

Post-board Bulletin

November 2015

The Standard for
service and security

The Standard



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Reception for the Thai shipping community

The directors of The Standard Club hosted a dinner for members of the Thai shipping community. This event was attended by Standard Asia members based in Thailand as well as prospective members, government officials and industry representatives. It commenced with a Thai welcome ceremony, followed by welcome speeches and a dinner.

The club's strategy

The board confirmed the club's focus on providing broad, good-value, sustainable P&I and other marine and energy covers, with excellent financial security and market-leading service. It also asked the managers to focus on selective high-quality growth, in order to increase further the financial strength and efficiency of the club over time. A series of current and future initiatives to support this strategy were discussed and agreed.

The board also reviewed the results of the club's member survey, which is undertaken in order to test whether the club delivers the intended level of service. The results were positive, with 96% of members expressing a likelihood of recommending 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.

The Standard Syndicate at Lloyd's (Syndicate 1884)

The Standard Syndicate was launched as planned in April 2015, with the aim of improving both the financial strength of

The club board, and the boards of its principal subsidiaries, met in Bangkok on 30 October 2015. The club's AGM was held on the same day. On the previous day, meetings of the board's three committees – Strategy, Nomination and Governance, and Audit and Risk – took place. We report on these and other topics below.

the club and the range of marine and energy covers available to members. The board received an update on this initiative, which is viewed as critical to the financial and strategic success of the club. Although the syndicate has only been trading for six months, the early performance has been highly encouraging, both in terms of premium levels achieved and in terms of the support from the club's members and brokers. The plan for 2016 and beyond is ambitious, as the syndicate needs to achieve scale to drive efficiency, given the fixed costs involved. We will need to build further on the support from members, and the board would encourage members to speak to their usual club contacts to discuss how they can assist in the development of this exciting new business.

Singapore War Risks Mutual

Standard Asia, with the support of the Singapore Shipping Association (SSA), has established a new class, the Singapore War Risks Mutual (SWRM), which commenced underwriting on 20 February 2015. The aim of the class is to provide cost-effective P&I and hull war cover to shipowners with a connection to Singapore, as well as users of the Malacca Straits, should that be declared an excluded area for war risks. The board of Standard Asia and the Strategy Committee of the club received an update on this initiative. Again, early signs are encouraging, with SWRM already having exceeded the 'year 1' target in terms of the number of ships entered and Standard Asia benefiting from an increased profile in Singapore and across the broader region. The board would encourage any interested members to ask their usual contacts about this cover.

Financial performance

The board reviewed the current financial position and the 2015/16 performance. The club's finances are strong, and the current 2015/16 forecast is for the reserves to increase nominally when the accounts are completed at the end of the financial year. Overall, the underwriting result is expected to be at breakeven or at a small surplus, but investment returns are not expected to make any material contribution.

Conditions for investments remain challenging, with most asset classes showing a negative return for the first half of the policy year. The club's portfolio is positioned very defensively, and this has helped to insulate the club from some of the market volatility during 2015. Over a five- to 10-year period, the club's investment returns have been in the top quartile of the IG clubs.

The club has a strong track record of increasing free reserves as the club grows; however, the board is conscious of the need to balance the interests of members with the strength of the club, and over the last four years, free reserves have grown more slowly than the club's overall tonnage. This balance is reflected in the club's approach to renewal.

Renewal

The board considered the club's approach to the forthcoming February 2016 renewal. The board is aiming to achieve a

balanced underwriting position and views this as particularly important in the current challenging investment environment. The club's experience is that there is average inflation of the cost per claim of between 5% and 6% each year, requiring some premium growth to offset this.


A circular outlining the approach to renewal has recently been sent to all members. This announced the board's decision that a general increase of 2.5% should be applied to all members' premiums. This is below the level of claims inflation, reflecting the expected lower rate of increase of non-claims costs, the improving operating quality of the club's fleet and the financial strength of the club. As in previous years, the board has asked the managers to agree bespoke renewal terms with members whose claims and risk profile are out of line with their premiums. The club remains open to members bearing a greater share of their risk through increases in deductibles to mitigate the necessary premium increases. The club aims to agree mutually acceptable renewal terms with all its members.

AGM

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



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