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The Club at a glance

Free reserves

\$394m



Calls and premiums¹

\$288_m

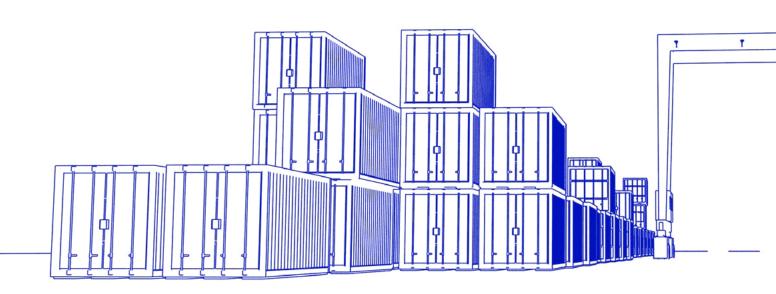
20	288
19	289
18	298
17	

Tonnage

156mgt

20	156
19	155
18	159
17	149

 $1 \;\; \text{Excludes the club's share of The Standard Syndicate and before a return of call on the 2016 and 2017 policy years.}$



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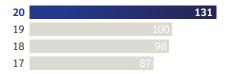
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Combined ratio¹

131%



Investment return

9.7%



Claims cover ratio of net assets to net outstanding claims

1.70

20	1.70
19	
18	1.76
17	



Chairman's statement



With its strong capital base, new management model and excellent management team, our club has a bright future. While we experienced an unusually high number of large claims last year, our reserves remain healthy, we have a strong financial rating and our first-class membership is growing. Your board is confident that members will continue to receive high quality support from their club in the years to come.

The Standard Club is, first and foremost, a mutual dedicated to the interests of its members. As such we are painfully aware of the negative effects the current pandemic is having on the shipping industry and especially seafarers. Over a fifth of global crew have been unable to leave their ships since the crisis began, and some have been stuck at sea for up to 15 months. They are suffering isolation on an unprecedented scale. We must all help them return ashore as soon as possible, both for their own well-being and for the safety of our ships and cargoes. The club will do everything in its power with organizations and governments around the world in order to try to help resolve the timely replacement of crewmembers who have remained on board for longer than their contracts due to Covid19 restrictions on travelling.

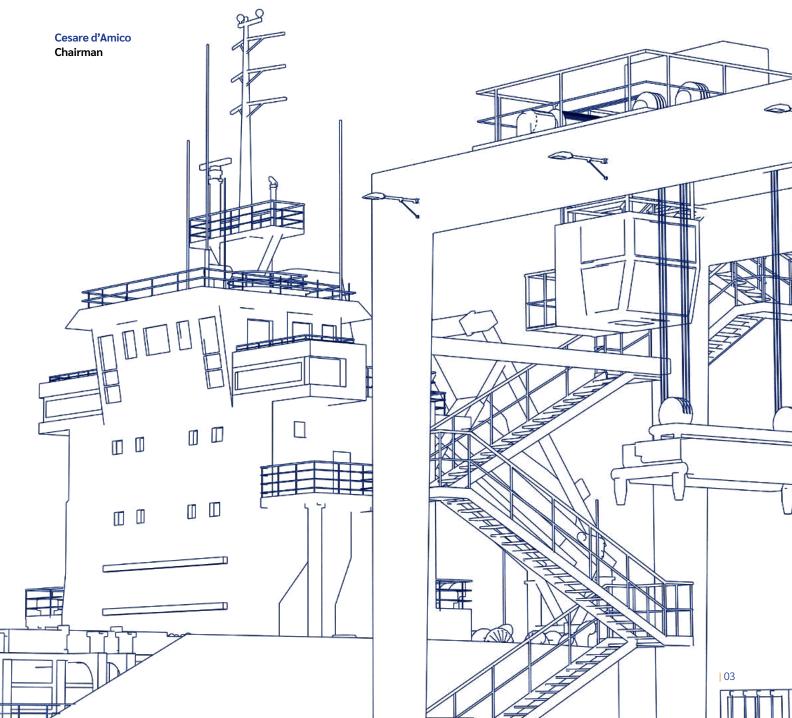
I am proud of all our staff for keeping the Standard Club fully operational during the pandemic. They have readily switched to working from home to continue providing us with a comprehensive and responsive service, 24 hours a day, seven days a week.

Looking forward, your board concluded in May 2020 that it was in our best interests to adopt a new operating model with our long-standing management company Charles Taylor. Under the new model, our existing management team will come in-house, with all 200-plus staff switching to direct employment with the Standard Club between July 2020 and August 2021. Charles Taylor will continue to provide us with professional support services including information technology, investment management and internal audit. We are confident the move will strengthen the club's governance, create a more resilient management system and instil a greater sense of self-determination and pride for all members of staff.

Turning to finances, in 2019 we sold our Lloyd's corporate name and its 50% share of the managing agency, drawing a final line under our under-performing investment in the Lloyd's market. Our core P&I business, which had enjoyed a six-year run of breakeven or profitable underwriting, saw a surge in larger claims last year push the policy year combined ratio to 126%. A strong 9.7% return on investments helped pull the operating loss back to \$20m, and our net free reserve of \$394m remains comfortably above regulatory requirements and Standard & Poor's AAA capital level.

Your directors again dedicated a great deal of time this year to ensure the club's continued success, attending many board and committee meetings both in person and on-line. My thanks go to them for their dedication and commitment. I also welcome Takis Vellis and Mark Voorham, who joined the board in May 2020, and thank departing directors Constantine Peraticos, Luigi D'Amato and David Marock for their tremendous contributions over recent years.

Above all, I acknowledge and thank all our members for their commitment to the Standard Club in these uncertain times. It is with your support that we have been able to make bold decisions when needed. I look forward to that support continuing as we bring our management team in-house. We will continue to deliver high quality insurance cover backed by exceptional standards of service: we will always be by your side.



The Directors

Directors who have served since the date of the last annual report and financial statements are:

Chairman

C d'Amico 1,2,3,4,5,6,7

d'Amico Società di Navigazione SpA

Deputy Chairmen

N Hadjioannou 2,4,6

Cymona Shipping Management Sam

E Johnsen 1,2,3,4,6

Seaocean Carriers Pte. Ltd.

Directors

N Aksoy²

Akmar Holding S.A.

A Bensler 2,3

Teekay Shipping (Canada) Ltd

P Clausius 3,5

Transport Capital Pte Ltd

A Cossar 1,4

Bermudian resident, Non-Executive Director

C Cosimi 1

Saipem SpA

L D'Amato

Fratelli D'Amato SpA (Resigned 18 October 2019)

R Forest 2,3

Matson Navigation Co Inc.

A Groom 1,2,3,4,6

Non-Executive Director

J Grose 4

Executive Director

B Harinsuit 2,5,6

The Harinsuit Transport Co Ltd

L Henneberg ¹

A.P. Møller - Maersk A/S

K Howarth 1,4

P&O Ferries Holdings Ltd

B Hurst-Bannister 1,3,4,6,7

Insurance Expert Director

G Jaegers 3

Reederei Jaegers GmbH

H Joshi 1,5

The Shipping Corporation of India Ltd

D Koo ^{2,5}

Valles Steamship Co Ltd

T Kuroyanagi ^{2,5}

Kumiai Navigation (Pte) Ltd

D Marock 4

Executive Director (Resigned 21 April 2020)

R Menendez Ross 2,3,4,5,6

Interocean Transportation Inc.

A Paterson³

CSL Group Inc.

