

SOLVENCY II

We are continuing to make progress with readiness for the introduction of the new Solvency II regime in Europe. The introduction of Solvency II for insurance companies has been delayed until January 2014, but our aim is to become fully compliant during 2012. The work programme continues to be intensive and considerable investment is being made in the infrastructure and resources necessary to achieve compliance.

FINANCE AND INVESTMENTS

The club's financial position remains strong, and we have made small positive gains on the investment portfolio during this club year. The investment portfolio has been de-risked against its benchmark during the year and this has stood it in good stead in a period of great volatility. The underwriting performance in the club year so far indicates that there may be an underwriting deficit by the club year end, although it remains early days to make an accurate forecast.

RENEWAL

The board considered the club's strategy for renewal. Claims continue to be subject to inflation and premium rates have been somewhat eroded through fleet renewal. Investment markets remain very uncertain. To ensure that the club remains financially healthy, the board, after careful analysis of the key financial indicators, decided that a general increase of 5% is needed. However, further adjustment may be necessary where rates are currently insufficient to cover the technical claims, reinsurance and other relevant costs. However, members are operating under very difficult trading conditions, and the premium due dates have been adjusted so that there will be no increase during 2012 in the cash requirements from members arising from the general increase.



2011 MEMBER AND BROKER SURVEY



Robert Drummond: Director of Business Development, Standard Club
Telephone: +44 20 3320 8942
E-mail: robert.drummond@ctcplc.com

The club commissioned an independent research company to conduct a survey of all members and their brokers by email to determine whether the club is providing the service that the members and their brokers want, and to assist us in making any necessary changes to improve the level of service.

The survey covered the areas of claims, underwriting, communication and 'doing business with the club'. We are pleased to advise that the response rate was good with 45% of the members and 47% of the brokers responding.

Whilst we are pleased that the results of the survey indicate that members and their brokers are satisfied with the service they receive, we also learnt what aspects of the service are considered most important, and those areas of service where improvements can be made.

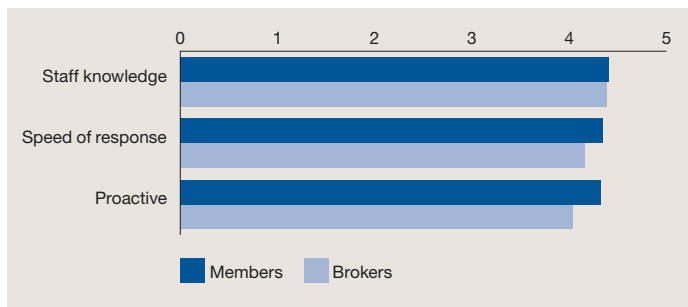
The areas of service that are considered most important are listed below in descending order:

1. speed of response on claims
2. proactive handling of claims
3. the underwriting renewal process
4. frequency of contact with members of the club's staff
5. knowledge level of the claims staff
6. accuracy of underwriting documentation
7. speed of underwriting documentation

Tables of the results for the claims, underwriting and communication sections are set out overleaf. Mean satisfaction scores were calculated out of 5 where the value 5 is allocated to 'Very satisfied' and 1 is allocated to 'Very dissatisfied'.

CLAIMS

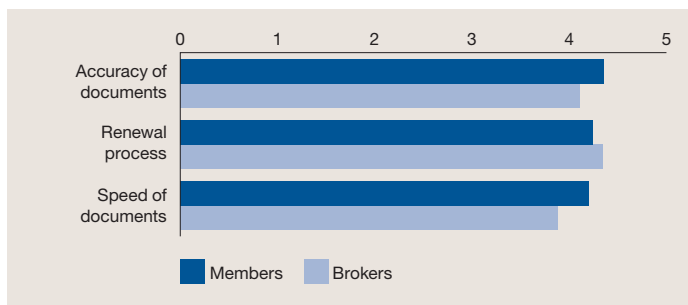
The question: 'Thinking about the claims handling process, please indicate how satisfied you are with the following aspects of the Standard Club's service'.



Overall, members and brokers are satisfied with the claims handling process. However, brokers are less satisfied than members, particularly with regard to the speed of response and proactivity of staff in protecting client interests.

UNDERWRITING

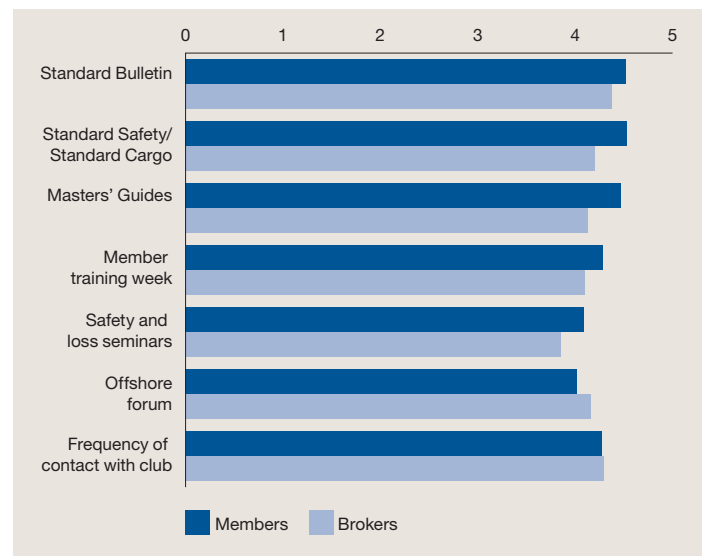
The question: 'Thinking about the underwriting service you receive from the Standard Club, please indicate how satisfied you are with the following aspects of the club's service'.



Overall, members were satisfied; the mean score was never below 4.2 on any aspect of the underwriting process. Brokers were also generally satisfied, however, a small percentage were dissatisfied with the speed of document production.

COMMUNICATION

The question: 'For the following questions we would like you to think about all the communication you have with the Standard Club throughout the year. Please indicate how satisfied you are with the following aspects of the club's service'.



Both members and brokers are very satisfied with the Standard Club's publications, specifically with the *Standard Bulletin*. Although mean scores remained above 4, members are consistently more satisfied than brokers.

DOING BUSINESS WITH THE CLUB

Members gave an overall satisfaction rating of 96%, and brokers gave a rating of 95%, when asked about 'doing business with the club'. Areas of particular satisfaction were:

- rigorous inspection of members' ships
- applying high standards to all members
- flexibility of approach
- quality of members entered in the club
- welcoming atmosphere

THE FUTURE

For the future, and to continue to enhance service, we need to ensure that:

- we continue to respond to claims quickly and proactively
- underwriting documentation is issued promptly and accurately
- we concentrate on maintaining relationships within the claims area
- we continue to enhance knowledge and expertise

In addition to the set questions, respondents were given the opportunity to give additional comments for all the sections. 28% of respondents made additional comments and these provide a further insight into the members' and brokers' needs.

We would like to thank all those who took part in the survey and for all the valuable comments that have been made. We will continue to strive to provide the service required by members and their brokers.