

# Post-board Bulletin

November 2016

The Standard for  
service and security

The Standard



**Jeremy Grose**  
Chief Executive  
+44 20 3320 8835  
jeremy.grose@ctplc.com

## The club's strategy

The board confirmed 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.

Club growth during the year remains strong, with the current forecast delivering a 5% increase in tonnage by the February renewal. Further information regarding the club's key financials can be found on page 4. During the 2016/17 policy year, the club has launched a number of new initiatives, including the Standard Hydor MGA. The board received reports from the managers on this initiative and on The Standard Syndicate.

## Standard Hydor

The club has increased its footprint in Scandinavia by launching a Managing General Agency joint venture with Hydor AS, a well-established Oslo-based marine insurance provider. Standard Hydor has been authorised by Lloyd's as an approved coverholder to write business on behalf of The Standard Syndicate.

**The club board and boards of its principal subsidiaries met in Tokyo on 21 October 2016. The club's AGM was held on the same day. On the previous day, meetings of the board's committees – strategy, nomination and governance, and audit and risk – took place. We report on the subjects discussed at these meetings and other topics below.**

The new joint venture will build on the coverholder relationship established between Hydor AS and the syndicate in 2015. Standard Hydor AS will target shipowners and offshore energy operators across the Nordic markets and will offer The Standard Syndicate's full range of marine and energy insurance covers, excluding political risks cover.

## The Standard Syndicate at Lloyd's

The syndicate is an important strategic and financial asset for the club and has continued to enjoy excellent support from board directors and members, with many of them already buying additional covers. Whilst good progress has been made against the syndicate's strategic objectives since its launch on 1 April 2015, market conditions remain challenging. That said, the syndicate is already starting to deliver many of the benefits to both the club and members that were identified during the process of setting it up. In due course, the syndicate should become a valuable source of income to support the club's core mutual P&I business.

The club recently published a special edition of the [Standard Bulletin](#) which updates members on the progress of the syndicate since its launch and sets out the full range of covers provided.

### Member/broker survey

The board also reviewed the results of the club's annual member survey, which is undertaken in order to test whether the club continues to deliver the intended level of service. The results were positive, with 96% of members likely to recommend the club to another shipowner. Members emphasised the proactivity, responsiveness and flexibility of the service provided by the club. The board wished to thank members for participating in this important survey and for their ongoing support to the club.

### Financial performance

The board reviewed the current financial position and the 2016/17 performance. The club's finances are strong, and the current 2016/17 forecast, bolstered by healthy investment performance at the mid-year point and improvements on prior years, is for free reserves to increase at the end of the financial year.

Against this backdrop, the board has decided to make a 5% return of mutual call in respect of the 2016/17 policy year. In reaching this decision, the board had a broader discussion around its capital management philosophy in line with the principles of mutuality.

Credit notes for this return will be issued in late February 2017 to allow members to offset the premium return against premiums payable during the course of the 2017 policy year.

Whilst conditions for investments are challenging, the club's portfolio remains defensively positioned and the club has benefitted from positive contributions from bonds, equities, forwards, alternatives and gold. Over a five- and ten-year period, the club's investment returns have been in the top quartile of the IG clubs.

Standard & Poor's reaffirmed the club's 'A' (strong) credit rating in June. While the rating was unchanged, two of the supporting rating modifiers were upgraded. The stable outlook reflects S&P's expectations that the club will 'maintain capital and earnings commensurate with the 'AAA' rating', and 'maintain operating performance at a combined ratio of less than 103% (in the absence of any abnormal large loss events)'.

### Renewal

The board considered the club's approach to the forthcoming February 2017 renewal. The board remains committed to achieving a balanced underwriting position.

Notwithstanding the fact that inflationary conditions of between 5% and 6% per annum remain for P&I claims, the club looks set to record an underwriting surplus this year, largely due to prior year claims improvements. In light of the improved underwriting performance over recent years, the board determined that no general increase should be applied to the 20 February 2017 renewal either to any class of P&I premium (mutual, charterers or offshore) or defence premium. Full details are set out in a [circular](#) sent to all members. As in previous years, the board has asked the managers to agree bespoke renewal terms with members whose claim and risk profiles are out of line with their premiums.

Release call percentages remain at 2%, 3% and 7% of ETP for the three open policy years of 2014/15, 2015/16 and 2016/17. The 2014/15 policy year is expected to be closed in May 2017. This reflects the confidence that the board has in the financial strength of the club. The board noted that these release calls are amongst the lowest in the IG.



### British exit from the EU

Brexit has had no immediate impact upon the club's operation or business, and until the actual departure, the UK is still an EU member subject to the same rights and obligations. Whilst a Brexit is still some way off and Article 50 has yet to be triggered, the board considered potential scenarios and implications for the club. A complete assessment of the options and opportunities is underway with the goal of ensuring the club retains its ability to operate effectively in every respect.

### Board members

Three new board directors were welcomed to the board of The Standard Club: Mrs Harjeet Joshi from The Shipping Corporation of India Ltd, Mr Tomomaru Kuroyanagi from Kumiai Navigation Pte Ltd and Mr James Woodrow from China Navigation Co Ltd.