C Peraticos 2,3

Pleiades Shipping Agents S.A. (Resigned 22 January 2020)

M Procopiou³

Dynacom Tankers Management Ltd

O Tangen 1

SBM Offshore

C W Teo 2,5

Pacific International Lines (PTE) Ltd

T Vellis

Pleiades Shipping Agents S.A. (Appointed 14 May 2020)

M Voorham

SMT Shipping (Cyprus) Ltd (Appointed 14 May 2020)

H Williams

Graig Shipping Plc

J Woodrow 3,5

The China Navigation Co Pte Ltd

C-H Yeh 3,5

Kuang Ming Shipping Corp

- 1 Member of the Audit and Risk Committee
- 2 Member of the Nomination and
- Governance Committee
- 3 Member of the Strategy Committee
- 4 Director of Standard UK
- 5 Director of Standard Asia
- 6 Member of the Chairman's Group
- 7 Director of Standard Ireland

Report of the Directors

Business and Operational review

We are a specialist marine and energy insurer known for our diverse membership, pioneering loss prevention expertise and attractive pricing.

Our solutions-oriented underwriters work alongside proactive technical and legal experts who advise members on how to prepare for new regulations and implement best practice.

We provide members with the reassurance that our supportive claims handlers will deliver immediate help wherever, whenever.

We are always by your side.

Our service lines

Our members rely on us in three main areas. Protection from losses in the areas we offer cover, information and guidance on how to avoid risk and, in the event of an incident, rapid help and resolution.

We have organised our services to align with our members' needs.

UnderwritingFlexibility, breadth

We provide protection and indemnity cover and associated insurances for shipowners, charterers and offshore energy operators. We are S&P 'A' rated and one of the premier mutual P&I insurers by tonnage and membership.

- Core P&I
- Defence
- Inland and Coastal
- Offshore
- Strike and Delay
- Tailored Insurances
- War Risks

Risk Management Security, guidance

Our teams of marine and technical experts provide advice and best practices that underpin our ability to manage risks, deliver value and sustain financial security.

- Best Practice Manuals
- Data Analysis and Insights
- Events and Training
- Loss Prevention Advice
- News and Opinion
- Risk Reviews
- Safety Guidance

Response

Wherever, whenever

Through offices in major hubs and a network of correspondents we cover the globe, responding to incidents with immediate, practical advice and ongoing support to resolve matters as positively as possible.

- Claims Handling
- 24 Hour Support
- International Offi ces
- Global Network

Report of the Directors continued

The principal activity of The Standard Club Ltd is to act as a holding company for subsidiaries that provide insurance and reinsurance of thirdparty liabilities and related risks, marine delays, war risks and defence risks on behalf of their members. At 20 February 2020, there was approximately 156mgt of shipping entered in the club.

Directors

The directors of the club who were in office from the date of the last report and up to the date of signing these financial statements are shown on page 4 of this report. On 14 May 2020, the board was pleased to welcome Takis Vellis from Pleiades Shipping and Markus Voorham from SMT Shipping, as new directors. Having been appointed during the year, they offer themselves for election at the AGM.

The directors who retire by rotation in accordance with the bye-laws and offer themselves for re-election are Ronald Forest, Nicolas Hadjioannou, Lars Henneberg, Chen-Huei Yeh, Barnabas Hurst-Bannister, Gunther Jaegers and Allister Patterson. The directors who fulfil the corporate governance requirement to seek annual re-election after having served on the board for over nine years and who, being eligible, offer themselves for re-election are: Necdet Aksoy, Arthur Bensler, Cesare d'Amico, Alistair Groom, Bhumindr Harinsuit, Erik Johnsen, David Koo and Ricardo Menendez Ross.

Details of those directors seeking annual re-election are included in the notice of the AGM, which is set out on pages 51 to 53.

Since the last report, Luigi D'Amato, David Marock and Constantine Peraticos have resigned from the board. The directors of the club would once again like to take the opportunity to thank each of them for their valued contribution.

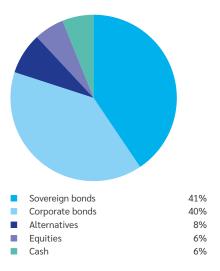
Meetings of the board

Since the date of the last report, the board met of four occasions: 18 October 2019 in Monaco, 21 January 2020 in Bermuda, 14 May 2020 and 16 July 2020. The meetings held on 14 May and 16 July 2020 were held virtually due to the Covid-19 pandemic. The board reviewed the club's strategy and business plan, the risk overview, financial and underwriting performance of the club, significant claims, new members admitted to the club, new ships attaching, reinsurance arrangements, legal, regulatory and tax matters, industry developments, control and governance matters, and investment strategy and results. The principal issues discussed by the board, and the decisions reached, are set out in this report.

Investments

For the year to 20 February 2020, the total of the club's investment assets returned 9.7%. The investment portfolio, which excludes the club's holding in Charles Taylor plc shares, returned 8.6%.

At the 20 February 2020 valuation point, the investment portfolio was invested across the following asset classes:



The main changes in asset allocation over the year were a small increase in the weighting towards corporate bonds, equities and alternatives coupled with decreases in exposures to government bonds and cash.

The currency profile remained mostly stable apart from a small shift in exposure to predominantly Asian currencies.

The relatively low allocation to risky assets is a consequence of their elevated prices and stretched valuations, which is particularly the case for equity markets. Due to the economic uncertainties ahead, the investment risk level remains cautious. Since the year end, further de-risking of the portfolio has occurred.

Solvency and capital management

The Standard group of clubs is regulated by the Bermuda Monetary Authority (BMA) under a regulatory regime deemed 'equivalent' to Solvency II, the EU-wide European regulatory regime which applies to the club's subsidiaries, The Standard Club UK Ltd (Standard UK) and The Standard Club Ireland DAC (Standard Ireland).

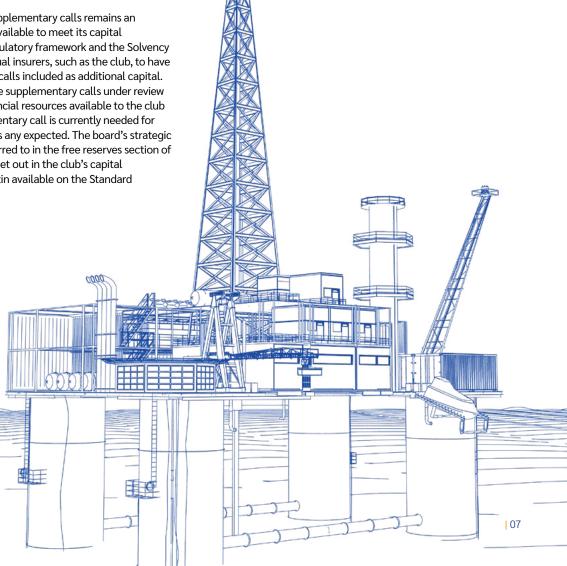
As part of the BMA's regulatory framework, insurance companies are required to publish a 'Financial Condition Report' setting out the business and performance of the company, its governance structure, risk profile, solvency valuation and capital management. This is published on the Standard Club's website. At the 20 February 2020 year end, the club's BMA Economic Capital and Surplus of \$399m was in excess of the club's ECR of \$231m. A key requirement of the regulatory regimes under which the Standard group of clubs operates is to have a well developed Own Risk and Solvency Assessment (ORSA) programme in place (also referred to as the Commercial Insurer's Solvency Self Assessment (CISSA) programme in Bermuda). The club has been developing this programme over recent years, and its ORSA/ CISSA is updated and reviewed annually by the board. As part of the ORSA, the club makes use of its internal model to make assessments of its own capital needs as well as to inform important business planning issues, including setting the renewal pricing strategy, reinsurance purchasing and projecting the club's prospective result against which actual performance can be measured.

The ability of the club to make supplementary calls remains an important part of the resources available to meet its capital requirements. Both the BMA's regulatory framework and the Solvency II Framework Directive allow mutual insurers, such as the club, to have the right to make supplementary calls included as additional capital. The board keeps the need to make supplementary calls under review when considering the overall financial resources available to the club and has decided that no supplementary call is currently needed for any of the open policy years, nor is any expected. The board's strategic approach to capital has been referred to in the free reserves section of the report of the directors and is set out in the club's capital management methodology bulletin available on the Standard Club's website.

