Commission, became the group supervisor.

The committee monitored the capital requirements of the club, reviewed the progress of the report on the club's Own Risk and Solvency Assessment, and reviewed the development of the club's internal model, including its inputs, assumptions, methodology, uses, sensitivities and outputs.

Strategy Committee

The committee's role includes considering and making recommendations to the board concerning the strategy to be adopted by the club, reviewing the performance of the club in meeting its strategic objectives, reviewing the club's business environment, and considering new strategic initiatives, alliances and potential mergers.

During the year, the committee discussed new products and services, and the effective marketing of them. The committee also considered progress of business development initiatives and the impact, threats and opportunities arising from the decision by Britain in July 2016 to leave the EU. This included contingency plans to facilitate the continued provision of insurance services to members within the EU following such exit.

The committee reviewed the performance of The Standard Syndicate and Charles Taylor Managing Agency, and the underwriting and renewal strategy for the 2017/18 policy year.

The Chairman's Group

The Chairman's Group reviews the affairs of the club with the managers between board meetings and has met 12 times since the last report.

Risk management

Approach

The board, and its Audit and Risk Committee, set and review on a regular basis the club's risk appetite, the major business risks facing the club, their potential impact, and the systems and controls in place to manage and mitigate those risks.

During the year, the board reviewed the club's risk appetite statement which is used to provide guidance to management. At the highest level, risk appetite is considered in terms of the likelihood that the club may be required to make an unbudgeted supplementary call on members, whether directly as a result of its mutual underwriting activities or through other activities such as investing in risk-bearing assets. The club uses its internal capital model in the assessment of aggregate levels of risk against risk appetite.

In addition, detailed measures of the club's appetite for each of the club's key risks have been established, with key risk indicators reported at each board meeting.

The club operates a 'three lines of defence' system of internal control, supplementing the management of risk by its business units through regular reviews of controls by the risk management function and tests of controls to ensure their adequacy through internal audit assurance. The risk management system and processes are linked to the club's internal model whose outputs assist in the management of the business as well as in the assessment of the economic capital required to reflect the financial impact of business risks. The principal risks facing the group and the risk mitigation actions, controls and processes by which they are managed have been explained previously in this report.

Maintenance of a sound system of internal controls

The board has satisfied itself, through review by the Audit and Risk Committee, that there are suitable and appropriate systems of control within the club's management, including a process for identifying, evaluating and managing the risks that the club faces, and that the controls operate effectively, including monitoring that the club operates within its risk appetite and complies with its regulatory responsibilities.

Compliance and regulation

Approach

The club's compliance and regulatory affairs are overseen by the Audit and Risk Committee. The board agrees the compliance monitoring plan, and the managers' compliance function submits reports to all meetings of the Audit and Risk Committee, including the results of compliance monitoring work carried out and any issues arising. The managers also report any incidents where controls have either failed or nearly failed, or where risks have crystallised or have come close to doing so.

Internal audit

An internal audit function operates within the club. The function is led by the head of internal audit, a senior Charles Taylor manager, who reports directly to the Audit and Risk Committee. The internal audit department is an independent unit within Charles Taylor and is not involved with the day-to-day management of the club.

The board has direct access to the head of internal audit, who attends all Audit and Risk Committee and board meetings in person. The head of internal audit has an 'in camera' session with the Audit and Risk Committee at each meeting. The internal audit reports submitted to each Audit and Risk Committee meeting summarise the audits undertaken and identify progress against the agreed audit timetable. The audits themselves are rated red, amber or green, and individual audit issues are categorised as high, medium or low. Once a year, an assurance map is tabled for discussion, which sets out the main operational areas of the business and indicates the status of, and outlook for, the control environment. The internal audit terms of reference are also reviewed on an annual basis.

The three-year forward-looking audit plan and annual audit timetable are designed to be risk-focused and to cover the full range of the club's operations. They reflect, amongst other things, the operational, financial, administrative and regulatory aspects of the club's business, taking as their points of reference the controls recorded in the risk registers, the internal procedures and any reported incidents. Some audits may be carried out by external consultants.

Key policies

The board maintains policies across a range of areas, including conflicts of interest, financial crime and whistleblowing, sanctions, and business and ethical values and treating customers fairly.

Conflicts of interest

The board has considered the potential conflicts of interest that exist within the club's and the board's operations, and has adopted a conflicts of interest policy. A conflicts register is maintained, identifying potential conflicts of interest that could affect the club.

In a mutual organisation, the members are also the insured parties. Negotiations relating to any matter concerning members or directors in their capacity as insureds are conducted at arm's length. Directors do not participate in board discussions on specific matters concerning their companies as insureds.

Procedures are in place to ensure that potential conflicts of interest between the club and the managers, between the club's members, and between members and other clients of the managers' group are identified and managed.

Corporate governance continued

Prevention of financial crime and whistleblowing

The managers have procedures to prevent the club being involved unwittingly in money laundering or inappropriate payments. They also have whistleblowing procedures in place to ensure that members of staff can raise matters of concern confidentially so that they may be appropriately investigated.

The board has a whistleblowing policy which is kept under review by the Audit and Risk Committee.

Sanctions compliance

The club is committed to ensuring that it complies with all applicable legislation relating to international sanctions, and has implemented internal procedures and an automated screening process to ensure compliance. The club also aims to ensure that members are kept up to date with relevant sanctions information to assist them in ensuring that they too are compliant and do not inadvertently breach sanctions.

Business and ethical values and treating customers fairly

The club is committed to conducting its business affairs in a fair, proper and ethical manner, and in compliance with all applicable laws, regulations and professional standards. The managers adopted an updated set of corporate values in January 2017 which are communicated to all staff regularly to ensure that their work on behalf of the club is carried out with integrity and fairness.

The board and the managers are committed to treating customers and all stakeholders fairly, and keep under review the quality of service that the club provides. There is a complaints system, which is published on the website.

Business continuity

The managers have full business continuity contingency plans, which they periodically test, to ensure that the club can continue to operate in the event of a serious incident, such as, for example, a terrorist event. Business records and documentation are stored electronically, are regularly backed up and are accessible remotely. Continuity testing was carried out in July 2016, which confirmed that the business (including all key processes) would be able to continue functioning in the event of an incident, and further tests will be carried out in the forthcoming year.

The environment

The day-to-day business of the club is carried out by its managers, who are committed to minimising the impact on the environment of the club's business operations and to achieving best practice in areas in which these have an environmental impact. The managers have taken steps to reduce the club's carbon footprint and strive to minimise its energy consumption through its energy management policy and by encouraging staff to use energy thoughtfully. Where possible, the managers use energy-efficient business appliances, thereby giving rise to energy savings and a reduction in emissions. Standard House, which accommodates the managers' London operations, incorporates a number of design and other initiatives to reduce that office's environmental impact and carbon footprint, and it is compliant with the Energy Savings Opportunity Scheme in the UK.

The club requires its members to comply with all relevant environmental regulations, standards and laws, and supports them in developing and maintaining best practice in their operating procedures and practices in order to minimise the impact of their businesses on the environment.

The club translates its environmental policy into practical guidelines to assist the implementation of good practice amongst its membership. It regularly audits members' ships and management to monitor compliance with environmental regulations, and to evaluate and encourage the implementation of good operating procedures. The club encourages its members to be 'best in class' and looks at initiatives to help them achieve this.

It will not accept for entry or continue to insure members who consistently fail to comply with acceptable standards of responsible operation.

Equality of opportunity and gender diversity

The managers have formal policies which aim to attract and retain a diverse and flexible workforce, and to promote equality of opportunity. As far as board appointments are concerned, the board believes that appointments should be based on merit and overall suitability for the role. When considering succession planning, the Nomination and Governance Committee bears in mind the balance of skills, knowledge, experience and diversity existing on the board.

Modern Slavery Act

Given the nature of its business, the club considers that there is minimal risk that the club, its managers or the supply chains which support the club's business activities are involved in, or complicit in, slavery and human trafficking. The managers are committed to making sure that the club's business and those of its suppliers are free from modern slavery and human trafficking and has therefore taken, and will take the steps set out in the Standard Club Modern Slavery Act Statement (http://standard-club.com/who-we-are/modern-slavery-statement.aspx).

Directors' responsibilities

Statement of disclosure of information to auditors

Each person who is a director at the date of this report confirms that:

- so far as each of them is aware, there is no information relevant to the audit of the club's financial statements for the year ended 20 February 2017 of which the auditors are unaware
- each director has taken all steps that they ought to have taken in their duty as a director to make themselves aware of any relevant audit information and to establish that the club's auditors are aware of that information.

Directors' responsibilities

The following statement, which should be read in conjunction with the auditors' report, as set out on page 33, is made with the view to distinguishing for members the respective responsibilities of the directors and auditors in relation to the financial statements.

The directors are responsible for preparing the report of the directors and the financial statements in accordance with applicable laws and regulations in Bermuda. The directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards including Financial Reporting Standard 102: 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' (FRS 102) and Financial Reporting Standard 103: 'Insurance Contracts' (FRS 103), both issued by the Financial Reporting Council and in compliance with the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI2008/410) relating to insurance companies. The financial statements are required to give a true and fair view of the state of affairs of the group and parent company, and of the income or expenditure of the group and parent company for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going-concern basis unless it is inappropriate to presume that the group and parent company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the group and parent company, and enable them to ensure that the financial statements comply with applicable law and United Kingdom Accounting Standards. They are also responsible for safeguarding the assets of the parent company and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities. The maintenance and integrity of The Standard Club Ltd website is the responsibility of the managers. The work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in Bermuda and the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the board.

Charles Taylor & Co (Bermuda)
Company Secretary
12 June 2017

5 Independent auditors' report

Independent auditors' report to the members of The Standard Club Ltd

Report on the group financial statements

Our opinion

In our opinion, The Standard Club Ltd's group financial statements (the financial statements):

- give a true and fair view of the state of the group's affairs as at 20 February 2017 and of its result and cash flows for the year then ended
- have been properly prepared in accordance with United Kingdom Accounting Standards
- have been prepared in accordance with the requirements of the Companies Act 1981 (Bermuda).

What we have audited

The financial statements, included within the annual report and financial statements (the annual report), comprise:

- the consolidated balance sheet and club balance sheet as at 20 February 2017 year-end date
- the consolidated statement of comprehensive income for the year then ended
- the consolidated cash flow statement for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102, 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland', and applicable law.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the directors' responsibilities statement set out on page 31, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) (ISAs (UK & Ireland)). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Section 90 of the Companies Act 1981 (Bermuda) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed
- the reasonableness of significant accounting estimates made by the directors
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements and evaluating the disclosures in the financial statements.