The board also took the opportunity to thank Mr Rob Clarke and Mr SS Teo, who retired from the board with effect from the end of the meeting, and Mr JB Rae-Smith and Mr Alberto Chiarini, who have retired from the board since the last meeting in Athens.

### 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 incurred by the member should be within the scope of the club's cover. Three such claims were considered by the board in Tokyo: the board decided to support two claims in full and one claim was partially supported.

### AGM

All of the proposed resolutions were passed, including the reappointment of PwC as the club's auditors and re-election of those board members retiring in accordance with the Articles.

### Reception for the Japanese shipping community

The directors of The Standard Club and the British Ambassador, His Excellency, Mr Tim Hitchens, co-hosted a drinks reception for members of the Japanese shipping community at the British Embassy in Tokyo. The reception was an opportunity to celebrate the 15-year anniversary of TS21 – an innovative and successful joint venture between Tokio Marine & Nichido Fire and the club to provide a 'one-stop shop' solution for hull and P&I insurance for Japanese shipowners. Japan now makes up over 8% of the club's business and many great friendships have been formed over the last 15 years. The reception was well attended and guests enjoyed speeches by Rod Jones, chairman of The Standard Club, the British Ambassador, and Hori san, Managing Executive Officer of Tokio Marine & Nichido Fire.



## Key financials

Tonnage

**144** mgt

as at 20 August 2016

Premium income

**\$319** m

projected for 2016/17 policy year

Free reserves

**\$390** m

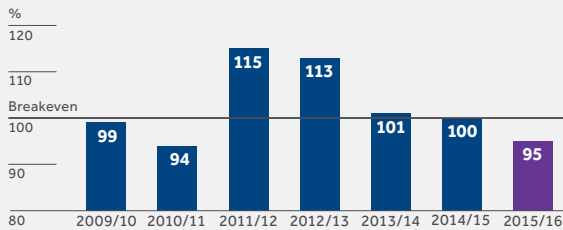
as at 20 February 2016

S&P rating

**A (strong)**

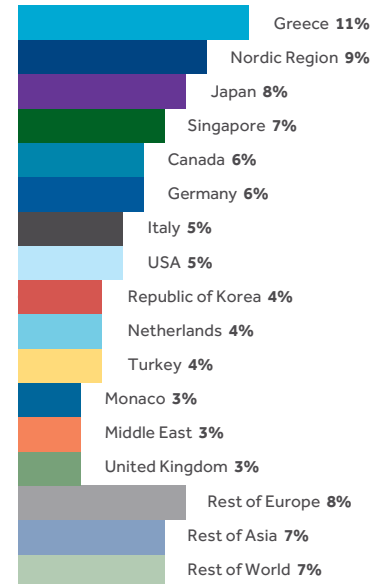
applies to active insurance companies

## Financial year combined ratio – returned to break even

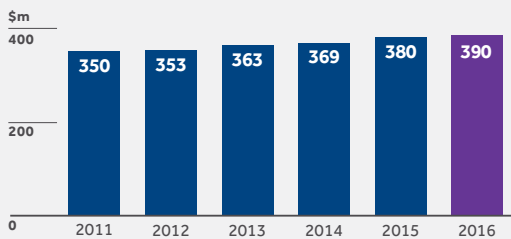


## Country of management – diverse spread

Owned tonnage as at 20 August



## Free reserves – consistent steady growth



## Ship types entered Owned tonnage as at 20 August

**33%**

**27%**

**25%**

**12%**

**2%**

**1%**



All annual figures above are in respect of the year to 20 August of the year shown, unless stated.

**Web alerts** The Standard Club issues a variety of publications and web alerts on topical issues and club updates. Keep up-to-date by visiting the News section on our website [www.standard-club.com](http://www.standard-club.com)

[@StandardPandi](https://twitter.com/StandardPandi)  
[The Standard P&I Club](https://www.linkedin.com/company/the-standard-p-i-club)

This Standard Bulletin is published on behalf of The Standard Club Ltd by the managers' London agents: **Charles Taylor & Co. Limited** Standard House, 12–13 Essex Street, London, WC2R 3AA, UK Registered in England No. 2561548

The information and commentary herein are not intended to amount to legal or technical advice to any person in general or about a specific case. Every effort is made to make them accurate and up-to-date. However, no responsibility is assumed for their accuracy nor for the views or opinions expressed, nor for any consequence of or reliance on them. You are advised to seek specific legal or technical advice from your usual advisers about any specific matter.

Telephone: +44 20 3320 8888 Emergency mobile: +44 7932 113573 E-mail: [pandi.london@ctplc.com](mailto:pandi.london@ctplc.com) Website: [www.standard-club.com](http://www.standard-club.com)

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

The Standard Syndicate 1884 is managed by Charles Taylor Managing Agency Ltd. Charles Taylor Managing Agency Ltd is a Lloyd's managing agent and is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

**Charles Taylor**