

Standard Club Hull

Frequently Asked Questions for members and brokers

May 2013

What is Standard Club Hull?

Charles Taylor as managers of the Standard Club have arranged the Standard Club Hull facility which offers Hull and Machinery, Increased Value, War and Loss of Hire covers exclusively to the Standard Club's members.

The facility, which is led by Swiss Re and various syndicates at Lloyd's, is able to offer significant lead capacity subject to a maximum line of 45% of combined limits of \$100m for Hull and Machinery and Increased Value (subject to sub limits of \$100m and \$30m respectively), \$100m in respect of War and \$10m in respect of Loss of Hire. Depending on the insured value of the ship and underwriters' appetite the facility may be able to offer a larger percentage of capacity.

The facility is open to Standard Club members and all their ships, irrespective of whether the ship is entered into the club or not. The key qualifying criterion is that the assured is a member of the Standard Club.

Should it be necessary, Charles Taylor can provide terms for 100% capacity using other markets to fill up the slip.

Claims handling services and other technical support services are provided by Charles Taylor & Co Limited, drawing upon the wider marine market expertise resident within Charles Taylor plc.

Why would a Standard Club member find this facility attractive?

Members of the Standard Club may find this facility attractive because:

- it gives them access to club-standard claims service
- it may enhance the efficiency of claims management, for example when collision guarantees are needed
- it provides an alternative to members' current first party insurance arrangements
- the cover is based on market standard wordings and can be tailored to replicate members' existing cover

Why is the facility being launched now?

The facility will provide shipowners with club-type service allied to London market Hull underwriting expertise deploying familiar and tested, but wide, coverage terms. At a time when the shipping market is suffering from very low freight rates, shipowners need the type of responsive and proactive service that they are used to receiving from their club.

Who is supporting this initiative from an underwriting perspective?

Specifically, the security is provided by Swiss Re International SE, UK Branch, Torus syndicate 1301 and Catlin Syndicate 2002.

What is the main advantage of a lead-only facility?

It puts the facility into the lead underwriting position but has the flexibility to allow the member's retail broker and wholesale and/or reinsurance broker to complete the programme using their preferred markets as follow markets.

Will the enhanced level of service mean higher premiums?

All costs associated with the management of claims and the provision of other technical support services will be funded out of underwriting premium and we believe that the risk management expertise within the club's operations can contribute to good results, which will in turn contribute to competitive pricing.

Why are underwriters supporting this initiative?

Around 9% of the world's shipping by tonnage is entered in the Standard Club and we estimate that the club members' total annual premium-spend on Hull and related covers is around \$550m. The underwriters are attracted to support this facility because they believe it provides them with access to potential new clients. It also gives them access to the Charles Taylor group's risk management knowledge and expertise and professional, comprehensive claims management and adjusting services.

Who will be responsible for marketing this facility? Who should I speak to about it?

The club staff with whom you usually deal will be the first point of contact on this facility. They will work closely with the rest of the facility management team and underwriters supporting the facility.

How does a member or their advisors access the facility?

The facility is open to members of the Standard Club and can be accessed by the member directly or through their Hull broker of record. Requests for information and proposal forms should be made to your usual club contact at Charles Taylor.

How will terms be obtained from supporting underwriters?

Charles Taylor Services Limited will take responsibility for managing the underwriting process and securing underwriting terms and will communicate terms to the member and/or their broker and negotiate any amendments as necessary.

During the quotation process Charles Taylor Services will seek guidance from the broker as to how terms are to be presented. The facility will deliver net terms to underwriters. Commission is available at up to normal market levels.

Who is Charles Taylor Services Ltd?

Charles Taylor Services Ltd is a wholly owned subsidiary of Charles Taylor plc and is authorised and regulated by the Financial Conduct Authority (FRN 520262) and is an authorised Lloyd's coverholder (PIN 108914HLR).

Can the Nordic plan be applied as conditions of the cover?

The binder which Charles Taylor Services operates is broad enough to accommodate all market forms.

Is it possible to obtain quotes for just Hull and Machinery or for any of the classes in isolation?

Quotations can be obtained for one or more of the covers offered through the facility, as required.

What is the role for the member's broker?

Quotes will only be offered to the Standard Club members and/or to their Hull brokers of record. The facility will not, therefore, present a threat to members' and brokers' existing relationships.

The retail broker will receive commission in the event that the cover is placed through the facility.



By developing a lead-only facility, there is opportunity for the retail broker directly or through their normal wholesale or reinsurance broker channels to place the balance of the risk with markets of their choice.

Who will issue policy documents and collect premiums?

Charles Taylor Services Limited will manage all aspects of policy documentation, premium collection and credit control.

Payment terms are available on a quarterly instalment basis.

Is there a minimum line for Standard Club Hull or would it be subject to individual discussion and size/value of fleet?

There is no minimum line although the facility is only available as a lead.

Capacity is deployed on a per ship basis and there are separate towers of capacity per ship per class of business i.e. \$100m (combined) for Hull & Machinery and Increased Value, \$100m for War and \$10 for Loss of Hire.

What is the position on guarantees?

Where guarantees are required, the Standard Club will issue the requisite documentation for an amount equal to the facility's participation on the risk and, subject to security and collateralisation considerations, will be prepared to issue a guarantee for the full amount.

If the member has a claim under the Hull facility, will it affect their P&I record?

Standard Club Hull is underwritten separately from P&I. If the member has a claim under the Hull facility, it will not, therefore, affect their P&I claims record (or vice versa).

How will claims be handled?

Charles Taylor group will have responsibility for managing and handling the technical aspects of any claim on behalf of lead underwriters and the Lloyd's lead. Responsibility for the management of the claim will reside with the claims staff of the member's usual syndicate within the club, working with additional specialist Hull claims expertise within the Charles Taylor group.

The claims manager's role will be to manage the casualty through to resolution and to deal with all the practical casualty issues, from day one to conclusion. This encompasses all administrative matters, correspondence, confirmation of applicable coverage, loss information recording, establishing and maintaining reserves, agreeing disbursements and proceeding with third party recoveries.



Are there any entry restrictions or restrictions as to form or ship type?

The facility is open to all Standard Club members but underwriters will underwrite each risk on its own merits. There are no specific exclusions as to type or territory under the binder. The binder which is broad enough to accommodate all market forms.

How will war breaches be handled?

The facility will have a nominated leader so far as War risks are concerned and Charles Taylor Services will liaise with them in relation to breaches as and when the occasion arises.

What if there are P&I and Hull claims arising out the same casualty and what about conflicts of interest?

A number of casualties give rise to both first and third party claims, and that is one reason why having the club involved in the management of both aspects may allow a better, quicker, smoother and more efficient claims management process. Very occasionally, the circumstances of a claim will mean that the first and third party aspects need to be handled separately, and in that case separate claims managers (and lawyers and other experts as required) will be appointed for each aspect, with complete separation and confidentiality of claims handling.

What are the benefits of this initiative for the Standard Club?

The longer-term goal of the Standard Club is to offer a wider and more extensive range of services to its membership, not only to retain but also grow its membership. The development of this facility, along with other new covers over the last year, helps achieve this objective.

The Standard Club has been appointed by Charles Taylor Services Ltd as an introducer of business into the facility and will earn a small fee from the market underwriters for developing business into this facility.