Financial results

Summary of financial results and consolidated balance sheet

As set out in the consolidated statement of comprehensive income, there was a deficit for the year of \$41m (2019: \$45m deficit). Free reserves at 20 February 2020 stood at \$394m (2019: \$435m). Total reserves available for claims stood at \$1,040m (2019: \$1,054m). The amount set aside to meet outstanding claims and IBNR was \$646m at 20 February 2020 (2019: \$619m).



Report of the Directors continued

Statement of comprehensive income

Revenue from calls, premiums and releases amounted to \$354m (2019: \$386m), including the club's share of The Standard Syndicate, and \$288m (2019: \$289m), excluding the club's share of the syndicate. Paid claims, net of reinsurance recoveries, were \$267m (2019: \$242m). Pool and reinsurance recoveries amounted to \$133m (2019: \$130m).

Average expense ratio

The average expense ratio for the club's P&I class for the five years ended 20 February 2020 was 12.9% (2019: 12.8%). The ratio was calculated in accordance with the Schedule and Guidelines issued by the International Group (IG) pursuant to the International Group Agreement and is consistent with the relevant financial statements. The ratio expresses the club's expenses as a percentage of its total income. Although members' brokerage is not an expense of the club, for the sake of consistency, the ratio includes members' brokerage fees paid by members to their brokers through the agency of the club.

Open and closed policy year balances - P&I class

The appendices to the report set out details of the open policy years together with the closed policy year balances. The 2017/18 policy year was closed on the basis of the financial position at 20 February 2020. The total open policy year balance at 20 February 2020 amounted to \$259m after closure of the 2017/18 policy year. Included in this balance are estimated reinsurance recoveries of \$194m. The estimate of net outstanding claims liabilities for the closed years amounted to \$269m (including liabilities for the 2017/18 policy year).

Free reserves

The free reserves represent the surpluses built up out of open and closed policy years (which include investment returns and the club's share of The Standard Syndicate) and constitute the core capital of the club. The club's free reserves reduced to \$394m at the 2020 year end (2019: \$435m).

The board has reviewed the strategic purpose of the club's capital and agreed that the appropriate level of free reserves would:

- ensure that the club has sufficient capital to reflect its business risks and to comply with regulatory requirements
- provide a sufficient buffer so as to make the probability of supplementary calls very low and unnecessary in any phase of a normal underwriting cycle, levied only in extreme stress scenarios
- ensure that the club is perceived as being in the top division of clubs from a financial perspective, in order to give the club flexibility and the power to maintain discipline on pricing and quality
- maintain an S&P or similar rating of 'A' or above (A rating reaffirmed in May 2020).

The current level of free reserves is within the target strategic range set by the board. The board will ensure that the free reserves continue to be aligned with the volume of risks in the club's business. Further details on the club's approach to capital management were set out in a bulletin to members published in November 2017.

The board keeps the need to make supplementary calls under review when considering the overall financial resources available to the club and has decided that no supplementary call is currently needed for any of the open policy years, nor is any expected.

Release calls

An actuarial assessment is undertaken to establish the level of release calls for each policy year, as the various risks to which the club is exposed and the long-tail nature of claims development could lead to a wide variety of profit and loss outcomes. The club has considered each of a large number of possible results to assess the probability of the free reserves falling to a level at which a supplementary call might be made. The size of such a supplementary call, weighted by the probability of requiring a call of that size, represents the liability foregone by a member that leaves the club.

A benchmark release call rate is calculated as this amount plus a risk transfer premium, adjusted to take into account any commercial or market considerations.

Policy year	20 May 2020	20 May 2019	20 May 2018	20 May 2017	20 May 2016	20 May 2015
2020/21	6					
2019/20	0	6				
2018/19	0	0	6			
2017/18		0	0	6		
2016/17			0	0	7	
2015/16				0	3	7
2014/15					2	3

In line with recent years, the club is sufficiently confident in its balance sheet strength to maintain relatively low levels of release calls, as compared to other IG clubs, of 0% for 2018/19, 0% for 2019/20 and 6% for 2020/21.

The London class release calls are set at 0% for each of the three open policy years.

Impact of COVID-19

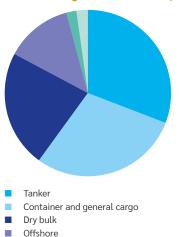
The directors have been monitoring the development of the impact of COVID-19, both directly on the club's business, and indirectly through the development of government policy and advice. The main considerations are outlined below.

Operational

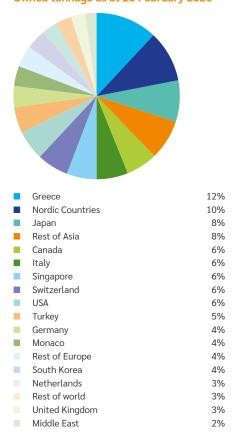
The club's managers have activated full business continuity contingency plans and have now proved that the club can continue to operate in the event of a serious prolonged incident, such as the present pandemic. Business records and documentation are stored electronically, are regularly backed up and are accessible remotely from anywhere in the world. Personnel in each of the managers' global offices have successfully transitioned to working from home and the club has been able to continue to provide the same level of service to its members.

Ship types entered

Owned tonnage as at 20 February 2020



Country of management Owned tonnage as at 20 February 2020



Risks underwritten

Other

Passenger and ferry

The club insures only limited aspects of the effects of COVID-19. The marine protection and indemnity (P&I) policies, which form the majority of the club's book, provide cover for crew illness and death, crew repatriation and substitution, passenger illness and death, broader liabilities to passengers arising out of threats to life, health or safety on board, third-party illness and death, and additional quarantine expenses. The club also provides legal expenses cover for members (Defence) and cover for COVID-19 related delays. The net aggregate of COVID-19 claims notified up to 30 June 2020 amounted to approximately \$6m.

31%

29%

23%

13%

2%

2%

Investment portfolio

The club further de-risked its investment portfolio after the year end, reducing the level of equities and alternatives to the bottom end of the strategic range permitted in the investment rules. This has limited the impact of volatility in the investment markets, with the club recording and investment surplus of 0.7% in the period to 30 June 2020 (approximately \$6m).

Policyholders

In the likely event of a major downturn in economic conditions, there will be members and business partners of the club that will be affected. The impact on the club in the short term is likely to be pressure on cash flow and on debt recovery, and in the medium term, pressure on premium, but there are also likely to be reduced levels of claims due to diminished levels of activity. For most members, P&I insurance is effectively

compulsory, but laid-up ships will pay reduced premiums. The managers maintain very close links with members either directly or through brokers, and will respond as necessary as the situation develops.

Regulators and forecasts

The managers are modelling stressed future scenarios to assess the club's compliance with regulatory capital requirements in the context of the risk appetite determined by the board. The directors recognise that as the foreseeable scenarios change, decisions may need to be made in relation to the scale of the club's activity and the level of capital maintained to support that activity. The managers do not expect a significant reduction in the levels of surplus regulatory capital to occur over the next 12 months.

Going concern

As at the date of signing these financial statements, the directors' forecasts up to 20 February 2021 indicate that the club will be able to maintain liquidity and a surplus over regulatory capital requirements, and will be able to continue to trade as a going concern. Even in the event of severely stressed scenarios, the conservative investment portfolio held by the club and the comprehensive reinsurance arrangements in place will limit the extent of any downside risk. The directors are constantly monitoring the position in case any such stressed scenarios become more likely than currently anticipated; however, none would cause any going concern issues.