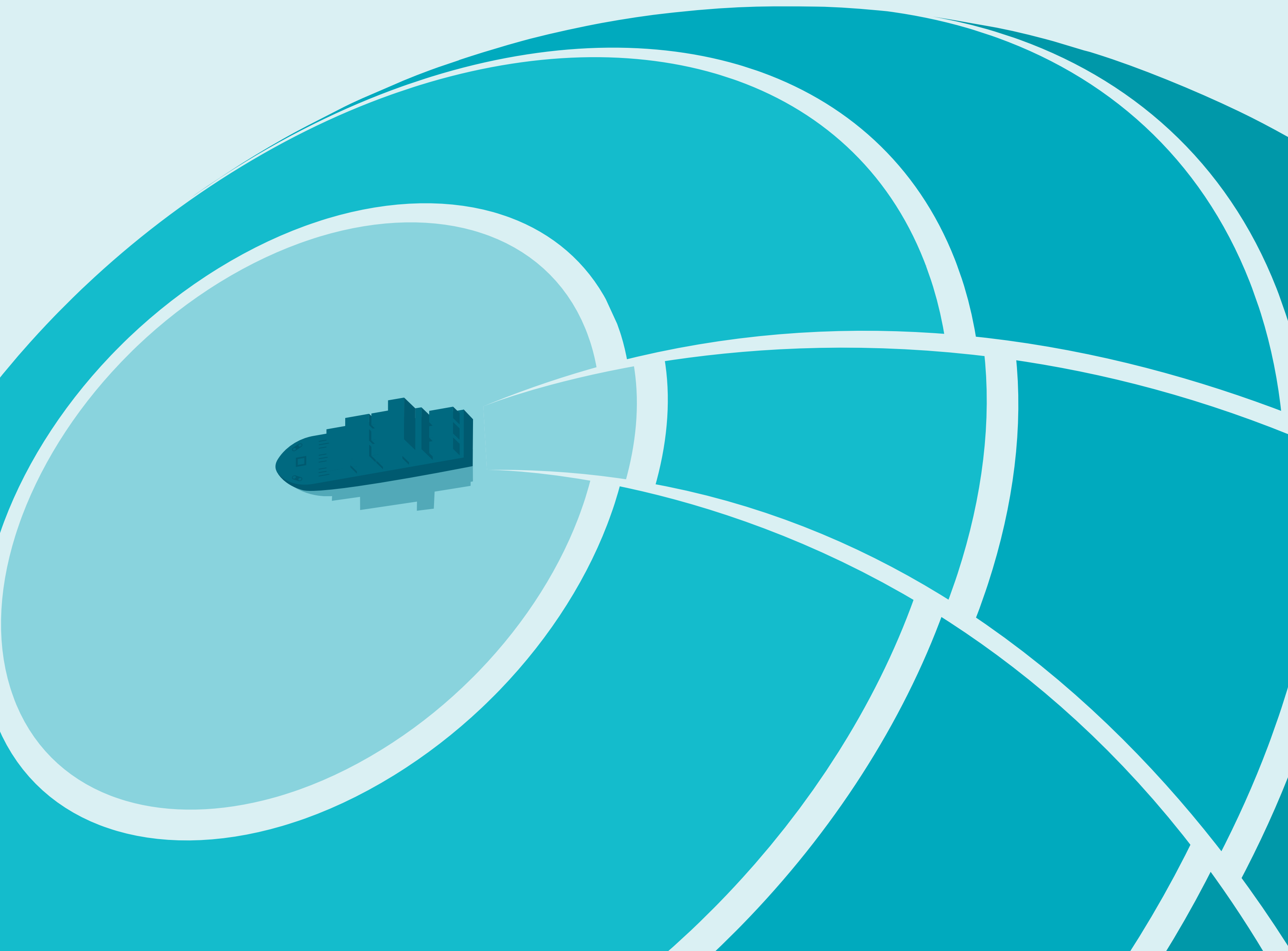
We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

PricewaterhouseCoopers LLP
Chartered Accountants
London
12 June 2017

(a) The maintenance and integrity of The Standard Club Ltd website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
(b) Legislation in Bermuda governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

6 Financial statements and other information



Consolidated statement of comprehensive income

for the year ended 20 February 2017

	Note	2017 US$m	2016 US$m
Technical account – general business			
Earned premiums, net of reinsurance			
Gross premiums earned including calls	4	**338.8**	354.3
Outward reinsurance premiums	5	**(77.0)**	(90.1)
Earned calls, net of reinsurance		**261.8**	264.2
Total income		**261.8**	264.2
Expenditure			
Claims paid	7	**300.4**	339.6
Reinsurers' share	8	**(71.3)**	(139.3)
Net claims paid		**229.1**	200.3
Change in provision for claims		**(8.0)**	(25.0)
Reinsurers' share		**(20.3)**	31.6
Change in net provision for claims		**(28.3)**	6.6
Claims incurred, net of reinsurance		**200.8**	206.9
Net operating expenses	9	**43.5**	39.6
Total expenditure		**244.3**	246.5
Balance on the technical account for general business		**17.5**	17.7
Non-technical account			
Balance on the technical account for general business		**17.5**	17.7
Investment return net of expenses and charges	6	**30.1**	(5.2)
Exchange losses		**(7.2)**	(3.0)
Other income/(charges) including value adjustments		**0.1**	(0.1)
Share of operating loss of associate undertaking		**(0.3)**	–
Excess of income over expenditure before taxation		**40.2**	9.4
Tax on excess of income over expenditure	10	**1.0**	1.1
Excess of income over expenditure after tax		**41.2**	10.5
Excess of income over expenditure for the financial year		**41.2**	10.5
Other comprehensive income:			
Currency translation movement		**(0.9)**	(0.6)
Other comprehensive expenses net of tax		**(0.9)**	(0.6)
Total comprehensive income for the year transferred to contingency reserve		**40.3**	9.9

The income, expenditure and results for the year are wholly derived from continuing activities.

Loss of the club for the year is $2.6m (2016: $15.4m profit).

The notes on pages 40 to 63 form part of the financial statements.

Consolidated balance sheet

at 20 February 2017

	Note	2017 US$m	2016 US$m
Assets			
Investments			
Investment property	12	**27.4**	33.3
Investment in participating undertakings		**0.8**	1.1
Other financial investments	14	**785.3**	749.3
Reinsurers' share of technical provisions			
Claims outstanding	13	**416.9**	393.3
Provision for unearned premiums		**1.6**	0.6
		418.5	393.9
Debtors			
Debtors arising out of direct insurance operations	19	**105.1**	104.5
Other debtors		**10.9**	12.6
		116.0	117.1
Other assets			
Intangible assets	17	**–**	0.3
Tangible assets	16	**2.5**	3.3
Cash at bank and in hand		**108.1**	114.8
Deferred tax asset	11	**2.5**	1.1
		113.1	119.5
Prepayments and accrued income		**16.0**	12.2
Total assets		**1,477.1**	1,426.4
Liabilities			
Reserves			
Statutory reserve		**0.2**	0.2
Contingency reserve		**430.3**	389.9
		430.5	390.1
Technical provisions			
Gross claims outstanding	13	**971.1**	976.0
Provision for unearned premiums		**23.3**	13.8
		994.4	989.8
Provisions for other risks and charges			
Deferred tax provisions	11	**0.4**	–
Creditors			
Creditors arising out of direct insurance operations		**42.7**	33.4
Other creditors including taxation and social security	20	**6.9**	11.1
		49.6	44.5
Accruals and deferred income		**2.2**	2.0
Total liabilities		**1,477.1**	1,426.4

The financial statements were approved by the board of directors on 12 June 2017 and were signed on its behalf by:

R Jones
Chairman

Club balance sheet

at 20 February 2017

	2017 US$m	2016 US$m
Assets		
Investments		
Investments in group undertakings and participating interests	**12.1**	12.1
Debtors		
Amounts owed by group undertakings	**21.0**	22.1
Other debtors	**7.3**	8.2
	28.3	30.3
Other assets		
Cash at bank and in hand	**0.4**	0.4
Prepayments and accrued income	**0.1**	0.1
Total assets	**40.9**	42.9
Liabilities		
Reserves		
Statutory reserve	**0.2**	0.2
Contingency reserve	**17.9**	20.5
	18.1	20.7
Creditors		
Amounts owed to group undertakings	**22.7**	22.0
Accruals and deferred income	**0.1**	0.2
Total liabilities	**40.9**	**42.9**

The financial statements were approved by the board of directors on 12 June 2017 and were signed on its behalf by:

R Jones
Chairman

The notes on pages 40 to 63 form part of the financial statements.

Statement of changes in reserves

for the year ended 20 February 2017

Consolidated	Statutory reserves US$m	Contingency reserves US$m	Total reserves US$m
Balance as at 20 February 2015	0.2	380.1	380.3
Excess of income over expenditure for the financial year	–	10.5	10.5
Other comprehensive expense	–	(0.6)	(0.6)
Total comprehensive income for the year transferred to the contingency reserve	–	9.9	9.9
Members' agents' fees	–	(0.1)	(0.1)
Balance as at 20 February 2016	0.2	389.9	390.1
Balance as at 20 February 2016	**0.2**	**389.9**	**390.1**
Excess of income over expenditure for the financial year	**–**	**41.2**	**41.2**
Other comprehensive expenses net of tax	**–**	**(0.9)**	**(0.9)**
Total comprehensive income for the year transferred to the contingency reserve	**–**	**40.3**	**40.3**
Members' agents' fees	**–**	**0.1**	**0.1**
Balance as at 20 February 2017	**0.2**	**430.3**	**430.5**

Club	Statutory reserves US$m	Contingency reserves US$m	Total reserves US$m
Balance as at 20 February 2015	0.2	5.1	5.3
Excess of income over expenditure for the financial year	–	15.4	15.4
Other comprehensive income	–	–	–
Total comprehensive income for the year	–	15.4	15.4
Balance as at 20 February 2016	0.2	20.5	20.7
Balance as at 20 February 2016	**0.2**	**20.5**	**20.7**
Shortfall of income over expenditure for the financial year	**–**	**(2.6)**	**(2.6)**
Other comprehensive income	**–**	**–**	**–**
Total comprehensive expense for the year	**–**	**(2.6)**	**(2.6)**
Balance as at 20 February 2017	**0.2**	**17.9**	**18.1**

Income and expenditure for the club comprise dividends from subsidiaries offset by operating expenses.

Consolidated cash flow statement

for the year ended 20 February 2017

	Note	2017 US$m	2016 US$m
Net cash from operating activities	21	**15.4**	32.0
Taxation paid		**–**	0.3
Net cash generated from operating activities		**15.4**	32.3
Cash flow from investing activities			
Disposal of subsidiary		**0.1**	1.2
Purchase of investments		**(878.0)**	(1,023.8)
Sale of investments		**855.7**	1,020.2
Net cash used in investing activities		**(22.2)**	(2.4)
Net (decrease)/increase in cash and cash equivalent		**(6.8)**	29.9
Effect of exchange rate fluctuations on cash and cash equivalent		**2.1**	0.5
Cash and cash equivalent at the beginning of the year		**115.0**	84.6
Cash and cash equivalent at the end of the year		**110.3**	115.0
Cash and cash equivalent consist of:			
Cash at bank and in hand		**108.1**	114.8
Short-term deposits presented in other financial investments		**2.2**	0.2
Cash and cash equivalent at the end of the year		**110.3**	115.0

The notes on pages 40 to 63 form part of the financial statements.

