

Post-board Bulletin

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The Standard for
service and security

The Standard



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The club's strategy and business plan

The board and its strategy committee reviewed the club's updated strategy and business plan, which reflect the Strategy committee's discussion in October 2015 on the club's strategic position and direction. The board reaffirmed the club's focus on providing broad, good-value, sustainable, flexible P&I insurance and related covers, with excellent financial security and market-leading service. Two of the high priority projects for 2015 and beyond – The Standard Syndicate at Lloyd's and the claims cost and efficiency project – were reviewed in detail by the board, and are covered below.

The Standard Syndicate at Lloyd's (Syndicate 1884)

Following its launch on 1 April 2015, the board was pleased to note that Syndicate 1884 had performed well, with the 2015 year of account premium broadly in line with expectations. Furthermore, it was reported that the 2016 year of account had got off to a good start. Syndicate 1884's plan for 2016 and beyond is ambitious, with the continued focus on writing profitable business, not volume. Whilst well supported by the membership, the board would encourage members to speak to their usual club contacts to discuss how they can further assist in the development of this exciting new business.

Legal spend

Following the first anniversary of the legal spend project, the board was updated on the cost savings achieved to date, which were in line with the original estimates. A relatively benign claims environment – with fewer reported high-value P&I claims and a downturn on defence activity – and the

The club board, and the boards of its principal subsidiaries, met in Bermuda on 26 January 2016. The club's class general meetings were held on the same day. On the previous day, meetings of the board's three committees – Audit and Risk, Strategy, and Nomination and Governance – took place. We report on these below.

savings negotiated with the law firms, has meant that the legal spend for 2015/16 is well below that for recent policy years, at the present time.

The club continues to seek to achieve efficiencies in all areas, where it can do so without impacting the service to its members.

New board members

Two new directors were welcomed to the board of The Standard Club: Philip Clausius from Singapore Transport Capital Pte Ltd and Alan Cossar as a Non-Executive Director resident in Bermuda.

Discretionary claims

A flexible approach to paying claims is an important element of the club's proposition to its members. 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 the specific circumstances and to assess whether the costs should be within the scope of the club's cover. At the January board meeting, two such claims were considered, and the board decided to support the claims in full.

Financial performance

The board reviewed the current financial position, the 2015/16 financial year performance and the financial plan for future years. The current forecast is for the reserves at year end to be nominally above the level at the beginning of this financial year.

Conditions for investments remain challenging, with substantial volatility across many asset classes and currencies, and an uncertain macro-economic outlook for 2016 and beyond. As a result, the club's portfolio continues to be positioned defensively. The club's investment performance is showing a small negative return for the period from 20 February to 20 December 2015. However, this is expected to be offset by an underwriting surplus that is projected for the financial year to 20 February 2016. While the 2015 policy year is expected to show a small deficit, improvements on prior policy years (particularly 2014) have more than offset that deficit, giving rise to this overall surplus.

The board agreed that there would be no further calls on any policy year for all classes. Release calls are being maintained

at their current level, which is low relative to other clubs, reflecting the board's confidence in the club's financial position and in its appeal to members.

Renewal

The board received an update on the club's renewal, which is progressing according to the approach agreed by the board and announced to members in December 2015. For the P&I class, a general increase of 2.5% was announced, with a 10% increase in deductibles and with deductibles below \$20,000 increased by \$2,000. As in previous years, the board asked the managers to agree bespoke renewal terms with members whose claims and risk profile are out of line with their premiums.

Given the steady growth in tonnage throughout the year and new attachments at this renewal, the club anticipates seeing growth in tonnage at 20 February on a year on year basis.



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 The Standard P&I Club

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Taylor**