Report of the Directors continued

Reinsurance

Club retention and the Pool

The individual club retention increased to \$10m in 2016 and remains unchanged for the 2020/21 policy year. The attachment point of the Group's General Excess of Loss (GXL) reinsurance programme, which increased to \$100m in 2017, remains unchanged.

The pooling mechanism maintains fairness between International Group of P&I Clubs (IG) clubs and ensures that the exposures generated are manageable.

The IG reinsurance programme

This year's GXL programme was renewed on a two-year deal with expiry rates charged to shipowners. The structure of the programme changed last year and remains the same this year. The first layer is for \$650m excess \$100m. There are now three private placements totalling 30% and a \$100m annual aggregate deductible on the first layer for this 70% share.

The second layer remains at \$750m excess \$750m, with the third layer at \$600m excess \$1.5bn. Overspill is unchanged up to \$3.1bn.

Non-pool programme

A large proportion of the club's members benefit from the club's non-poolable covers. The biggest users of the non-pool programme are charterers, fixed premium members and those involved in the offshore energy and specialist sectors, whose risks are largely excluded from the Pool. The club continues to be able to offer the same maximum limit of \$1bn.

Principal risks and uncertainties How the club manages risk

The board is responsible for identifying and managing the club's risks. The board's risk management responsibilities are led by the Audit and Risk Committee, which reviews the risks facing the club as well as their potential impact, management and mitigation at each of its meetings. The board sets the club's risk appetite in relation to all key aspects of the club's operations, and the club's strategy reflects that appetite.

Key risks are evaluated to assess their likelihood and potential impact.

The club's management establishes controls which are designed to ensure that the tolerances contained in the board's risk appetite are not exceeded and, where possible, puts in place arrangements or processes to mitigate the club's risks. Acting through its Risk Committee, the club's management regularly monitors the effectiveness of the risk management system, including the impact of changes in the club's risk profile and emerging risks. A risk register which records the risks and their potential likelihood, impact, mitigation and controls is maintained.

The club's internal model reflects the risks identified and is used to assess the potential aggregate impact, and hence the levels of capital required to cover them.

The club's risk, compliance and internal audit functions report to the Audit and Risk Committee, providing assurance that the club's risk management systems are functioning correctly.

Type of risk Risk description

Management of action

Underwriting risk

Premium risk

The risk that premiums charged will not be sufficient to meet all associated claims and expenses, including:

- internal risks arising from underwriting inappropriate or incorrectly priced business
- external risks arising from adverse insurance or reinsurance market movements, or adverse trading conditions for the club's members.
- Premium risk is managed by:
 - clear underwriting controls, pricing models, and underwriting review and authority levels
 - monitoring for undue concentrations of risk, acceptability of member loss records and consistency of pricing with risk appetite
 - a dedicated loss prevention function, aimed at ensuring the club only underwrites those shipowners that operate to an acceptable standard as well as encouraging good risk management by members.
- Premium risk is mitigated by appropriate reinsurance programmes, including the IG pooling and reinsurance programme, and the club's own non-pool and retention reinsurance.
- Reinsurance strategy is set by the board in line with the board's risk appetite and
 is designed to mitigate the club's insurance risk through programmes tailored to
 the club's exposures. The efficacy of the club's reinsurance arrangements in
 mitigating club risks is tested by the actuarial function.

Reserve risk

The risk that claims reserves will be inadequate to cover known losses, and/or unknown or undeveloped losses, such as occupational diseases.

- Reserve risk is managed by:
 - prompt reserving of potential losses
 - regular review of individual estimates and overall reserve adequacy
 - systematic claims audits and monitoring the performance of individual claims handlers to ensure consistency of approach
 - modelling of technical provisions by the club's actuarial function
 - actuarial reserving process and controls, with a quarterly reserving committee incorporating a review of underlying assumptions and methodologies.

Type of risk	Risk description	Management of action
Financial risk		
Credit risk	The risk of a loss occurring owing to the failure of a counterparty to meet its contractual debt obligations. Counterparties include members, reinsurers, other IG clubs, intermediaries, banks and investment counterparties.	 The risk of default is mitigated by: using only well-rated reinsurers and monitoring their financial condition. Pooling Agreement provisions, which provide security for inter-club obligations. prompt follow-up of outstanding member premiums, the ability to net overdue premium amounts against unpaid claims, and suspension or cancellation of cover. investment rules and counterparty limits.
Market risk	The risk of loss occurring from fluctuations in the value or income from investments, including the effects of fluctuations in interest and exchange rates.	 The club's investment strategy has been developed with the following objectives: a. To preserve capital for the payment of the club's claims and other liabilities by limiting the risk in the portfolio as agreed from time to time by the board. b. Within the risk tolerance agreed by the board, to maximise the overall returns as measured over rolling three-year periods. c. To ensure there are ready funds to meet liabilities as they fall due. There are clear and regularly reviewed investment rules, and the club manages its investment risk through investing widely and in different asset classes to diversify the overall portfolio and produce reasonable returns with acceptable volatility. The club is exposed to equity price fluctuation risk, but the investment rules limit equity exposure. The currency of investment is matched to the profile of the liabilities to which the club is exposed. The club makes use of forward currency contracts to hedge its exposure to fluctuations in the value of non-core currencies and to maintain the matching of the investment profile to the liability profile. Interest rate risk exposure is measured and controlled through regular consideration of the appropriate duration of the fixed interest component of the portfolio. The investment asset and currency benchmarks are modified from time to time to reflect the board's reassessment of market risk appetite, as informed by its assessment of the investment markets as well as by risk appetite and regulatory or rating agency considerations.
Liquidity risk	The risk arising from insufficient financial resources being available to meet liabilities as they fall due.	 The club continually monitors its cash and investments to ensure that the it meets its liquidity requirements. Adequate cash holdings are maintained at all times and the club's asset allocation strategy is designed in part to enable the ready availability of funds to meet insurance liabilities as they fall due. The club regularly reviews the time period required to liquidate the investment portfolio. The likely cash outflows in relation to specific large claims are projected and monitored. Significant claim settlements through the IG Pool and associated reinsurance arrangements are subject to special settlement provisions that provide the club with access to funding for those large claims that are subject to reinsurance recoveries.
Operational risk	The risk resulting from inadequate or failed internal processes, people and systems, or from external events.	 The club has identified its operational risks and has in place appropriate controls to manage and mitigate such risks, consistent with good practice, regulatory guidance and legislation relating to human resources, financial crime, business continuity and information security. As the club employs independent third-party managers to manage its day-to-day activities, an appropriate governance structure and control framework are also in place to monitor the club's outsourcing of its operations.

Report of the Directors continued

Corporate governance

Overview

The club comprises members from the international shipping community and seeks to follow good governance principles that would generally be recognised throughout world markets. The club is principally regulated in Bermuda, with regulated operating insurance subsidiaries in the UK, Ireland and Singapore. The club has had particular regard for the requirements of these countries in arriving at its current practices.

Board responsibilities

The board's governance of the club is described in the board governance policies statement. This sets out, amongst other things, the board's role, matters reserved for the board, and the board's duties, composition and operation. The principal functions of the board are to:

- govern and direct the club's affairs
- · ensure that the club's objectives are being fulfilled
- set the overall strategy and key policies
- set and review the club's risk appetite
- oversee risk management and compliance issues
- ensure that there is a suitable and clear allocation of responsibility between itself and the managers
- satisfy itself that the managers have an appropriate structure for the management of the club
- direct and supervise the managers and consider their reports on all significant aspects of the club's affairs
- ensure that there are suitable systems of control.

The directors are provided with up-to-date reports on the key financial indicators for the club and on the risks, controls, underwriting, claims, investment and general policy issues at each board meeting. The directors are provided with board meeting papers in sufficient time before each board meeting to enable them to understand the relevant issues and to focus upon decisions that need to be made. The board has delegated the implementation of its strategy and policies and the management of the day-to-day operations of the club to the managers.