Notes to the financial statements

1. Constitution

The club is incorporated in Bermuda as a company limited by guarantee and has a statutory reserve but no share capital. The members of the club are liable for their rateable proportion of any deficiency of claims and expenses in excess of contributions and the board of directors decides whether any surplus is retained in the contingency reserve for the purposes of the club or returned to members. The address of its registered office is Swan Building, 2nd Floor, 26 Victoria Street, Hamilton HM 12, Bermuda.

2. Accounting policies

(a) Basis of preparation

These group financial statements, which consolidate the financial statements of the club and its subsidiary undertakings, have been prepared under the Bermuda Companies Act 1981, and also under the provisions of Schedule 3 to the UK Companies Act 2006. The club and its subsidiary undertakings have applied uniform accounting policies and, on consolidation, all intra group transactions, income and expenditure have been eliminated. The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' (FRS 102) and Financial Reporting Standard 103, 'Insurance Contracts' (FRS 103).

The financial statements have been prepared under the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 relating to insurance groups.

The financial statements are prepared under the historical cost convention, as modified for the revaluation of investment properties and financial assets and liabilities (including derivative instruments) at fair value through income or expenditure.

The club has utilised the exemption in Section 408 of the Companies Act 2006 and, as a result, does not present its individual statement of comprehensive income and the related notes that would have formed part of the financial statements.

The contingency reserve represents the free reserves of the club and is established in accordance with rule 20.6 of the rules of the club.

The financial statements are prepared on a going concern basis. The directors consider it appropriate to adopt the going concern basis of accounting in the preparation of these financial statements and are not aware of any material uncertainties to the company's ability to continue to do so for at least 12 months from the date of these financial statements.

(b) Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates. The following are the group's key sources of estimation uncertainty:

Insurance contract technical provisions

For insurance contracts, estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred but not yet reported (IBNR), at the reporting date. It can take a significant period of time before the ultimate claims cost can be established with certainty and, for some types of policies, IBNR claims form the majority of the liability in the statement of financial position.

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as the Chain Ladder and the Bornhuetter-Ferguson methods.

2. Accounting policies continued

The main assumption underlying these techniques is that past claims development experience can be used to project future claims development and hence ultimate claims costs. The provision for claims outstanding is assessed on an individual case basis and is based on the estimated ultimate cost of all claims notified but not settled by the balance sheet date, together with the provision for related claims handling costs. The provision also includes the estimated cost of claims incurred but not reported at the balance sheet date based on statistical methods.

These methods generally involve projecting from past experience of the development of claims over time to form a view of the likely ultimate claims to be experienced for more recent underwriting, having regard to variations in the business accepted and the underlying terms and conditions. For the most recent years, where a high degree of volatility arises from projections, estimates may be based in part on actuarial techniques and assessments of underwriting conditions. The amount of salvage and subrogation recoveries is separately identified and, where material, reported as an asset.

Similar judgements, estimates and assumptions are employed in the assessment of adequacy of provisions for unearned premium. Judgement is also required in determining whether the pattern of insurance service provided by a contract requires amortisation of unearned premium on a basis other than straight line.

Estimates of future premiums

For certain insurance contracts, premium is initially recognised based on estimates of ultimate premiums. These estimates are judgemental and could result in misstatements of revenue recorded in the financial statements.

The main assumption underlying these estimates is that past premium development can be used to project future premium development.

Fair value of financial assets and derivatives determined using valuation techniques

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of discounted cash flow models and/or mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgement is required to establish fair values. The judgements include considerations of liquidity risk, credit risk, and model inputs such as estimated future cash flows based on management's best estimates and discount rates.

For discounted cash flow analysis, estimated future cash flows and discount rates are based on current market information and rates applicable to financial instruments with similar yields, credit quality and maturity characteristics. Estimated future cash flows are influenced by factors such as economic conditions (including country-specific risks), concentrations in specific industries, types of instruments or currencies, market liquidity, and financial conditions or counterparties. Discount rates are influenced by risk-free interest rates and credit risk.

Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(c) Basis of consolidation

The consolidated financial statements include the financial information of the club and its subsidiary undertakings and are consolidated on an acquisition basis.

Inter-company transactions, balances and unrealised gains on transactions between companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

An undertaking is regarded as a subsidiary undertaking if the club has control over its operating and financial policies, generally determined by the ownership of more than 50% of the voting stock of the investee.

Associated undertakings are companies other than subsidiary undertakings in which the club holds 20% or more of the equity share capital for the long term and over which the club exercises significant influence. Associated undertakings are accounted for using the equity method of accounting.

Notes to the financial statements continued

2. Accounting policies continued
Uniform accounting policies are applied to all subsidiary undertakings.

The Standard Club Corporate Name Ltd, a subsidiary company, operates as a corporate member of The Standard Syndicate at Lloyd's and therefore follows the syndicate's financial year-end date of 31 December.

(d) Annual basis of accounting
The transfer to or from the contingency reserve is determined using an annual basis of accounting.

For the purpose of reporting to mutual members, all transactions are allocated to individual policy years. The result of the policy year is determined and reported when it is closed after three years of development in accordance with rule 21, which requires policy years to be held open for three years.

At the end of each financial year, any anticipated surplus or deficit arising on open years is transferred to or from the contingency reserve.

(e) Calls and premiums
Calls and premiums are credited to the statement of comprehensive income as and when charged to members and are net of any return of premium made in the year. Contributions for periods after the balance sheet date are treated as prepaid and are not included in the income and expenditure account.

(f) Unearned premiums
Unearned premiums represent the proportion of premiums written in the year that relate to unexpired terms of policies in force at the balance sheet date, calculated on a time apportionment basis.

(g) Claims incurred
Claims incurred comprise all claims and related expenses paid in the year, and changes in provisions for outstanding claims, including provisions for claims incurred but not reported and related expenses.

(h) Reinsurance recoveries
The liabilities of the club are reinsured above certain levels with similar associations under the International Group's Pooling Agreement and with market underwriters. The figures in the consolidated income and expenditure account relate to recoveries on claims incurred during the year.

Outstanding claims in the balance sheet are shown gross and the reinsurance recoveries are shown as an asset.

(i) Claims provisions and related reinsurance recoveries
The estimated cost of claims includes expenses to be incurred in settling claims and a deduction for the expected value of salvage and other recoveries. The estimation of claims incurred but not reported is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the club. The club takes all reasonable steps to ensure that it has appropriate information regarding its claims exposure. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. An allowance for future claims handling costs is included in the provision.

2. Accounting policies continued

Liability and marine claims are 'long tail', ie with potential liabilities several years after the end of the policy year. Consequently, a large element of the claims provision relates to IBNR. Claims estimates for the club are derived from a combination of loss ratio based estimates and a variety of estimation techniques. These are generally based upon statistical analyses of historical experience, which assume that the development pattern of the current claims will be consistent with past experience. However, allowance is made for changes or uncertainties that may create distortions in the underlying statistics or that may cause the cost of unsettled claims to increase or reduce when compared with the cost of previously settled claims, including:

- changes in club processes that might accelerate or slow down the development and/or recording of paid or incurred claims compared with the statistics from previous periods
- changes in the legal environment
- the effects of inflation
- changes in the mix of business
- the impact of large losses
- movements in industry benchmarks.

The variety of estimation techniques assists in giving greater understanding of the trends inherent in the data being projected and in setting the range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the business class and the extent of the development of each policy year.

Large claims impacting each relevant business class are generally assessed separately, being measured and/or projected on a case-by-case basis in order to allow for the possible distortive effect of the development and incidence of these large claims.

Pollution and asbestosis claims can have a very long delay between the occurrence and notification. In estimating the cost of these claims, the club considers the type of risks written historically that may give rise to exposure to these liabilities, notifications received from policyholders, the nature and extent of the cover provided, the current legal environment, changes in the effectiveness of clean-up techniques and industry benchmarks of the typical cost of such claims.

Claims reserves are estimated on an undiscounted basis apart from asbestos-related claims. Due to the very long delay between the inception date of the policy and the final settlement of a claim which has arisen due an exposure to asbestos, such asbestos-related claims provisions and IBNR thereon are discounted to take account of the expected investment income receivable between notification and settlement on the assets held to cover these provisions.

Provisions are calculated gross of any reinsurance recoveries. A separate estimate is made of the amounts that will be recoverable from reinsurers based upon the gross provisions and having due regard to collectability.

Reinsurance recoveries in respect of estimated claims incurred but not reported are assumed to be consistent with the historical pattern of such recoveries, and are adjusted to reflect changes in the nature and extent of the club's reinsurance programme over time.

An assessment is also made of the recoverability of reinsurance with regard to market data on the financial strength of each of the reinsurance companies.

(j) Reinsurance premiums

Reinsurance premiums include premiums paid in respect of the reinsurance agreement with market underwriters on an accruals basis.

Notes to the financial statements continued

2. Accounting policies continued

(k) Investment return

Investment return comprises all investment income, realised investment gains and losses, and movements in unrealised gains and losses, net of investment expenses, charges and interest. Dividends are recorded on the date on which the shares are quoted ex-dividend and include the imputed tax credits. Interest and expenses are accounted for on an accruals basis. Realised gains and losses on investments carried at market value are calculated as the difference between net sales proceeds and purchase price. Movements in unrealised gains and losses on investments represent the difference between the valuation at the balance sheet date and their purchase price or, if they have been previously valued, their valuation at the last balance sheet date, together with the reversal of unrealised gains and losses recognised in earlier accounting periods in respect of investment disposals in the current period. The investment return is reported in the non-technical account.

(l) Financial instruments

The group has chosen to apply the recognition and measurement provisions of IAS 39 (as adopted for use in the EU) and the disclosure requirements of FRS 102 in respect of financial instruments.

Financial assets at fair value through income

The club classifies its investments as financial assets at fair value through income. As a result, gains and losses are taken to the statement of comprehensive income, which reflects the management of the portfolio on a fair value basis. Fair values of investments traded in active markets are measured at bid price. Where there is no active market, fair value is measured by reference to other factors.

Derivative financial investments

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The club does not engage in hedge accounting and changes in the fair value of all derivative investments are recognised immediately in the income and expenditure account.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable settlement values. Amounts due from members and reinsurers are included in this category and are measured at cost less any provision for impairment in value.

Investments in subsidiaries

In the balance sheet of the club, investments in group undertakings and participating interests are stated at cost, unless their value has been impaired, in which case they are valued at the fair value less cost to sell, as appropriate.

Investments in joint ventures and associates

Investments in joint ventures and associates are held at cost less accumulated impairment losses.

(m) Investment properties

Investment properties are included in the balance sheet at their open market value at the balance sheet date. Full valuations are made by independent, professionally qualified valuers in the year of acquisition, and thereafter once every five years. In the intervening years, these valuations are updated by the directors with the assistance of independent professional advice as required. In accordance with FRS 102, no depreciation or amortisation is provided in respect of investment properties.

Rental income from operating leases and initial direct costs are recognised on a straight-line basis over the term of the relevant lease.

(n) Intangible assets

Intangible assets are stated at historic purchase cost less accumulated amortisation.

