



STANDARD BULLETIN

SETTING THE STANDARD FOR SERVICE AND SECURITY

March 2011



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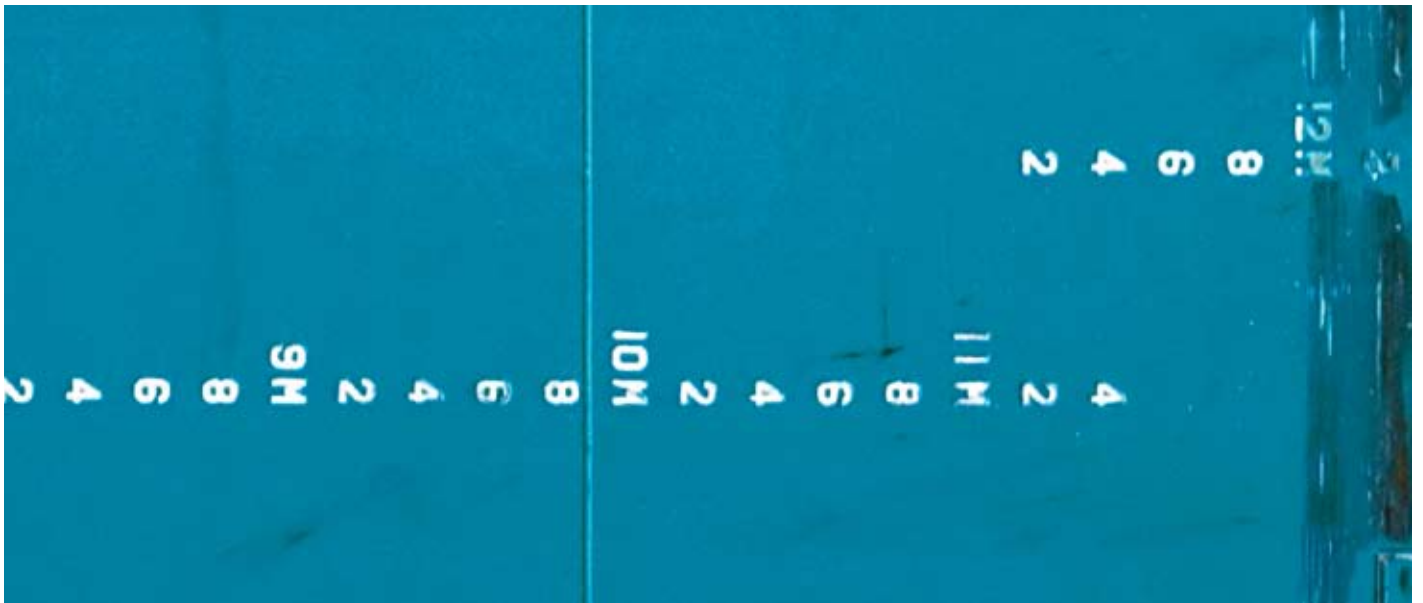
CLUB NEWS

RENEWAL 20 FEBRUARY 2011

The club had a very satisfactory renewal this year adding some additional tonnage from existing members and also securing the entry of a small number of good new members. Total tonnage increased by 11% from 110m gt at the 2010 renewal to approximately 122m gt. The total premium income for the 2011/12 policy year is expected to be around \$270m.

BOARD MEETING REPORT

- The board met on Tuesday 25 January in Paris, with meetings of its Nomination and Audit and Risk Committees taking place the day before.
- The board noted the retirement from the board of Teddy Bernadino and Francis Blanchelande, and thanked them for their valuable service to the club.
- Among the many matters considered by the board and its committees were three claims for the board's consideration in the exercise of its discretion, a detailed review of the club's business risks, review of solvency and Solvency II progress, progress with members' renewals and renewal of the club's reinsurances, review of the underwriting and financial performance and investments.
- The board set standard limits of cover for the forthcoming 2011/12 policy year, which remain the same as in the current year.
- The board also held a strategy session at which it reviewed the club's objectives, the strategy that the club should follow to pursue those objectives and the club's business plan. The club's strategy will form a part of the directors' report to members contained in the annual report.



CORPORATE GOVERNANCE



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Over the past year, the club has significantly modernised its corporate governance arrangements. The club and, in particular, its board, have always followed good and appropriate practices, but as a private company, has operated in a fairly informal way in relation to governance policies. While the club has prospered in the past under informal arrangements, it became clear that modern governance practice required a greater degree of formality.

One important aspect of corporate governance is how the board is constituted and operates. The board has adopted a new governance policies statement, and this addresses some key aspects of the board's functions, including:

- the role of the board
- how the board is constituted and board membership
- the election and re-election of directors
- the role of the chairman and deputy chairmen, and terms of office
- matters reserved for the board, as opposed to those delegated to the managers
- proceedings at board meetings
- board committees, their terms of reference and proceedings
- board performance evaluation.

One aspect mentioned above is board membership. The normal qualification to be a director is that the individual must be an owner of a ship entered in the club, or a director or full-time executive of a company that has a ship entered in the club. However, as well as the current 20 non-executive shipowner directors, there are also two non-executive directors who are resident in Bermuda, and two managing directors.

The board's Nomination Committee has the task of identifying and reviewing potential new director candidates and recommending them to the board. The board has always ensured that it is constituted so as to represent the diversity of the club's membership. In this respect, the following guidelines are among the matters that the committee and board will take into account when considering candidates:

- Director appointments are personal and are not just representative.
- Director candidates must have the appropriate skills to be a director of an insurance company and be able to effectively participate in the board's work.
- The board should reflect the club's make-up by geographical distribution of the club's membership, ship types, shipping trades and size of members.
- The members constituting the club's very largest 'shareholders' by way of premium or tonnage may expect to have priority to a seat on the board.
- Directors are normally the owner, principal, chairman or chief executive of the company concerned, with only rare exceptions – a director is expected to be someone at the highest level within his company with responsibility for running the business as a whole.
- No company has a right to a seat on the board, even if, or especially if, it has traditionally or frequently been so represented.
- Generally, members should not expect to be represented on the board until they have shown commitment to the club by several years' membership in the club.

Directors must retire and stand for re-election (if still eligible) every three years. There is no maximum time that a director may serve on the board, but in practice, there is a reasonable degree of turnover, which ensures that the board is refreshed, while it is also important that the board does not lose too much experience through enforced retirement.

A document containing a summary of the club's corporate governance policies can be found on the website at:
<http://www.standard-club.com/TheClub/page.aspx?p=63>