A formal management agreement between the club and the managers is in place and sets out their respective obligations and responsibilities. In addition, there is a service level agreement against which the board reviews the performance of the managers.

Governance review

The board commissioned international law firm, Latham & Watkins LLP, to undertake a review of the club's governance in 2018. The review considered the structure, size and functioning of the club and its subsidiary boards and its committees, particularly with regard to regulatory expectations and oversight of senior executive management. The key finding of that review was that the current governance arrangements were effective and that the large board size posed no inherent governance related issues. Following this review, the board adopted a number of recommendations aimed at ensuring continued good governance of the club. It was also agreed that a broad representation of members on the board, taking into account fleet and ship size, geographical location, business model and ownership structure, was 'fit for purpose' as the overall governing body for the club. The larger board with smaller operating subsidiary boards and committees was also considered to be more in line with the mutual ethos and ownership of the club. It was therefore decided to retain the current large board structure.

Board membership

The great majority of directors are non-executive and are not involved in the day-to-day executive management of the club. By virtue of the byelaws, directors are, for the most part, the owners or senior executives of the club's member companies.

The chairman is responsible for the direction and effectiveness of the board and the oversight of the club's affairs and strategy. There are two deputy chairmen whose roles are to assist the chairman in carrying out his role. The chairman and deputy chairmen are elected for a term of three years but may be re-elected for four further three-year terms.

The board has the benefit of an insurance expert director, along with expert insurance and investment guidance provided by its managers and personnel within the managers' group. It also has access to additional independent insurance, regulatory, financial and investment expertise as required.

A Bermudian resident director with insurance and regulatory experience was appointed to the board in January 2016 and has continued to serve on the board.

At each annual general meeting (AGM), one-third of the directors must retire from office by rotation and put themselves up for re-election. All directors appointed since the date of the last AGM must put themselves forward for election.

Directors who have held office for a period of nine years, or more, must offer themselves for annual re-election to the board. Directors who are no longer eligible to be elected to the board according to the bye-laws must retire from the board at the next AGM.



Remuneration

Directors receive fees recommended by the club's Nomination and Governance Committee and agreed by the board. Directors who are employed by the managers do not receive directors' fees. Charles Taylor's Remuneration Committee ensures that the personal performance objectives of club directors employed by the managers are designed to promote the long-term success of the club.

The club's administrative functions are undertaken by the managers, who receive a management fee for their services which is agreed by the board annually based on a review by the Nomination and Governance Committee. The review, which is reported to the board, considers the managers' budgets, performance and costs, including a comparison with other clubs based upon available data. Full disclosure of the management fees paid by the club is provided in the club's financial statements. The board is keen to encourage greater transparency of administration costs by P&I clubs generally, although this does not appear to be a high priority for some clubs.

Insurance and indemnity

The club maintains liability insurance for its directors and officers with a cover limit of £30m, which is renewed on an annual basis. The club also indemnifies its directors through its constitutional documents.

Committees of the board

Each of the board's three main committees - Nomination and Governance, Audit and Risk, and Strategy has written terms of reference, which are available on the club's website.

Nomination and Governance Committee

The Nomination and Governance Committee's main responsibilities include:

- identifying suitable candidates to join the board and its committees
- reviewing the overall composition of the board
- leading reviews of the board and its committees' effectiveness
- reviewing and making recommendations on the club's governance structure, policies and practices.

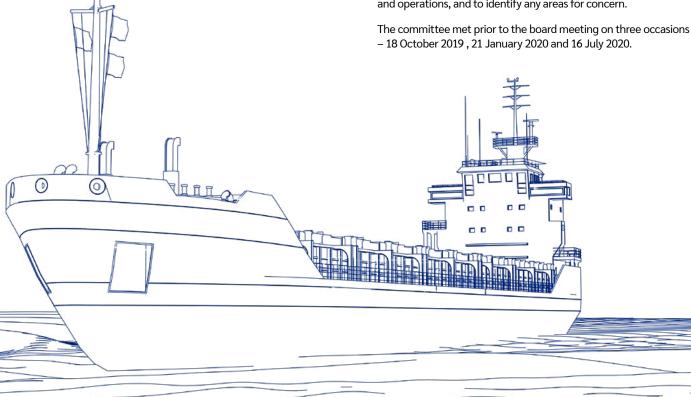
During the year, the committee reviewed succession planning for key board appointments, as well as board attendance, directors' independence and potential candidates for board membership. The committee does not generally use the services of an external consultancy firm or open advertising for the appointment of nonexecutive directors, as board candidates are generally sought from the members.

The committee also reviews the induction and training programmes for board and committee members.

The committee leads the review of the managers' performance and, in this respect, during the year, reviewed their performance against the specific requirements of a service level agreement, as well as their remuneration. The committee considered succession planning, objectives and individual remuneration for key executive management roles.

In accordance with the requirements of the Insurance Code of Conduct 2015, the committee considers the group governance map at each meeting.

Ensuring that members are satisfied with the club's performance and that they are receiving fair treatment from the club are high priorities for the board. The club conducts regular member and broker surveys, and the managers aim to visit as many members as practically possible every year to ensure that they are aware of the club's strategy and operations, and to identify any areas for concern.



Report of the Directors continued

Audit and Risk Committee

The Audit and Risk Committee's role includes:

- · the review of the financial statements of the club and its financial regulatory returns
- relations with, and reports from, the external and internal auditors
- oversight of the club's risk management and internal controls.

During the year, the committee reviewed the annual report and regulatory returns, and received a direct report from the external auditors' engagement leader and challenged him on the audit report.

The committee reviewed the integrity and effectiveness of the club's financial controls, the operation and resources of the risk management, compliance and internal audit functions, and the risk management, compliance and internal audit reports. The club's principal risks and uncertainties, and the effectiveness of the company's risk management and internal controls systems were reviewed by the committee and the board.

The committee received a report on any whistleblowing incidents and complaints at each meeting.

The committee monitored the capital requirements of the club and its subsidiaries, reviewed the progress of the report on the club's Own Risk and Solvency Assessment (ORSA), and reviewed the development of the club's internal model, including its inputs, assumptions, methodology, uses, sensitivities and outputs. The committee met prior to the board on three occasions - 18 October 2019, 21 January 2020 and 14 May 2020 and 16 July 2020.

Strategy Committee

The Strategy Committee's role includes:

- · considering and making recommendations to the board concerning the strategy to be adopted by the club
- reviewing the performance of the club in meeting its strategic objectives
- · reviewing the club's business environment
- · considering new strategic initiatives, alliances and potential mergers.

During the year, the committee discussed new products and services, and the effective marketing of them. The committee also considered progress of business development initiatives and the managers' technology and data strategy.

The committee met prior to the board on two occasions - 18 October 2019 and 21 January 2020.

The Chairman's Group

The Chairman's Group assists the Chairman to discharge the responsibilities of his role and meets with the managers between board meetings. The group has met 37 times since the last report. The Chairman's Group has overseen the club's plans to alter the management operation model and this was the reason for the increased number of meetings.

Risk management

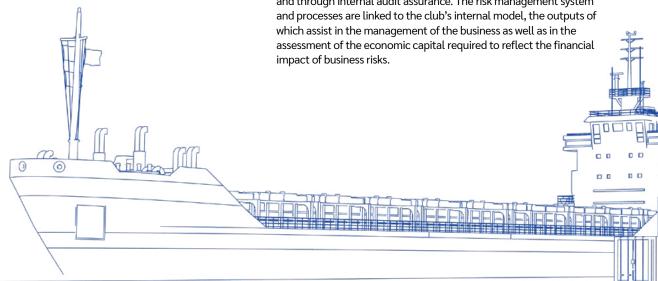
Approach

The board, and its Audit and Risk Committee, set and review on a regular basis the club's risk appetite, the major business risks facing the club, their potential impact, and the systems and controls in place to manage and mitigate those risks.