The cost of the club's business systems has been capitalised as computer software. The original cost and any enhancements are written off over a ten-year period following installation on a straight-line basis.

2. Accounting policies continued

(o) Tangible assets

Tangible assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Furniture, fixtures and fittings are written off over a 15-year period following purchase on a straight-line basis.

Assets in the course of construction are included in the balance sheet at their cost at the balance sheet date. Once completed, they are recategorised as investment property and included at their open market value at the balance sheet date.

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss and included in 'other (charges)/income including value adjustments'.

(p) Foreign currencies

The group and club financial statements are presented in US dollars and rounded to millions.

The functional currency of the group and club is the US dollar, with the exception of the following companies whose functional currency is British pounds:

- The Standard Club Corporate Name Limited
- Standard House Limited

The results and financial position of companies whose functional currency is pound sterling are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the balance sheet date
- income and expenses are translated at the average rate of exchange during the year
- all resulting exchange differences are recognised in other comprehensive income.

Monetary assets and liabilities in foreign currencies are translated at the US dollar rate of exchange at the balance sheet date with the resulting difference treated as an exchange gain or loss within the non-technical account.

Revenue transactions in foreign currencies are translated into US dollars at the rate applicable for the week in which the transaction takes place. Exchange differences are reported in the non-technical account.

Foreign currency contracts are entered into in order to hedge the currency exposure of the investment portfolio. The contracts are for the forward sale of currencies, which are matched by holdings of those currencies. The open contracts have been revalued at year-end rates of exchange and the potential profit or loss included in the non-technical account.

(q) General administration expenses

General administration expenses, including managers' remuneration, are included on an accruals basis.

(r) Taxation

Taxation provided is that which became chargeable during the year.

Provision is made for deferred tax liabilities, using the liability method, on all material timing differences, including revaluation gains and losses on investments recognised in the income and expenditure account.

Deferred tax is calculated at the rates at which it is expected that the tax will arise. Deferred tax is recognised in the statement of comprehensive income for the period, except to the extent that it is attributable to a gain or loss that is recognised directly in the statement of changes in reserves. Deferred tax balances are not discounted.

Notes to the financial statements continued

2. Accounting policies continued

Deferred tax assets are recognised to the extent that they are regarded as recoverable. Assets are regarded as recoverable when it is regarded as more likely than not that there will be suitable net taxable income from which the future reversal of the underlying timing differences can be deducted.

3. Segmental analysis by class

The segmental results of the four classes of the club plus the club's share of The Standard Syndicate are set out as follows:

3.1 Statement of comprehensive income

		Total		Class 1 – P&I		Class 2 – Defence		Class 3 – London		Class 4 – War		Syndicate	
	Note	**2017 US$m**	2016 US$m	**2017 US$m**	2016 US$m	**2017 US$m**	2016 US$m	**2017 US$m**	2016 US$m	**2017 US$m**	2016 US$m	**2017 US$m**	2016 US$m
Technical account – general business													
Earned premiums, net of reinsurance													
Gross premiums earned including calls	4	**338.8**	354.3	**275.5**	322.9	**14.0**	13.4	**15.4**	9.6	**3.5**	2.0	**30.4**	6.4
Outward reinsurance premiums	5	**(77.0)**	(90.1)	**(66.8)**	(85.1)	**–**	–	**(2.6)**	(1.7)	**(2.2)**	(1.8)	**(5.4)**	(1.5)
Earned calls, net of reinsurance		**261.8**	264.2	**208.7**	237.8	**14.0**	13.4	**12.8**	7.9	**1.3**	0.2	**25.0**	4.9
Expenditure													
Gross claims incurred		**292.4**	314.6	**253.7**	300.5	**6.5**	5.2	**6.0**	4.7	**–**	–	**26.2**	4.2
Reinsurers' share		**(91.6)**	(107.7)	**(89.7)**	(108.6)	**0.1**	0.4	**1.3**	0.7	**–**	–	**(3.3)**	(0.2)
Claims incurred, net of reinsurance		**200.8**	206.9	**164.0**	191.9	**6.6**	5.6	**7.3**	5.4	**–**	–	**22.9**	4.0
Net operating expenses	9	**43.5**	39.6	**24.3**	29.6	**0.4**	0.7	**2.1**	2.1	**0.3**	0.3	**16.4**	6.9
Total expenditure		**244.3**	246.5	**188.3**	221.5	**7.0**	6.3	**9.4**	7.5	**0.3**	0.3	**39.3**	10.9
Balance on the technical account for general business		**17.5**	17.7	**20.4**	16.3	**7.0**	7.1	**3.4**	0.4	**1.0**	(0.1)	**(14.3)**	(6.0)

		Total		Class 1 – P&I		Class 2 – Defence		Class 3 – London		Class 4 – War		Syndicate	
	Note	**2017 US$m**	2016 US$m	**2017 US$m**	2016 US$m	**2017 US$m**	2016 US$m	**2017 US$m**	2016 US$m	**2017 US$m**	2016 US$m	**2017 US$m**	2016 US$m
Non-technical account													
Balance on the technical account for general business		**17.5**	17.7	**20.4**	16.3	**7.0**	7.1	**3.4**	0.4	**1.0**	(0.1)	**(14.3)**	(6.0)
Investment return net of expenses and charges	6	**30.1**	(5.2)	**27.3**	(5.8)	**0.8**	(1.0)	**1.6**	1.4	**0.4**	0.2	**–**	–
Exchange (losses)/gains		**(7.2)**	(3.0)	**(4.3)**	(0.8)	**(0.7)**	(0.1)	**(2.1)**	(2.2)	**(0.1)**	–	**–**	0.1
Other income/(charges) including value adjustments		**0.1**	(0.1)	**0.4**	–	**–**	–	**–**	–	**(0.3)**	(0.1)	**–**	–
Share of operating loss of associate undertaking		**(0.3)**	–	**(0.3)**	–	**–**	–	**–**	–	**–**	–	**–**	–
Excess/(shortfall) of income over expenditure before taxation		**40.2**	9.4	**43.5**	9.7	**7.1**	6.0	**2.9**	(0.4)	**1.0**	–	**(14.3)**	(5.9)
Tax on excess/(shortfall) of income over expenditure	10	**1.0**	1.1	**(0.7)**	(0.1)	**–**	–	**–**	–	**–**	–	**1.7**	1.2
Excess/(shortfall) of income over expenditure for the financial year		**41.2**	10.5	**42.8**	9.6	**7.1**	6.0	**2.9**	(0.4)	**1.0**	–	**(12.6)**	(4.7)
Other comprehensive (expenses)/income net of tax		**(0.9)**	(0.6)	**(2.2)**	(0.8)	**–**	–	**–**	–	**–**	–	**1.3**	0.2
Total comprehensive (expenses)/income for the year transferred to contingency reserve		**40.3**	9.9	**40.6**	8.8	**7.1**	6.0	**2.9**	(0.4)	**1.0**	–	**(11.3)**	(4.5)

3. Segmental analysis by class continued

3.2 Consolidated balance sheet

	Total		Class 1 – P&I		Class 2 – Defence		Class 3 – London		Class 4 – War		Syndicate	
	2017 US$m	2016 US$m	**2017 US$m**	2016 US$m	**2017 US$m**	2016 US$m	**2017 US$m**	2016 US$m	**2017 US$m**	2016 US$m	**2017 US$m**	2016 US$m
Assets												
Investments	**813.5**	783.7	**731.7**	683.7	**34.7**	54.9	**34.3**	34.1	**10.6**	10.8	**2.2**	0.2
Reinsurers' share of technical provisions	**418.5**	393.9	**413.5**	393.4	**–**	0.2	**0.1**	0.1	**–**	–	**4.9**	0.2
Debtors	**116.0**	117.1	**90.9**	100.7	**2.3**	2.2	**1.6**	1.1	**0.1**	1.8	**21.1**	11.3
Other assets	**113.1**	119.5	**94.1**	107.7	**3.2**	6.9	**1.7**	2.0	**1.4**	0.4	**12.7**	2.5
Prepayments and accrued income	**16.0**	12.2	**7.5**	8.1	**2.2**	0.8	**0.1**	0.1	**–**	0.1	**6.2**	3.1
Total assets	**1,477.1**	1,426.4	**1,337.7**	1,293.6	**42.4**	65.0	**37.8**	37.4	**12.1**	13.1	**47.1**	17.3
Liabilities												
Reserves	**430.5**	390.1	**348.0**	307.4	**56.7**	49.6	**29.9**	27.0	**11.7**	10.7	**(15.8)**	(4.6)
Technical provisions	**994.4**	989.8	**929.8**	953.7	**12.2**	12.0	**7.2**	7.3	**0.1**	–	**45.1**	16.8
Provisions for other risks and charges	**0.4**	–	**0.4**	–	**–**	–	**–**	–	**–**	–	**–**	–
Creditors	**49.6**	44.5	**58.3**	31.1	**(26.5)**	3.3	**0.7**	3.1	**0.3**	2.3	**16.8**	4.7
Accruals and deferred income	**2.2**	2.0	**1.2**	1.4	**–**	0.1	**–**	–	**–**	0.1	**1.0**	0.4
Total liabilities	**1,477.1**	1,426.4	**1,337.7**	1,293.6	**42.4**	65.0	**37.8**	37.4	**12.1**	13.1	**47.1**	17.3

4. Gross premiums earned including calls

	2017 US$m	2016 US$m
Estimated total premium, other premiums and releases 2016/17 (2015/16)	**347.4**	366.7
Adjustments to previous policy years	**0.4**	(0.6)
Change in the gross provision for unearned premiums	**(9.0)**	(11.8)
Total calls and premiums	**338.8**	354.3

5. Outward reinsurance premiums

	2017 US$m	2016 US$m
International Group excess of loss	**33.3**	45.0
Adjustment to prior years	**(1.4)**	(0.2)
Other premiums	**47.6**	44.0
Adjustment to prior years	**(1.6)**	–
Change in the provision for unearned premiums, reinsurers' share	**(0.9)**	1.3
Reinsurance premiums paid	**77.0**	90.1

Notes to the financial statements continued

6. Investment return

	2017 US$m	2016 US$m
Investment income		
Shares and other variable-yield securities and unit trusts	**5.5**	5.3
Debt securities and other fixed-income securities	**13.1**	11.6
Deposit interest	**1.2**	1.1
Income from investment property	**1.7**	1.9
Gains arising on realisation of investments	**19.4**	39.6
	40.9	59.5
Investment expenses and charges		
Investment management expenses	**(3.1)**	(4.0)
Losses on realisation of investments	**(11.2)**	(29.6)
	(14.3)	(33.6)
Unrealised gains on investments	**9.1**	34.0
Unrealised losses on investments	**(5.6)**	(65.1)
	3.5	(31.1)
Total investment return	**30.1**	(5.2)

7. Claims paid

	2017 US$m	2016 US$m
Members' claims	**259.7**	324.1
Other P&I clubs' Pool claims	**32.4**	15.0
Syndicate claims	**8.3**	0.5
Gross claims paid	**300.4**	339.6

8. Reinsurers' share of claims paid

	2017 US$m	2016 US$m
Claims recoverable from group GXL reinsurers	**(37.4)**	(54.6)
Claims recoverable from other reinsurers	**(19.3)**	(11.0)
Claims recoverable from the Pool	**(14.6)**	(73.7)
Reinsurers' share of claims paid	**(71.3)**	(139.3)

9. Net operating expenses

	2017 US$m	2016 US$m
Acquisition costs		
Management fee	**9.5**	9.3
General expenses	**12.2**	6.8
Change in deferred acquisition costs	**(2.6)**	(2.9)
Administrative expenses		
Management fee	**8.8**	9.1
General expenses	**11.8**	13.8
Depreciation	**0.6**	1.1
Safety and loss control	**1.6**	1.3
Directors' fees	**1.0**	0.8
Auditors' remuneration for audit services	**0.3**	0.2
Auditors' remuneration for other services	**0.3**	0.1
Net operating expenses	**43.5**	39.6

The highest paid director received a director's fee of $105,000 during the year (2016: $120,000). Directors are paid a flat fee with additional attendance fees. The club has no employees (2016: none).

