



STANDARD BULLETIN

SETTING THE STANDARD FOR SERVICE AND SECURITY

December 2011

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IN THIS EDITION

- | | |
|----------|-----------------------------------|
| 2 | 2011 Member and broker survey |
| 4 | Oil major vetting and 'approvals' |
| 6 | Events |
| 7 | Club news |



BOARD MEETING AND ANNUAL GENERAL MEETING, 4 NOVEMBER 2011

The club's board met in Buenos Aires on 4 November, and the AGM took place on the same day. We are pleased to report as follows:

DIRECTORS

We are delighted to report that Daniel Ofer of Zodiac Maritime Agencies and David Marock from the managers joined the board. Other directors who were re-elected at the AGM were Art Bensler, Matt Cox, Tony Mace, Ricardo Menendez, Sir John Swan, Constantinos Peraticos, SS Teo, William Thomson, Luigi D'Amato and Rob Clarke.

CLUB REORGANISATION

The members at the AGM approved the scheme to reorganise the club. This reorganisation has been explained in various previous *Standard Bulletins* during the year and has been formally notified to all policyholders and other stakeholders over recent weeks.

The key points are:

- the reorganisation will improve capital efficiency and reduce regulatory compliance costs
- there will be no change to the terms of any entries as a result of the transfer
- members currently insured by Standard Bermuda will have their entries transferred to Standard Europe
- it is hoped that the transfer will be approved by the court at the final hearing on 19 December
- members are entitled to register objections with the court
- if members have no objection, they need to take no action
- if approved, the transfer will take effect from 30 December

TONNAGE GROWTH

The club continues to grow organically, principally through members' new buildings and acquisitions, and currently stands at around 129m gross tons, up from 123m at the beginning of the club year.

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



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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'.