During the year, the board reviewed the club's risk appetite statement, which is used to provide guidance to management. At the highest level, risk appetite is considered in terms of the likelihood that the club may be required to make an unbudgeted supplementary call on members, whether directly as a result of its mutual underwriting activities or through other activities such as investing in risk-bearing assets. The club uses its internal capital model in the assessment of aggregate levels of risk against risk appetite.

In addition, detailed measures of the club's appetite for each of the club's key risks have been established, with key risk indicators reported at each board meeting.

The club operates a 'three lines of defence' system of internal control, supplementing the management of risk by its business units through regular reviews of controls by the risk management function, tests of controls by risk and compliance functions to ensure their adequacy, and through internal audit assurance. The risk management system and processes are linked to the club's internal model, the outputs of which assist in the management of the business as well as in the assessment of the economic capital required to reflect the financial impact of business risks.



The principal risks facing the group and the risk mitigation actions, controls and processes by which they are managed have been explained in this report.

Maintenance of a sound system of internal controls

The board has satisfied itself, through review by the Audit and Risk Committee, that there are appropriate systems of control within the club's management, including a process for identifying, evaluating and managing the risks that the club faces, and that the controls operate effectively, including monitoring that the club operates within its risk appetite and complies with its regulatory responsibilities.

Compliance and regulation Approach

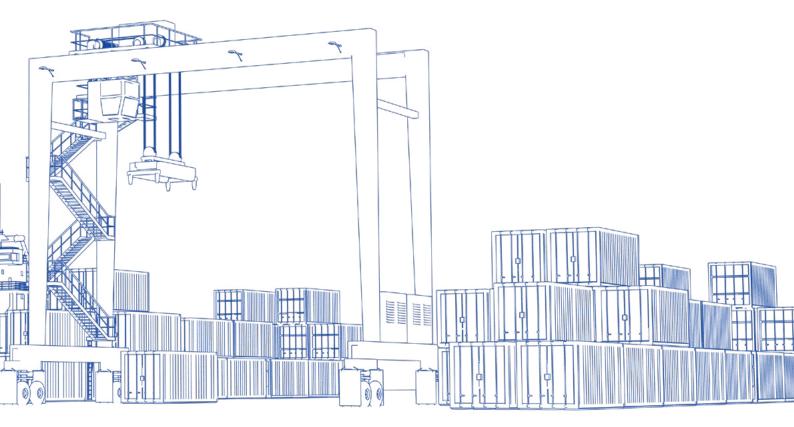
The club's compliance and regulatory affairs are overseen by the Audit and Risk Committee. The managers' head of compliance & governance reports to and attends in person all Audit and Risk Committee and board meetings. The head of compliance & governance or any director may ask for a private 'in camera' session with the committee or board. The board agrees the compliance monitoring plan and oversees progress against the plan, considers the results of monitoring, upcoming regulatory risks and current priorities.

Internal audit

The club's internal audit function is led by a senior Charles Taylor manager. The internal audit department is an independent unit within Charles Taylor and is not involved in the day-to-day management of the club.

The head of internal audit, who attends the Audit and Risk Committee and board meetings in person, is directly accountable to the chairman of the committee, and has free and unrestricted access to the chairman of the club board. The head of internal audit has a private 'in camera' session with the committee as part of each meeting. The internal audit reports submitted to each committee meeting summarise the audits undertaken and identify progress against the agreed audit timetable. The audits themselves are usually rated red, amber, yellow or green. Individual audit issues are categorised as high, medium or low impact. The committee is also kept informed of progress towards closure of high and medium impact audit issues. Once a year, an assurance map is tabled for discussion which sets out the main operational areas of the business and indicates the status of, and outlook for, the control environment.

The internal audit terms of reference are reviewed on an annual basis. The annual audit plan is risk-based. It reflects, among other things, the operational, financial, administrative and regulatory aspects of the club's business, taking as its starting point internal audit's assessment of the risk environment. Some audits are carried out by external, specialist, consultants. The plan is flexible so that it can deal with any reprioritisation that may need to occur during the year.



Report of the Directors continued

Key Policies

Introduction

The board maintains policies across a range of areas, including conflicts of interest, financial crime and whistleblowing, and sanctions.

Conflicts of interest

The board has considered the potential conflicts of interest that exist within the club's and the board's operations, and has adopted a conflicts of interest policy. A conflicts register is maintained, identifying potential conflicts of interest that could affect the club, and this is considered at each board meeting.

In a mutual organisation, the members are also the insured parties. Negotiations relating to any matter concerning members or directors in their capacity as insureds are conducted at arm's length. Directors do not participate in board discussions on specific matters concerning their companies as insureds.

Procedures are in place to ensure that potential conflicts of interest between the club and the managers, between the club's members, and between members and other clients of the managers' group are identified and managed.

Prevention of financial crime and whistleblowing

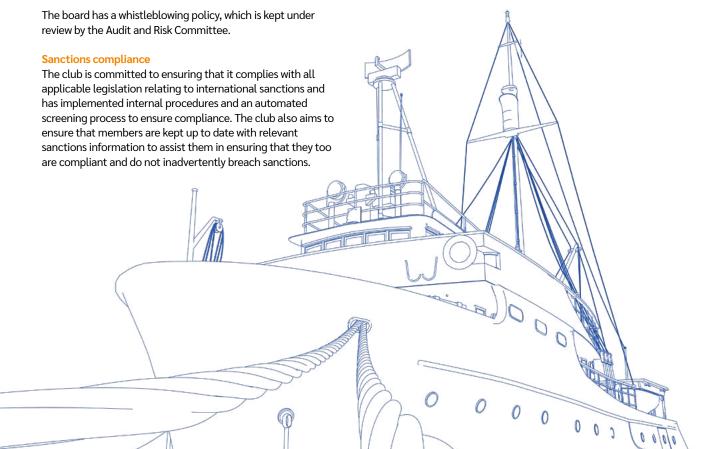
The managers have procedures to prevent the club being involved unwittingly in money laundering or inappropriate payments. They also have whistleblowing procedures in place to ensure that members of staff can raise matters of concern confidentially so that they may be appropriately investigated.

Business and ethical values and treating customers fairly

The club is committed to conducting its business affairs in a fair, proper and ethical manner, and in compliance with all applicable laws, regulations and professional standards. The managers adopted an updated set of corporate values in January 2019, which was communicated to all staff to ensure that their work on behalf of the club is carried out with integrity and fairness. The board and the managers are committed to treating customers and all stakeholders fairly, and keep under review the quality of service that the club provides. There is a complaints process, which is published on the website.

Business continuity

The managers have full business continuity contingency plans, including disaster recovery, which they periodically test, to ensure that the club can continue to operate in the event of a serious incident, for example, a terrorist event or pandemic. Business records and documentation are stored electronically, are regularly backed up and are accessible remotely from anywhere in the world. Due to the COVID-19 pandemic, which started at the beginning of 2020, every aspect of the managers' contingency plans have been implemented. Personnel in all of the managers' global offices have successfully transitioned to working from home and the club has been able to continue to provide the same level of service to its members.



The environment

The day-to-day business of the club is carried out by its managers. The club has a long-term vision for sustainable development and continuous improvement of its environmental performance by maintaining best practice throughout its operations.

The managers are committed to minimising the impact on the environment of their business operations and to achieving best practice in areas in which they do have an environmental impact. The managers have retained Ecofiniti Limited as professional advisors on environmental matters.