During the year the group (including its overseas subsidiaries) obtained the following services from the group's auditors as detailed below:

	2017 US$m	2016 US$m
Audit services		
Fees payable to the club's auditors for the audit of the parent company and consolidated financial statements	**0.1**	0.1
The audit of the club's subsidiaries, pursuant to legislation	**0.2**	0.1
Other services		
Fees payable to the club's auditors and its associates for other services:		
(a) Other services pursuant to legislation, including the audit of the regulatory return	**0.3**	0.1
(b) Tax services	**–**	–
	0.6	0.3

Fees payable to the club's auditors for the tax services were $31,000 (2016: $22,000).

10. Tax on excess/(shortfall) of income over expenditure

	2017 US$m	2016 US$m
Analysis of charge in the period		
Current UK corporation tax on taxable investment profits	**0.3**	0.1
Total current tax	**0.3**	0.1
Deferred tax		
Origination and reversal of timing differences	**(1.3)**	(1.2)
Total deferred tax (note 11)	**(1.3)**	(1.2)
Tax on excess of income over expenditure	**(1.0)**	(1.1)

Notes to the financial statements continued

10. Tax on excess of income over expenditure continued

Factors affecting tax charge for the period

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (20%). The differences are explained below:

	2017 US$m	2016 US$m
Excess of income over expenditure before taxation	**40.2**	9.4
Multiplied by the standard rate of tax at 20% (2016: 20%)	**8.5**	2.0
Income not assessable for tax purposes	**(7.8)**	(1.9)
Current tax charge for the year	**0.7**	0.1

The club is subject to corporation tax in the jurisdictions in which it does business, except in Bermuda, where there is no corporation tax. In the UK, corporation tax is limited to investment income owing to the mutual status of the club.

Factors affecting current and future tax charges

There are no factors affecting current and future tax charges.

11. Deferred tax

	2017 US$m	2016 US$m
Group		
Deferred tax asset relating to:		
Untaxed loss on Syndicate results	**2.5**	1.1
Deferred tax asset based on effective tax rate of 20%	**2.5**	1.1
Recognised deferred tax asset at 20 February 2016 (2015)	**1.1**	–
Effect of exchange rate fluctuations	**(0.3)**	–
Recognised deferred tax movement for the year in the income and expenditure account	**1.7**	1.1
Recognised deferred tax asset as at 20 February 2017 (2016)	**2.5**	1.1
Deferred tax liability relating to:		
Untaxed profit on rental income	**(0.4)**	–
Deferred tax liability based on effective tax rate of 20%	**(0.4)**	–
Recognised deferred tax liability at 20 February 2016 (2015)	**–**	–
Effect of exchange rate fluctuations	**–**	–
Recognised deferred tax movement for the year in the income and expenditure account	**(0.4)**	–
Recognised deferred tax liability as at 20 February 2017 (2016)	**(0.4)**	–
Net deferred tax asset as at 20 February 2017 (2016)	**2.1**	1.1

12. Investment property

	2017 US$m	2016 US$m
Group		
Net book value at 20 February 2016	**33.3**	30.8
Additions at cost	**–**	–
Revaluation (deficit)/surplus	**(5.9)**	2.5
Net book value at 20 February 2017	**27.4**	33.3

Investment property comprises the club's freehold premises at Essex Street, London. The property was acquired on 20 May 2008 and the initial cost was £19.8m. The property was valued at 20 February 2017 by the managers at £22.0m (2016: £23.0m). The valuation was based on the current annual rent and yield of 4.75%. Any surplus or deficit on revaluation of the property or arising as a result of exchange adjustments is taken to the income and expenditure account.

Income earned by the group from the investment property, all of which is leased out under operating lease, amounted to $1.6m (2016: $1.8m) as disclosed in note 6. The income consists of annual rent of $1.4m and an annual reimbursement charge for furniture and fixtures of $0.2m. The lease period is from 1 February 2010 to 31 December 2024.

At the balance sheet date, the group had contracted with the lessee for the following future minimum lease payments:

	2017 US$m	2016 US$m
Group		
Within one year	**1.6**	1.8
In second to fifth years inclusive	**6.2**	7.1
After five years	**4.5**	6.9
	12.3	15.8

Notes to the financial statements continued

13. Claims outstanding

The board closed the 2016/17 policy year at its meeting on 12 May 2017. The table below provides the position after closure.

	2017 US$m	2016 US$m
Open years		
Claims – own	**265.2**	324.1
Claims – Pool	**52.3**	51.0
Reinsurance recoveries – Pool	**(42.3)**	(76.6)
Reinsurance recoveries – GXL & other	**(20.1)**	(20.5)
Net claims provision for open years	**255.1**	278.0
Closed years		
Claims – own	**603.5**	542.4
Claims – Pool	**50.1**	58.5
Reinsurance recoveries – Pool	**(163.4)**	(60.8)
Reinsurance recoveries – GXL & other	**(191.1)**	(235.4)
Net claims provision for closed years	**299.1**	304.7
Total		
Claims – own	**868.8**	866.5
Claims – Pool	**102.3**	109.5
Gross outstanding claims	**971.1**	976.0
Reinsurance recoveries – Pool	**(205.7)**	(137.4)
Reinsurance recoveries – GXL & other	**(211.2)**	(255.9)
Reinsurance recoveries – total	**416.9**	393.3
Net claims provision	**554.2**	582.7

Claims outstanding includes provision for IBNR claims which are set by reference to, amongst other factors, standard actuarial techniques and projections. Also included in the provision is an estimate for the internal and external costs of handling the outstanding claims.

13.1 Movement in prior years' provision for claims outstanding

	2017 US$m	2016 US$m
Improvement in respect of prior years	**24.0**	47.2

13. Claims outstanding continued

13.2 Development claim tables

Claims outstanding (gross)

Policy year	2007/08 US$m	2008/09 US$m	2009/10 US$m	2010/11 US$m	2011/12 US$m	2012/13 US$m	2013/14 US$m	2014/15 US$m	2015/16 US$m	**2016/17 US$m**	Total US$m
Estimate of ultimate claims costs:											
– at end of policy year	185.7	179.3	250.4	299.2	446.7	343.0	373.7	353.7	332.2	**248.1**	3,012.0
– one year later	154.6	214.0	240.1	340.7	651.8	320.9	403.0	304.1	301.5		2,930.7
– two years later	155.6	195.2	224.8	334.3	824.6	308.9	433.7	275.4			2,752.5
– three years later	153.0	187.7	213.1	321.7	972.0	306.1	533.5				2,687.1
– four years later	151.1	186.9	212.2	310.8	958.4	308.4					2,127.8
– five years later	151.7	187.4	212.1	307.1	964.3						1,822.6
– six years later	149.5	186.5	209.3	303.5							848.8
– seven years later	148.4	183.3	207.8								539.5
– eight years later	155.0	182.0									337.0
– nine years later	155.1										155.1
Current estimate of cumulative claims	155.1	182.0	207.8	303.5	964.3	308.4	533.5	275.4	301.5	**248.1**	3,479.6
Cumulative payments to date	(139.5)	(177.4)	(200.3)	(281.6)	(876.8)	(176.7)	(309.6)	(216.8)	(168.6)	**(67.8)**	(2,615.1)
Liability recognised in the balance sheet	15.6	4.6	7.5	21.9	87.5	131.7	223.9	58.6	132.9	**180.3**	864.5
Provision in respect of prior years											106.6
Total provision included in the balance sheet											971.1

Claims outstanding (net)

Policy year	2007/08 US$m	2008/09 US$m	2009/10 US$m	2010/11 US$m	2011/12 US$m	2012/13 US$m	2013/14 US$m	2014/15 US$m	2015/16 US$m	**2016/17 US$m**	Total US$m
Estimate of ultimate claims costs:											
– at end of policy year	171.1	166.5	177.5	193.8	227.5	252.5	274.1	251.0	253.5	**211.5**	2,179.0
– one year later	147.6	176.1	169.1	213.0	238.7	231.2	288.0	222.1	253.7		1,939.5
– two years later	147.9	161.7	157.0	197.7	225.8	218.2	273.3	210.0			1,591.6
– three years later	144.0	159.8	157.9	192.1	220.0	212.5	270.6				1,356.9
– four years later	140.2	158.2	156.4	185.9	210.6	217.7					1,069.0
– five years later	138.9	157.9	157.6	183.1	209.5						847.0
– six years later	136.8	156.5	155.6	180.6							629.5
– seven years later	135.5	154.2	154.0								443.7
– eight years later	135.2	153.0									288.2
– nine years later	135.0										135.0
Current estimate of cumulative claims	135.0	153.0	154.0	180.6	209.5	217.7	270.6	210.0	253.7	**211.5**	1,995.6
Cumulative payments to date	(128.0)	(149.7)	(147.3)	(173.8)	(190.5)	(170.7)	(206.9)	(159.4)	(148.6)	**(68.1)**	(1,543.0)
Liability recognised in the balance sheet	7.0	3.3	6.7	6.8	19.0	47.0	63.7	50.6	105.1	**143.4**	452.6
Provision in respect of prior years											101.6
Total provision included in the balance sheet											554.2

Notes to the financial statements continued

14. Other financial investments

	2017 US$m	2016 US$m
Financial assets at fair value through statement of comprehensive income	**785.3**	749.3
Total financial assets at market value	**785.3**	749.3
Financial assets at fair value through statement of comprehensive income	**771.6**	741.0
Total financial assets at cost	**771.6**	741.0
At market value		
Shares and other variable-yield securities and units in unit trusts	**210.3**	190.2
Debt securities and other fixed-income securities	**577.0**	559.1
Open forward currency contracts	**(2.0)**	–
Total investments at market value	**785.3**	749.3
At cost		
Shares and other variable-yield securities and units in unit trusts	**199.2**	183.2
Debt securities and other fixed-income securities	**572.4**	557.8
Total investments at cost	**771.6**	741.0

Included in the carrying values above are amounts in respect of listed investments as follows:

	2017 US$m	2016 US$m
Shares and other variable-yield securities and unit trusts	**184.5**	155.0
Debt securities and other fixed-income securities	**566.6**	425.5
	751.1	580.5

Open forward currency contracts	2017 US$m	2016 US$m
Fair value asset	**(2.0)**	–
Contract/notional amount	**283.6**	269.7

Open forward currency contracts represent potential losses or gains on forward contracts, which have been entered into to protect the assets of the club. These have been revalued at 20 February 2017 using exchange rates prevailing at that date. The total of the open forward contracts at any one time is limited by guidelines set by the board of directors and matched against currency and asset holdings in excess of the amount of the contracts.

