

Post-board Bulletin

March 2017

The Standard for
service and security

The Standard



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Board members

Two new directors were welcomed to the board of The Standard Club: Mr Choo Wee Teo from Pacific International Carriers Ltd and Mr Carlo Cosimi from Saipem S.p.A.. Mr Teo is also joining the subsidiary board of Standard Asia.

The board took the opportunity to thank Mr Peter Senkbeil from SBM Offshore N.V. who retired from the board in January.

Renewal

The board received an update on the club's renewal, which has since successfully been concluded according to the approach agreed by the board and announced to members in October 2016. Namely, no general increase was applied to the 2017/18 policy year to any class of P&I (mutual, charterers or offshore) or defence premium, and 5% of the mutual call is being returned to members for the 2016/17 policy year. This is in line with the board's aim, as a member-owned mutual, to keep premiums at the lowest sustainable level, balancing the need to support members, particularly in current difficult trading conditions, with the need to maintain the club's financial strength.

Financial performance

The board reviewed the financial position of the club, the 2016/17 financial year performance and the financial plan for future years.

The board was advised that conditions for investments remain challenging, with substantial volatility across

The club board, and the boards of its principal subsidiaries, met in Amsterdam on 31 January 2017. 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.

many asset classes and currencies, and an uncertain macroeconomic outlook continuing into 2017 and beyond. As a result, the club's portfolio continues to be positioned defensively. Despite the challenging market conditions, the club's investment performance delivered a positive return for the period from 20 February 2016 to 20 February 2017 across all asset classes.

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 its appeal to members.

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 held in October 2016 on the club's strategic position and direction. 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 – remain unchanged. Club growth during the year from both existing and new members remains strong. This resulted in an increase in tonnage by the February renewal which was considerably higher than the world fleet growth for the same period. This strong growth outside the renewal season is a signal that members value the club's professional, personal service and financial security.

One of the high priority projects for 2017 and beyond – Brexit – was reviewed in detail by the board and is covered below, along with a report on The Standard Syndicate.

Brexit

With it looking increasingly likely that the UK is heading towards a 'hard' Brexit, the club is closely monitoring the situation and is considering all possible options in order to ensure that the high standard of security and service already offered by the club will continue post-Brexit, with little or no interruption to operations.

The Standard Syndicate (Syndicate 1884)

The Standard Syndicate has experienced difficult trading conditions, with deteriorating results on both the 2015 and 2016 year of account, largely as a result of hull, cargo and D&O claims. The syndicate is focused on improving its performance through a number of short term and longer term actions. At an operational level, 2016 was a year of solid progress and the syndicate has continued to enjoy good

support from club members. It increased its capacity, welcomed a major energy insurance capital provider, expanded the number of insurance covers provided and built on its innovative, customer-centric approach to bringing business into Lloyd's. Trading conditions remain challenging but it is hoped that by focusing on writing high quality, profitable risks, the syndicate will be able to strengthen its foundations and achieve its targets.

Audit and Risk

The board, together with its Audit and Risk committee, undertook its annual deep dive on internal audit, reviewing the 2017-2019 audit programme and approving the 2017 audit plan. The committee also reviewed the club's risk outlook and, in particular, the impact of challenging market conditions for both members and the club.

Next meeting

The board will next meet on 12 May in Rome.



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**Charles
Taylor**