The managers have taken steps to reduce their carbon footprint and strive to minimise their energy consumption through their energy management policy and by promoting and building awareness of environmental responsibility amongst their employees. They communicate and engage with staff at all levels to identify, assess and reduce operational impact on the environment. In order to reduce travel-related emissions, increased use of conferencing technologies is encouraged and environmental impacts are considered when arranging necessary travel. The Minster Building, which accommodates the managers' London operations is a paperless office and incorporates a number of design and other initiatives, including electronic document management systems, to reduce that office's environmental impact and carbon footprint. Where practicable, the managers source their supplies from local businesses so as to minimise distribution and transport-related emissions. Suppliers are required, as far as reasonable, to have an appropriate environmental policy.

Equality of opportunity and gender

The managers have formal policies which aim to attract and retain a diverse and flexible workforce, and to promote equality of opportunity. As far as board appointments are concerned, the board believes that appointments should be based on merit and overall suitability for the role. When considering succession planning, the Nomination and Governance Committee bears in mind the balance of skills, knowledge, experience and diversity existing on the board.

Modern slavery act

Given the nature of its business, the club considers that there is minimal risk that the club, its managers or the supply chains that support the club's business activities are involved in, or complicit in, slavery and human trafficking. The managers are committed to making sure that the club's business and those of its suppliers are free from modern slavery and human trafficking.

Directors' responsibilities

Statement of disclosure of information to auditors

Each person who is a director at the date of this report confirms that:

- so far as each of them is aware, there is no information relevant to the audit of the club's financial statements for the year ended 20 February 2020 of which the auditors are unaware
- each director has taken all steps that they ought to have taken in their duty as a director to make themselves aware of any relevant audit information and to establish that the club's auditors are aware of that information.

Directors' responsibilities

The following statement, which should be read in conjunction with the auditors' report, as set out on pages 18 and 19 is made with the view to distinguishing for members the respective responsibilities of the directors and auditors in relation to the financial statements.

The directors are responsible for preparing the report of the directors and the financial statements in accordance with applicable laws and regulations in Bermuda. The directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards including Financial Reporting Standard 102: 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' (FRS 102) and Financial Reporting Standard 103: 'Insurance Contracts' (FRS 103), both issued by the Financial Reporting Council and in compliance with the Large and Mediumsized Companies and Groups (Accounts and Reports) Regulations 2008 (SI2008/410) relating to insurance companies. The financial statements are required to give a true and fair view of the state of affairs of the group and parent company, and of the income or expenditure of the group and parent company for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and parent company will continue in business, in which case, there should be supporting assumptions or qualifications as necessary.

The directors are responsible for keeping adequate accounting records, which disclose with reasonable accuracy at any time the financial position of the group and parent company, and enable them to ensure that the financial statements comply with applicable law and United Kingdom Accounting Standards. They are also responsible for safeguarding the assets of the parent company and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities. The maintenance and integrity of the club's website is the responsibility of the managers. The work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in Bermuda and the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the board.

Charles Taylor & Co (Bermuda)

Secretary

16 July 2020

Independent Auditors' Report to the Members of The Standard Club Limited

Our opinion

We have audited the financial statements of The Standard Club Limited Group (the 'Group') for the year ended 20 February 2020 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Reserves, Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland and Financial Reporting Standard 103 Insurance Contracts (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's affairs as at 20 February 2020 and of its deficit for the year then ended;
- · have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 1981 (Bermuda).

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We have provided no non-audit services prohibited by the FRC's Ethical Standard to the Group in the period.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the
 group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the
 financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 1981 (Bermuda)

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report to the Directors has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 1981 (Bermuda) requires us to report to you if, in our opinion:

- · adequate accounting records have not been kept, or returns adequate for audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Director's Responsibilities on page 17, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Group's members, as a body, in accordance with Section 90 of the Companies Act 1981 (Bermuda). Our audit work has been undertaken so that we might state to the Group's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and the Group's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Statutory Auditor 150 Aldersgate Street London EC1A 4AB

Financial highlights 2020

	2020 US\$m	2019 US\$m
Results for the financial year ended 20 February 2020		
Calls and premiums net of reinsurance	258	306
Total claims net of reinsurance and operating expenses	(367)	(355)
Balance of technical account for general business	(110)	(49)
Net investment and other comprehensive income	69	4
Total comprehensive income for the year	(41)	(45)
Outstanding claims liabilities Estimated known outstanding claims net of all recoveries Incurred but not reported claims (IBNR)	550 96	523 96
•		
Total estimated claims liabilities	646	619
Funds available for claims		
Open policy years	358	335
Closed policy years	288	284
Free reserves	394	435
Total balance sheet funds	1,040	1,054

Consolidated Statement of Comprehensive Income For the year ended 20 February 2020

		Total		P&I and related		Syndicate	
	Note	2020 US\$m	2019 US\$m	2020 US\$m	2019 US\$m	2020 US\$m	2019 US\$m
Technical account – general business							
Earned premiums, net of reinsurance		252.5	207.4	200.4	200 (07.0
Gross premiums earned, including calls	4	353.5	386.4	288.4	288.6	65.1	97.8
Outward reinsurance premiums	5	(96.0)	(80.7)	(75.3)	(63.2)	(20.7)	(17.5)
Earned premiums, net of reinsurance		257.5	305.7	213.1	225.4	44.4	80.3
Total income		257.5	305.7	213.1	225.4	44.4	80.3
Expenditure							
Claims paid	7	399.5	372.2	348.5	331.0	51.0	41.2
Reinsurers' share	8	(132.6)	(129.9)	(124.9)	(119.3)	(7.7)	(10.6)
Net claims paid		266.9	242.3	223.6	211.7	43.3	30.6
·		41.0				5.4	
Change in provision for claims Reinsurers' share		1.2	(109.9) 141.7	35.6 8.9	(143.8) 127.9	5.4 (7.7)	33.9 13.8
Change in net provision for claims		42.2	31.8	44.5	(15.9)	(2.3)	47.7
		309.1	274.1	268.1	195.8	41.0	78.3
Claims incurred, net of reinsurance Net operating expenses	9	58.1	81.1	34.7	30.1	23.4	51.0
Total expenditure		367.2	355.2	302.8	225.9	64.4	129.3
Balance on the technical account for general business		(109.7)	(49.5)	(89.7)	(0.5)	(20.0)	(49.0)
		ı		1		1	
Non-technical account							
Balance on the technical account for general business		(109.7)	(49.5)	(89.7)	(0.5)	(20.0)	(49.0)
Investment return net of expenses and charges	6	83.9	18.3	80.1	16.4	3.8	1.9
Exchange (losses)/gains		(2.3)	(9.3)	(1.7)	(10.2)	(0.6)	0.9
Other income/(charges) including value adjustments		(8.6)	(2.3)	(8.8)	(2.6)	0.2	0.3
Share of operating loss of associate undertaking			(0.3)		(0.3)		
Excess/(shortfall) of income over expenditure before taxation		(36.7)	(43.1)	(20.1)	2.8	(16.6)	(45.9)
Tax on excess of income over expenditure	10	(0.7)	(7.4)	(0.7)	0.2		(7.6)
Excess/(shortfall) of income over expenditure after tax		(37.4)	(50.5)	(20.8)	3.0	(16.6)	(53.5)
Excess/(shortfall) of income over expenditure for the							
financial year		(37.4)	(50.5)	(20.8)	3.0	(16.6)	(53.5)
Other comprehensive income:							
Currency translation movement		(3.6)	5.2	0.2	(1.1)	(3.8)	6.3
Tax on currency translation		-	-	-	_	-	-
Other comprehensive income/(expenses) net of tax		(3.6)	5.2	0.2	(1.1)	(3.8)	6.3
Total comprehensive income/(expenses) for the year							
transferred to contingency reserve		(41.0)	(45.3)	(20.6)	1.9	(20.4)	(47.2)

The income, expenditure and results for the year are wholly derived from continuing activities.

Income of the club for the year is \$99.2m (2019: \$5.1m).