14. Other financial investments continued

Contractual amounts outstanding at the balance sheet date include forward currency contracts to transact the net equivalent of US$(2.0)m (2016: US$nil), as broken down by local currency in the following table:

	2017 Local currency US$m		2016 Local currency US$m	
	Purchase	Sell	Purchase	Sell
Australian dollar	**1.9**	**–**	1.6	–
British pound sterling	**52.6**	**(17.6)**	31.7	(69.7)
Canadian dollar	**4.2**	**–**	3.8	–
European euro	**46.3**	**(74.0)**	82.0	(87.2)
HK Offshore Chinese yuan	**–**	**(2.9)**	–	–
Indian rupee	**–**	**–**	–	(0.7)
Japanese yen	**–**	**(5.2)**	1.2	(7.6)
Norwegian krone	**8.3**	**–**	–	–
Singapore dollar	**–**	**–**	–	(0.7)
Swiss franc	**–**	**(0.5)**	–	(1.1)
New Taiwan dollar	**–**	**–**	–	(1.2)
US dollar	**100.7**	**(115.8)**	167.7	(119.9)

The net US dollar position of the above transactions at cost is US$nil (2016: US$nil).

The forward currency contracts outstanding at year end expire by 23 March 2017 (2016: 10 May 2016).

During the year a gain of US$6.0m (2016: US$0.4m) relating to such contracts was recognised. This is included in the net exchange loss of US$7.2m (2016: US$3.0m) in the consolidated income and expenditure non-technical account.

15. Management of insurance and financial risk

The club is exposed to a range of insurance and financial risks through its operations as a protection and indemnity insurer, and its investment in The Standard Syndicate at Lloyd's.

This section summarises these risks and the way the club manages those risks (in addition to the risk management policies set out in the report of the directors).

15.1 Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable. This risk can be divided into premium risk (the risk that premiums charged will not be sufficient to meet all associated claims and expenses) and reserve risk (the risk that claims reserves will be inadequate to cover either known losses, and/or unknown or undeveloped losses, such as occupational diseases. These risks are managed as follows:

15.1.1 Premium risk

Premium risk is managed by clear underwriting controls including risk assessment tools, pricing models and clear authority levels. This risk is monitored for undue concentrations of risk and consistency with the club's risk appetite as set by the board. The risk management process is aided by a dedicated loss prevention function, aimed at ensuring that the club underwrites only those shipowners who operate to an acceptable standard.

Notes to the financial statements continued

15. Management of insurance and financial risk continued

Premium risk is mitigated through the acquisition of appropriate reinsurance programmes, including the International Group pooling and reinsurance programme, and also the club's own non-pool, retention and stop-loss reinsurances. Reinsurance strategy is set by the board in line with the board's risk appetite and is designed to mitigate the insurance risk through programmes tailored to the club's exposures.

15.1.2 Reserve risk

Reserve risk is managed by the prompt reserving of potential losses, regular review of individual estimates and overall reserve adequacy, as well as regular, systematic claims audits and the monitoring of consistency of estimating approaches, and the modelling of technical provisions by the club's actuarial function.

While the board considers that the liability for insurance claims recognised in these financial statements is adequate, it recognises that actual experience will differ from the expected outcome. The following table presents the sensitivity of the value of insurance liabilities disclosed in note 13 to movements in the assumptions used in the estimation of insurance liabilities. These sensitivities relate mainly to the P&I class as this represents the club's largest exposure.

	Decrease		Increase	
Impact on profit – gross of reinsurance	**2017 US$m**	2016 US$m	**2017 US$m**	2016 US$m
Increase/decrease in loss ratio by 5 percentage points	**16.9**	17.7	**(16.9)**	(17.7)
10% increase/decrease in the number of occupational disease claims	**4.0**	4.1	**(4.0)**	(4.1)
10% increase/decrease in claims handling expenses	**1.9**	2.0	**(1.9)**	(2.0)
10% increase/decrease in IBNR	**23.5**	16.3	**(23.5)**	(16.3)

Impact on profit – net of reinsurance	**2017 US$m**	2016 US$m	**2017 US$m**	2016 US$m
Increase/decrease in loss ratio by 5 percentage points	**13.1**	13.2	**(13.1)**	(13.2)
10% increase/decrease in the number of occupational disease claims	**4.0**	4.1	**(4.0)**	(4.1)
10% increase/decrease in claims handling expenses	**1.9**	2.0	**(1.9)**	(2.0)
10% increase/decrease in IBNR	**8.0**	9.1	**(8.0)**	(9.1)

15.2 Financial risk

The club is exposed to a range of financial risks through its financial assets, financial liabilities (investment contracts), reinsurance assets and policyholder liabilities. In particular, the key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from insurance policies and investment contracts as they fall due. The most important components of this financial risk are market risk (including interest rate risk, equity price risk and currency risk), credit risk and liquidity risk.

These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The risks that the club primarily faces due to the nature of its investment and liabilities are interest rate risk and equity price risk.

15.2.1 Market risk

- Interest rate risk

Interest rate risk arises primarily from investments in fixed interest securities.

Interest rate risk is managed through the club's investment strategy. Debt and fixed interest securities are predominantly invested in high quality corporate and government backed bonds, with the club having defined investment guidelines that limit exposure in such holdings.

At the end of the financial year, approximately 74% (2016: 75%) of the club's investment portfolio was invested in fixed interest assets. The weighted duration of the investment portfolio was 3.6 years (2016: 4.0 years)

The club has no debt liability with interest payments that vary with changes in the interest rate.

15. Management of insurance and financial risk continued

Sensitivity analysis for interest rate risk illustrates how changes in the fair value of a financial instrument will fluctuate because of changes in market interest rates at the reporting date. An increase of 150 basis points in bond yields would result in a cost to the club of $41.0m (2016: $40.7m).

- Equity price risk

The club is exposed as a result of its holdings in equity investments and hedge funds. The club has defined investment guidelines that limit exposure in such holdings.

Sensitivity analysis for equity price risk illustrates the effect of changes in equity market indices on the value of the investment portfolio. A 10% decrease in equity values would be estimated to have decreased the surplus before tax and reserves at the year end by $21.0m (2016: $19.0m).

- Currency risk

The club is exposed in respect of liabilities under insurance policies denominated in currencies other than US dollars. The most significant currencies to which the club is exposed are pound sterling and the euro. The club seeks to manage this risk by constraining the deviation of the currencies of the assets from the estimated currencies of the liabilities. The club also uses forward currency contracts to protect currency exposures and maintain investment policy benchmarks.

At 20 February 2017, had sterling strengthened by 10% against the US dollar with all other variables held constant, profit for the year would have been $10.3m higher (2016: $3.4m lower). Had the euro strengthened by 10% against the dollar profit for the year would have been $2.9m lower (2016: $0.3m lower).

15.2.2 Credit risk

The risk that a counterparty will be unable to pay amounts in full when due. Key areas where the club is exposed are:

- reinsurers' share of insurance liabilities
- amounts due from reinsurers in respect of claims already paid
- amounts due from members
- counterparty risk with respect to cash and investments.

The assets bearing credit risk are summarised below, together with an analysis by credit rating:

Group	2017 US$m	2016 US$m
Derivative financial instruments	**(2.0)**	–
Debt securities	**577.0**	559.1
Loans and receivables	**93.3**	93.9
Assets arising from reinsurance contracts held	**4.6**	4.2
Cash at bank and in hand	**108.1**	114.8
Total assets bearing credit risk	**781.0**	772.0
AAA	**222.0**	280.6
AA	**103.4**	88.2
A	**210.2**	195.7
BBB	**97.3**	87.8
B and BB	**49.9**	16.1
Not rated	**98.2**	113.6
Total assets bearing credit risk	**781.0**	772.0

Notes to the financial statements continued

15. Management of insurance and financial risk continued

The concentration of credit risk is substantially unchanged compared with the prior year. No credit limits were exceeded during the period. No financial assets are past due or impaired at the reporting date and management expects no significant losses from non-performance by these counterparties.

15.2.3 Liquidity risk

The risk that cash may not be available to pay obligations when due at a reasonable cost. The primary liquidity risk is the obligation to pay claims to policy holders as they fall due. The club maintains holdings in short-term deposits to ensure sufficient funds are available to cover anticipated liabilities and unexpected levels of demand.

The following table provides a maturity analysis of the club's financial assets (classes 1 to 4 combined) representing the dates that contracts will mature, amounts are due for payment or assets could be realised without significant additional cost:

Group	Short-term assets US$m	Within 1 year US$m	1-2 years US$m	2-5 years US$m	Over 5 years US$m	Total US$m
As at 20 February 2017						
Shares and other variable-yield securities and units in unit trusts	184.5	10.4	–	5.3	10.1	210.3
Debt securities and other fixed-income securities	577.0	–	–	–	–	577.0
Forward currency contracts	(2.0)	–	–	–	–	(2.0)
Cash balances	108.1	–	–	–	–	108.1
Investment property	–	–	–	–	27.4	27.4
Debtors	19.2	78.7	–	–	–	97.9
Reinsurers' share of claims outstanding	–	125.1	104.2	125.1	62.5	416.9
	886.8	**214.2**	**104.2**	**130.4**	**100.0**	**1,435.6**
As at 20 February 2016						
Shares and other variable-yield securities and units in unit trusts	174.6	–	–	13.9	1.7	190.2
Debt securities and other fixed-income securities	553.3	0.2	–	5.6	–	559.1
Forward currency contracts	–	–	–	–	–	–
Cash balances	113.4	1.4	–	–	–	114.8
Investment property	–	–	–	–	33.3	33.3
Debtors	11.5	86.5	–	–	–	98.0
Reinsurers' share of claims outstanding	–	118.0	98.3	118.0	59.0	393.3
	852.8	**206.1**	**98.3**	**137.5**	**94.0**	**1,388.7**

15. Management of insurance and financial risk continued

The following is an analysis of the estimated timings of net cash flows by financial liability (classes 1 to 4 combined). The timing of cash flows are based on current estimates and historic trends and the actual timings of cash flows may be materially different from those disclosed below:

Group	Within 1 year US$m	1-2 years US$m	2-5 years US$m	Over 5 years US$m	Total US$m
As at 20 February 2017					
Gross outstanding claims	**262.2**	**174.8**	**262.2**	**271.9**	**971.1**
Creditors	**49.6**	**–**	**–**	**–**	**49.6**
	311.8	**174.8**	**262.2**	**271.9**	**1,020.7**
As at 20 February 2016					
Gross outstanding claims	292.8	244.0	292.8	146.4	976.0
Creditors	44.5	–	–	–	44.5
	337.3	**244.0**	**292.8**	**146.4**	**1,020.5**

Company	Within 1 year US$m	1-2 years US$m	2-5 years US$m	Over 5 years US$m	Total US$m
As at 20 February 2017					
Creditors	22.7	–	–	–	22.7
	22.7	**–**	**–**	**–**	**22.7**
As at 20 February 2016					
Creditors	22.0	–	–	–	22.0
	22.0	**–**	**–**	**–**	**22.0**

15.2.4 Fair value estimations

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 – Listed quoted prices in active markets and external broker quotes which are publicly, readily and regularly available on an active market.
Level 2 – Inputs other than quoted prices included within level 1 that are observable, either directly (that is, as prices) or indirectly (that is, derived from prices).
Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Notes to the financial statements continued

15. Management of insurance and financial risk continued

The following table presents the club's assets and liabilities measured at fair value at 20 February 2017 and at 20 February 2016.

