



June 2011



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PROPOSED REORGANISATION OF THE STANDARD FAMILY OF CLUBS

This edition of the *Standard Bulletin* is to let you know of a proposed reorganisation of the various clubs within the Standard 'family', as recently mentioned in the club's latest Annual Report.

REASONS FOR THE REORGANISATION

There are currently a number of clubs, each a separate legal entity, within the Standard family. Four of these clubs, Standard Bermuda, Standard Europe, Standard London and Standard War Risks, are separately regulated in the UK. (Standard Asia is also part of the family but it is established and regulated in Singapore and is not directly affected by these proposals.)

The current structure and number of entities is the result of historical development but it has now become clear that, because of increasing regulatory requirements, it is no longer efficient and cost-effective to maintain the current number of Standard clubs. We are therefore proposing that the Standard clubs be streamlined by having fewer separate regulated entities, in order to:

- Manage solvency capital requirements better, and allow more efficient deployment of capital.
- Reduce regulatory compliance costs.

PROPOSED NEW STRUCTURE

- Standard Bermuda would cease to write direct insurance business, and become a holding company for the group in Bermuda. Its current business would be transferred to Standard Europe.
- Standard London would cease to be an underwriting entity and its business would move to become a separate class of Standard Europe, while retaining its identity as a separate business line.
- Standard War Risks would cease to be an underwriting entity and its business would move to become a separate class of Standard Europe.
- Standard Europe would become the principal insurance vehicle. It would remain a regulated insurance company in the UK, and its board would be responsible for the regulated activities.
- Standard Asia would continue as it currently is.

We set out overleaf charts showing the structure before and after the proposed reorganisation.

IMPACT ON MEMBERS

This reorganisation would mean that, if you are currently insured in Standard Bermuda, London or War Risks, your insurance in future will transfer to Standard Europe. If you are currently insured in Standard Europe, that will not change, but the company will take on the transferred business from Standard Bermuda, London and War Risks.

There will be no significant change in practical terms in your relationship with the club:

- Your cover conditions, terms of entry, premium, etc. will not change in any way as the result of the reorganisation.
- The club will continue to be managed as before.
- You will continue to deal with the same people at the club as you do at the moment.

PROCESS

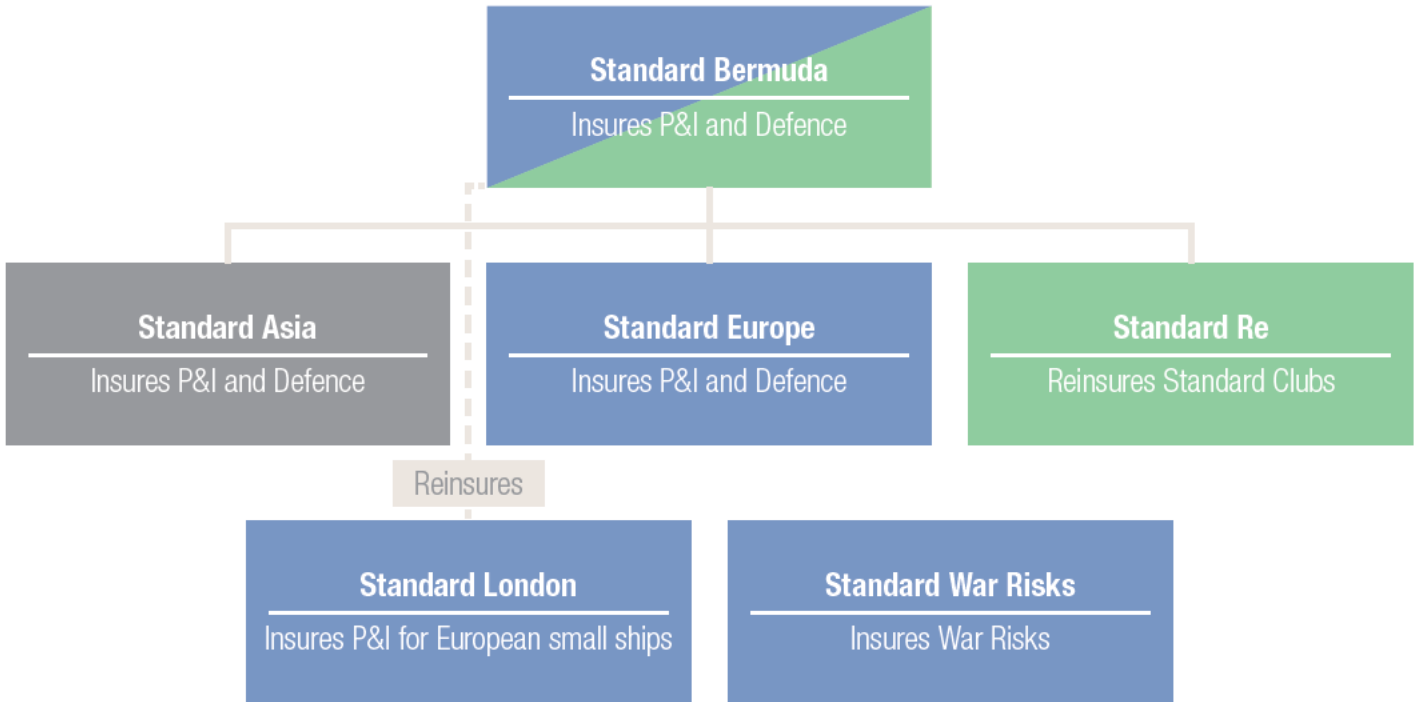
This reorganisation will be achieved by what is known as a Part VII Transfer, under Part VII of the UK Financial and Services Markets Act 2000. This process has been agreed in principle by each of the club boards. Approval will also be required from members, the UK Financial Services Authority and the English court. The process will take a number of months to complete.

MORE NEWS

We shall be writing to you again soon with a more detailed explanation of what is involved, followed by formal proposals, but please contact us in the usual way if you would like further information at this stage.

We have also set up a section on the Standard Club website where we shall keep you informed of further developments and updates over the next few months.

CURRENT CLUB OPERATIONAL STRUCTURE



NEW CLUB OPERATIONAL STRUCTURE



KEY

- UK regulated
- Singapore regulated
- Bermuda regulated

The Standard Bulletin is published by the managers' London agents:

Charles Taylor & Co. Limited

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London, WC2R 3AA, England

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