Financial assets at fair value through profit or loss:

Group	Level 1 US$m	Level 2 US$m	Level 3 US$m	Total US$m
As at 20 February 2017				
Shares and other variable-yield securities and units in unit trusts	184.5	15.4	10.4	210.3
Debt securities and other fixed-income securities	577.0	–	–	577.0
Forward currency contracts	(2.0)	–	–	(2.0)
	759.5	15.4	10.4	785.3
As at 20 February 2016				
Shares and other variable-yield securities and units in unit trusts	155.0	35.2	–	190.2
Debt securities and other fixed-income securities	502.2	56.7	–	558.9
Forward currency contracts	–	–	–	–
	657.2	91.9	–	749.1

15.3 Capital management

The club maintains an efficient capital structure from the use of members' funds (reserves) along with the ability to make unbudgeted calls if required, consistent with the club's risk profile and the regulatory and market requirements of its business.

The club's objectives in managing its capital are:

- to match the profile of its assets and liabilities, taking account of the risks inherent in the business
- to satisfy the requirements of its members and meet regulatory requirements
- to maintain an 'A' rating with Standard & Poor's
- to manage exposures to movement in exchange rates
- to retain financial flexibility by maintaining strong liquidity.

The club's principal regulators are the Bermuda Monetary Authority (BMA) and the club is subject to insurance solvency regulations which specify the minimum amount and type of capital that must be held. The club manages capital in accordance with these rules and has embedded in its Asset Liability Management (ALM) framework the necessary tests to ensure continuous and full compliance with such regulations. Throughout the year the club complied with the BMA's capital requirements and the requirements in the other countries in which it operates.

16. Tangible assets

	Furniture, fixtures and fittings	
	2017 US$m	2016 US$m
Group		
Book cost		
As at 20 February 2016	**6.1**	6.1
As at 20 February 2017	**6.1**	6.1
Accumulated depreciation		
As at 20 February 2016	**2.8**	2.2
Charge for the year	**0.8**	0.6
As at 20 February 2017	**3.6**	2.8
Net book value	**2.5**	3.3

17. Intangible assets

	Computer software	
	2017 US$m	2016 US$m
Group		
Book cost		
As at 20 February 2016	**7.6**	7.6
As at 20 February 2017	**7.6**	7.6
Accumulated depreciation		
As at 20 February 2016	**7.3**	6.6
Charge for the year	**0.3**	0.7
As at 20 February 2017	**7.6**	7.3
Net book value	**–**	0.3

Notes to the financial statements continued

18. Investment in group undertakings and participating interests

	Classes of shares held	Year end	Principal business	% holding Group	% holding Company
Standard Reinsurance (Bermuda) Limited, incorporated in Bermuda	Ordinary	20 Feb	Reinsurance	100	100
The Standard Club (Europe) Limited, incorporated in the United Kingdom[1]	Note 1	20 Feb	Marine mutual	75	75
The Standard Club (Asia) Limited, incorporated in Singapore	Ordinary	20 Feb	Marine mutual	100	20
Hydra Insurance Company Limited (Standard Cell), incorporated in Bermuda	Preferred	20 Feb	Reinsurance	100	100
Standard House Limited, incorporated in Bermuda	Ordinary	20 Feb	Property investment	100	–
Charles Taylor Managing Agency Limited, incorporated in the United Kingdom[2]	Ordinary	20 Feb	Lloyd's Managing Agent	49.9	49.9
The Standard Club Corporate Name Limited, incorporated in the United Kingdom	Ordinary	20 Feb	Lloyd's Corporate Name	100	100
Standard Hydor AS, incorporated in Norway[3]	Ordinary	31 Dec	Lloyd's Coverholder	50	50

1 75% of voting control, no participating interest. No minority interest is shown in the group financial statements because the affairs of each class are managed on a unified basis throughout the group.
2 The group has an investment of $1.1m in an associate company, Charles Taylor Managing Agency Limited (CTMA), a Lloyd's Managing Agent. The Group holds 49.9% of the nominal value of the allotted ordinary shares of CTMA. The cost of this investment was $2.2m.
3 The group has an investment of NOK50k in a jointly controlled company, Standard Hydor AS, a service company. The group holds 50% of the nominal value of the allotted ordinary shares of the company. The cost of this investment was $6,000.

All subsidiary undertakings are consolidated in the financial statements.

19. Debtors arising out of direct insurance operations

	2017 US$m	2016 US$m
Group		
Members	**78.7**	88.2
Intermediaries	**21.8**	12.1
Reinsurers – Pool	**0.4**	3.8
Reinsurers – other	**4.2**	0.4
Debtors arising out of direct insurance operations	**105.1**	104.5

20. Other creditors including taxation and social security

	2017 US$m	2016 US$m
Group		
Corporation tax	**–**	0.1
Trade creditors	**1.5**	1.8
Other creditors	**5.4**	9.2
Other creditors including taxation and social security	**6.9**	11.1

21. Reconciliation of operating surplus to net cash flow from operating activities

	2017 US$m	2016 US$m
Excess of income over expenditure before tax	**40.2**	9.4
Gains arising on realisation of investments	**(19.4)**	(39.6)
Losses arising on realisation of investments	**11.2**	29.6
Unrealised (gains)/losses on revaluation of investments	**(3.5)**	31.1
Depreciation	**0.6**	1.1
Decrease/(increase) in debtors	**(10.5)**	(0.3)
(Decrease)/increase in net claims provision	**(15.9)**	20.3
(Decrease)/increase in creditors	**10.2**	(21.2)
Taxation	**1.0**	1.1
Other charges including value adjustments	**(0.1)**	–
Exchange differences	**1.6**	0.5
Net cash flow generated from operating activities	**15.4**	32.0

22. Letters of credit, bail bonds and guarantees

In the normal course of business, the club has provided letters of credit and guarantees on behalf of its members. These are secured by investments lodged with the club amounting to $28.2m (2016: $58m).

23. Related party transactions

The club, which is limited by guarantee, has no share capital and is controlled by the members who are also its insureds. All members enter into insurance contracts negotiated with the club's managers on arm's length terms. These transactions are therefore with related parties and are the only transactions between the club and the members. The aggregate of these transactions is disclosed in these financial statements.

All the directors (except five, two directors and shareholders of Charles Taylor plc, the ultimate holding company of the club's managers, Charles Taylor & Co (Bermuda), one senior executive and shareholder of Charles Taylor plc, one Bermuda resident director, and one independent director) are representatives or agents of member companies and other than the insurance and membership interests of the directors' companies, the directors have no financial interests in the club. The club paid management fees to the managers for the year of $50.8m (2016: $53.1m).

24. Rates of exchange

	2017	2016
The following rates of exchange were applicable to US$1 at 20 February 2017 (2016)		
Australian dollar	**1.30**	1.41
Bermudian dollar	**1.00**	1.00
Canadian dollar	**1.31**	1.39
European euro	**0.94**	0.89
Japanese yen	**112.83**	112.75
Singapore dollar	**1.42**	1.40
Swiss franc	**1.00**	0.98
British pound sterling	**0.80**	0.69

Appendix I (unaudited)

Funds available for outstanding and unreported claims

Class 1 – P&I summary

	Appendix reference	Funds available and estimated future supplementary calls US$m	Estimated net claims and forecast of unreported claims US$m
At 20 February 2017			
Total closed policy years	III	290.2	290.2
Open policy years			
2016/17	II	126.8	126.8
2015/16	II	93.6	93.6
Total of open policy years		**220.4**	**220.4**
Reserves			
Contingency reserve	III	347.8	–
Statutory reserve		0.2	–
Total reserves		**348.0**	**–**
Funds available for outstanding and unreported claims		**858.6**	**510.6**

These appendices should be read in conjunction with the notes on the preceding pages.

Appendix II (unaudited)

Funds available for outstanding and unreported claims

Class 1 – P&I open policy years

		2016 One year from inception US$m	2015 Two years from inception US$m	2014 Three years from inception US$m
At 20 February 2017				
Calls and premiums – current year		275.2	0.6	–
Calls and premiums – prior year		–	323.4	327.5
Less: claims, reinsurance premiums, administration expenses and tax		(151.4)	(248.3)	(267.3)
		123.8	75.7	60.2
Investment income to date		22.0	(6.6)	14.5
Funds available	**A**	**145.8**	**69.1**	**74.7**
Estimated known outstanding claims and forecast of unreported claims		158.8	120.7	56.2
Estimated reinsurance recoveries		(32.0)	(27.1)	(7.9)
	B	**126.8**	**93.6**	**48.3**
Anticipated deficit at closure	**A–B**	19.0	(24.5)	–
Deficit on closure of 2014/15 year		–	–	26.4
Transferred to contingency reserve at 20 February 2016		–	–	–
Transferred from contingency reserve at 20 February 2017		(19.0)	24.5	(26.4)
		–	–	–
Product of a 10% supplementary call		**21.6**	**24.6**	**24.5**

Notes

Estimated known outstanding claims and the forecast of unreported claims of open years (excluding the 2014/15 policy year) include the club's share of other clubs' Pool claims amounting to $52.3m.

Estimated reinsurance recoveries show the reinsurance recoveries to be made on reinsurance contracts net of provision for doubtful recoveries, and include anticipated Pool recoveries of $42.3m, recoveries from group excess of loss reinsurers of $8.4m, and recoveries from other reinsurers of $8.4m.

Investment income

All investment income received in the year has been allocated to the 2016/17 policy year.

Fixed premium and non-poolable business

Of the $276m of calls and premiums on the 2016 P&I policy year, $68m represents non-poolable business which is all fixed premium. The comparative figures for 2015 are $323m and $71m, and for 2014 are $327m and $75m.

Appendix III (unaudited)

Funds available for outstanding and unreported claims

Class 1 – P&I closed years and contingency reserve

	Closed policy years		Contingency reserve	
	2017 US$m	2016 US$m	**2017 US$m**	2016 US$m
At 20 February 2016				
Balance available at 20 February 2016 (2015)	**300.2**	257.1	**307.2**	305.1
Transfers on closure of 2014/15 (2013/14) policy year	**48.3**	86.1	**26.4**	3.4
Premium adjustment	**–**	–	**–**	(0.4)
Claims paid net of reinsurance recoveries	**(43.4)**	(25.1)	**–**	–
	305.1	318.1	**333.6**	308.1
Transfer of anticipated deficit on open years	**–**	–	**5.3**	(18.8)
Other charges including value adjustments	**–**	–	**(0.3)**	–
Improvement of claims in closed policy years	**(9.2)**	(17.9)	**9.2**	17.9
Balance available at 20 February 2017 (2016)	**295.9**	300.2	**347.8**	307.2

Closed policy years

The balance available for outstanding claims of closed policy years (including the 2014/15 year which was closed at the club's meeting on 12 May 2017) includes a provision for incurred but not reported claims (IBNR) of $186.3m (2016: $61.8m) and is shown net of Pool recoveries of $163.4m (2016: $60.6m), recoveries from group excess of loss reinsurers of $81.5m (2016: $122.0m) and other non-group reinsurance recoveries which amount to $109.5m (2016: $113.2m). The balance available including IBNR includes $50.1m (2016: $58.5m) in respect of the club's share of other clubs' outstanding Pool claims.

Notice of annual general meeting

The Standard Club Ltd (the company)

Registered no: 1837

Notice is hereby given that the 46th annual general meeting of the company will be held on Friday 20 October 2017 at 8.50am (the meeting) at The Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong for the purpose of considering and, if thought fit, passing the following ordinary resolutions:

Reports and financial statements

1. THAT the reports of the directors and auditors, and the audited financial statements of the company for the year ended 20 February 2017 be received and adopted.

Re-election of directors appointed since the last AGM

2. THAT Carlo Cosimi be re-elected as a director of the company.
3. THAT Harjeet Joshi be re-elected as a director of the company.
4. THAT Tomomaru Kuroyanagi be re-elected as a director of the company.
5. THAT Oivind Tangen be re-elected as a director of the company.
6. THAT Choo Wee Teo be re-elected as a director of the company.
7. THAT James Woodrow be re-elected as a director of the company.

Annual re-election of directors

8. THAT Necdet Aksoy be re-elected as a director of the company.
9. THAT Luigi D'Amato be re-elected as a director of the company.
10. THAT Cesare d'Amico be re-elected as a director of the company.
11. THAT Paolo Clerici be re-elected as a director of the company.
12. THAT Alistair Groom be re-elected as a director of the company.
13. THAT Bhumindr Harinsuit be re-elected as a director of the company.
14. THAT Erik Johnsen be re-elected as a director of the company.
15. THAT Ricardo Menendez Ross be re-elected as a director of the company.
16. THAT Constantine Peraticos be re-elected as a director of the company.
17. THAT Nicolas Hadjioannou be re-elected as a director of the company.
18. THAT David Koo be re-elected as a director of the company.
19. THAT David Marock be re-elected as a director of the company.
20. THAT Andreas Martinos be re-elected as a director of the company.
21. THAT Marianne Sørensen be re-elected as a director of the company.

Appointment of auditors

22. THAT PricewaterhouseCoopers LLP be reappointed as auditors, and that the directors be authorised to fix their remuneration.

Date: 12 May 2017
By order of the board,
Charles Taylor & Co (Bermuda)
Secretary

Registered Office:
Swan Building, 2nd Floor
26 Victoria Street
Hamilton HM12
P.O. Box HM 2904
Hamilton HMLX Bermuda

Notice of annual general meeting continued

The Standard Club Ltd (the company)

Registered no: 1837

Re-election of directors holding office for over nine years

Necdet Aksoy (appointed 30 January 2002)	Principal of Akmar Shipping Group and Turkish Cargo Lines
Luigi D'Amato (appointed 24 January 2006)	Principal of Fratelli D'Amato SpA, Italy
Cesare d'Amico (appointed 28 January 2004)	Principal of d'Amico Società di Navigazione SpA, Italy
Paolo Clerici (appointed 29 January 2003)	Principal of Coeclerici SpA, Italy
Alistair Groom (appointed 1 October 2004)	Former CEO of the managers' London agents
Bhumindr Harinsuit (appointed 30 January 2007)	Managing Director of The Harinsuit Transport Co Ltd
Erik Johnsen (appointed 26 September 2003)	President of International Shipholding Corporation
Ricardo Menendez Ross (appointed 18 May 1990)	CEO of Interocean Transportation Inc.
Constantine Peraticos (appointed 16 May 2003)	Principal of Pleiades Shipping Agents SA, Greece

Notes

1 A member of the company entitled to attend, speak and vote at the above meeting is entitled to appoint a proxy to attend, speak and vote on their behalf. The proxy need not be a member of the company.

2 The appointment of a proxy will not prevent a member from subsequently attending, speaking and voting at the meeting in person. Details of how to appoint the chairman of the meeting or another person as your proxy are set out in the notes to the Form of Proxy. If you wish your proxy to speak on your behalf at the meeting, you will need to appoint your own choice of proxy (not the chairman) and give your instructions directly to them.

3 For the instrument appointing a proxy to be effective, you must complete the enclosed Form of Proxy and ensure that the Form of Proxy, together with any power of attorney or other authority under which it is executed (or a notarially certified copy of the same), is deposited with the Secretary of the company, Charles Taylor & Co (Bermuda), Swan Building, 2nd Floor, 26 Victoria Street, Hamilton HM12, P.O. Box HM 2904, Hamilton HMLX, Bermuda, or scanned and emailed to pandi.bermuda@ctplc.com not less than 48 hours before the time fixed for holding the meeting or adjourned meeting.

4 A corporate member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same vote.

Form of proxy

The Standard Club Ltd (the company)

Registered no: 1837

46th annual general meeting
20 October 2017 at 8.50am (the meeting)

I (Block Capitals)..., a member of the above named company, hereby appoint the chairman of the meeting, or .... as my proxy to vote for me on my behalf at the annual general meeting of the company to be held at The Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Friday 20 October 2017 at 8.50am, and at any adjournment thereof.

Signature ....

Dated 2017

Please indicate with an X in the spaces below how you wish your votes to be cast.

Ordinary resolutions	For	Against
1. THAT the reports of the directors and auditors and the audited financial statements of the company for the year ended 20 February 2017 be received and adopted.		
2. THAT Carlo Cosimi be re-elected as a director of the company.		
3. THAT Harjeet Joshi be re-elected as a director of the company.		
4. THAT Tomomaru Kuroyanagi be re-elected as a director of the company.		
5. THAT Oivind Tangen be re-elected as a director of the company.		
6. THAT Choo Wee Teo be re-elected as a director of the company.		
7. THAT James Woodrow be re-elected as a director of the company.		
8. THAT Necdet Aksoy be re-elected as a director of the company.		
9. THAT Luigi D'Amato be re-elected as a director of the company.		
10. THAT Cesare d'Amico be re-elected as a director of the company.		
11. THAT Paolo Clerici be re-elected as a director of the company.		
12. THAT Alistair Groom be re-elected as a director of the company.		
13. THAT Bhumindr Harinsuit be re-elected as a director of the company.		
14. THAT Erik Johnsen be re-elected as a director of the company.		
15. THAT Ricardo Menendez Ross be re-elected as a director of the company.		
16. THAT Constantine Peraticos be re-elected as a director of the company.		
17. THAT Nicolas Hadjioannou be re-elected as a director of the company.		
18. THAT David Koo be re-elected as a director of the company.		
19. THAT David Marock be re-elected as a director of the company.		
20. THAT Andreas Martinos be re-elected as a director of the company.		
21. THAT Marianne Sørensen be re-elected as a director of the company.		
22. THAT PricewaterhouseCoopers LLP be reappointed as auditors, and that the directors be authorised to fix their remuneration.		

Notes

1 If you wish any person other than the chairman to act as your proxy, please insert the name of your proxy in the space provided. If no name is inserted, you will be deemed to have appointed the chairman of the meeting. A proxy need not be a member.
2 Please indicate with an X in the appropriate spaces how you wish your vote to be cast in respect of each of the resolutions. On receipt of this form duly signed but without any specific direction on how you wish your votes to be cast, the proxy will vote in favour of the resolutions.
3 In the case of a corporation, this form must be signed under its common seal or be signed by an authorised officer or attorney duly authorised on that behalf, and the signatory should state in the line below his name, his office (eg company secretary, director).
4 To be valid at the annual general meeting referred to, this form must be completed, signed and dated. It should then be deposited with the secretary of the company, Charles Taylor & Co (Bermuda), Swan Building, 2nd Floor, 26 Victoria Street, Hamilton HM12, P.O. Box HM 2904, Hamilton HMLX, Bermuda, or scanned and emailed to pandi.bermuda@ctplc.com not less than 48 hours before the time fixed for holding the meeting or adjourned meeting.
5 Completion and return of this form will not prevent you from attending and voting in person if you wish. Copies of the form can be downloaded from www.standard-club.com.

Managers and offices

Managers
Charles Taylor & Co (Bermuda)

Company Secretary
Charles Taylor & Co (Bermuda)

Registered office of the club
Swan Building
2nd Floor
26 Victoria Street
Hamilton HM 12
Bermuda
Telephone: +1 441 292 7655
Email: pandi.bermuda@ctplc.com

www.standard-club.com
www.ctplc.com

Managers' agents

London
Charles Taylor & Co. Limited
Standard House
12–13 Essex Street
London WC2R 3AA
Telephone: +44 20 3320 8888
Email: pandi.london@ctplc.com

Singapore
Charles Taylor Mutual Management (Asia) Pte. Ltd
140 Cecil Street
#16-00 PIL Building
Singapore 069540
Telephone: +65 6506 2896
Email: pandi.singapore@ctplc.com

Piraeus
Charles Taylor & Co. Limited
85 Akti Miaouli
Piraeus 185 38
Telephone: +30 210 429 1840
Email: pandi.piraeus@ctplc.com

New York
Charles Taylor P&I Management (Americas), Inc
75 Broad Street, Suite 2505
New York, New York 10004
Telephone: +1 212 809 8085
Email: pandi.newyork@ctplc.com

Hong Kong
Charles Taylor P&I Management (Hong Kong)
17/F, OTB Building
160 Gloucester Road
Wanchai
Hong Kong
Telephone: +852 2399 6120
Email: pandi.hongkong@ctplc.com

Tokyo
Charles Taylor (Japan) Ltd
6th Floor Takebashi Bldg
2-1-8, Kanda Nishiki-cho
Chiyoda-ku, Tokyo 101-0054
Telephone: +81 3 3518 9601
Email: pandi.tokyo@ctplc.com

Rio de Janeiro
Charles Taylor do Brasil Ltda
Edifício Argentina
Praia do Botafogo, 228
16° andar, Ala A – Office 1643
Botafogo, Rio de Janeiro
RJ-CEP 22250–040
Telephone: +55 21 3736 3600
Email: pandi.riodejaneiro@ctplc.com

Designed and produced by Emperor
emperor.works +44 (0)20 7729 9090

The Standard Club
is a mutual insurance association, owned by its shipowner members and controlled by a board of directors drawn from the membership. The club insures shipowners, operators and charterers for their liabilities to third parties arising out of ship operations.