The notes on pages 25 to 47 are an integral part of these financial statements.

Consolidated Balance Sheet

at 20 February 2020

	Note	2020 US\$m	2019 US\$m
Assets			
Investments			0.0
Investment in participating undertakings Other financial investments	12	900.6	0.9 801.9
	13	090.0	001.9
Reinsurers' share of technical provisions	40		2442
Claims outstanding			264.8
Provision for unearned premiums	12		23.5
	Note USSm	297.2	288.3
Debtors			
Debtors arising out of direct insurance operations		114.2	206.0
Deferred tax asset	11		0.3
Other debtors		16.6	15.9
	Note USSm 13 890.6 12 282.8 12 14.4 297.2 16 114.2 11 16.6 130.8 85.1 85.1 13.0 1,416.7 1.2 392.5 393.7 12 929.5 12 7.7 937.2 22 7.8 11 59.2 17 13.8 73.0 5.0	130.8	222.2
Other assets			
Tangible assets			-
Cash at bank and in hand		85.1	124.3
		85.1	124.3
Prepayments and accrued income		13.0	28.7
Total assets		1,416.7	1,466.3
Liabilities		<u>'</u>	
Reserves			
Statutory reserve			1.2
Contingency reserve		392.5	433.5
		393.7	434.7
Technical provisions			
Gross claims outstanding	12	929.5	883.6
Provision for unearned premiums	12	7.7	65.2
		937.2	948.8
Provisions for other risks and charges			
Provision for loss on disposal of subsidiary	22	7.8	_
Deferred tax provisions	11	_	-
Creditors			
Creditors arising out of direct insurance operations		59.2	66.3
Other creditors including taxation and social security	17	13.8	8.5
		73.0	74.8
		F.0	0.0
Accruals and deferred income		5.0	8.0

The financial statements were approved by the board of directors on 16 July 2020 and were signed on its behalf by:

C d'Amico

Chairman

The notes on pages 25 to 47 are an integral part of these financial statements.

Statement of Changes in Reserves

CONSOLIDATED	Statutory reserves US\$m	Contingency reserves US\$m	Total reserves US\$m
Balance as at 20 February 2018	0.2	461.3	461.5
Excess/(shortfall) of income over expenditure for the financial year	_	(50.5)	(50.5)
Other comprehensive income net of tax	-	5.2	5.2
Total comprehensive income for the year transferred to the contingency reserve	-	(45.3)	(45.3)
Acquisition of a subsidiary	1.0	17.5	18.5
Balance as at 20 February 2019	1.2	433.5	434.7
Balance as at 20 February 2019	1.2	433.5	434.7
Excess/(shortfall) of income over expenditure for the financial year		(37.4)	(37.4)
Other comprehensive (expenses)/income net of tax	_	(3.6)	(3.6)
Total comprehensive income for the year transferred to the contingency reserve	_	(41.0)	(41.0)
Balance as at 20 February 2020	1.2	392.5	393.7

Income and expenditure for the club comprise dividends from subsidiaries offset by operating expenses.

The notes on pages 25 to 47 are an integral part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 20 February 2020

	Note	2020 US\$m	2019 US\$m
Net cash from operating activities	18	9.9	(66.4)
Interest received		_	-
Taxation paid		-	_
Net cash generated from operating activities		9.9	(66.4)
Cash flow from investing activities			
Acquisition of a subsidiary		_	18.5
Disposal of subsidiary		_	30.2
Purchase of investments		(851.6)	(908.6)
Sale of investments		802.3	936.0
Net cash used in investing activities		(49.3)	76.1
Net (decrease)/increase in cash and cash equivalents		(39.4)	9.7
Effect of exchange rate fluctuations on cash and cash equivalents		2.4	(4.6)
Cash and cash equivalent at the beginning of the year		135.6	130.5
Cash and cash equivalent at the end of the year		98.6	135.6
Cash and cash equivalents consist of:			
Cash at bank and in hand		85.1	124.3
Short term deposits presented in other financial investments		13.5	11.3
Cash and cash equivalent at the end of the year		98.6	135.6

The notes on pages 25 to 47 are an integral part of these financial statements.

Notes to the financial statements

1. Constitution

The club is incorporated in Bermuda as a company limited by guarantee and has a statutory reserve but no share capital. The members of the club are liable for their rateable proportion of any deficiency of claims and expenses in excess of contributions and the board of directors decides whether any surplus is retained in the contingency reserve for the purposes of the club or returned to members. The address of its registered office is Swan Building, 2nd Floor, 26 Victoria Street, Hamilton HM12, Bermuda.

2. Accounting policies

(a) Basis of preparation

These group financial statements, which consolidate the financial statements of the club and its subsidiary undertakings, have been prepared under the Bermuda Companies Act 1981, and also under the provisions of Schedule 3 to the UK Companies Act 2006. The club and its subsidiary undertakings have applied uniform accounting policies and, on consolidation, all intra group transactions, income and expenditure have been eliminated. The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' (FRS 102) and Financial Reporting Standard 103, 'Insurance Contracts' (FRS 103).

The financial statements have been prepared under the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 relating to insurance groups.

The financial statements are prepared under the historical cost convention, as modified for the revaluation of investment properties and financial assets and liabilities (including derivative instruments) at fair value through income or expenditure.

The club has utilised the exemption in Section 408 of the Companies Act 2006 and, as a result, does not present its individual statement of comprehensive income and the related notes that would have formed part of the financial statements.

The contingency reserve represents the free reserves of the club and is established in accordance with rule 20.6 of the rules of the club.

The financial statements are prepared on a going concern basis. The directors consider it appropriate to adopt the going concern basis of accounting in the preparation of these financial statements and are not aware of any material uncertainties to the club's ability to continue to do so for at least 12 months from the date of these financial statements.

(b) Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates. The following are the group's key sources of estimation uncertainty:

Insurance contract technical provisions

For insurance contracts, estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred but not yet reported (IBNR), at the reporting date. It can take a significant period of time before the ultimate claims cost can be established with certainty and, for some types of policies, IBNR claims form the majority of the liability in the statement of financial position. At the end of the reporting period, and as presented in note 12, the technical provisions for claims amounted to \$929.5m gross of reinsurance recoveries.

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as the Chain Ladder and the Bornhuetter-Ferguson methods.

The main assumption underlying these techniques is that past claims development experience can be used to project future claims development and hence ultimate claims costs. The provision for claims outstanding is assessed on an individual case basis and is based on the estimated ultimate cost of all claims notified but not settled by the balance sheet date, together with the provision for related claims handling costs. The provision also includes the estimated cost of claims IBNR at the balance sheet date based on statistical methods.

These methods generally involve projecting from past experience of the development of claims over time to form a view of the likely ultimate claims to be experienced for more recent underwriting, having regard to variations in the business accepted and the underlying terms and conditions. For the most recent years, where a high degree of volatility arises from projections, estimates may be based in part on actuarial techniques and assessments of underwriting conditions. The amount of salvage and subrogation recoveries is separately identified and, where material, reported as an asset.

Notes to the financial statements continued

2. Accounting policies continued

Similar judgements, estimates and assumptions are employed in the assessment of adequacy of provisions for unearned premium. Judgement is also required in determining whether the pattern of insurance service provided by a contract requires amortisation of unearned premium on a basis other than straight line.

Estimates of future premiums

For certain insurance contracts, premium is initially recognised based on estimates of ultimate premiums. These estimates are judgemental and could result in misstatements of revenue recorded in the financial statements.

The main assumption underlying these estimates is that past premium development can be used to project future premium development. At the end of the reporting period, and as presented in note 4, the gross premiums include an accrual for premiums due but not yet received of \$3.1m.

Fair value of financial assets and derivatives determined using valuation techniques

Where the fair values of financial assets and financial liabilities recorded on the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of discounted cash flow models and/or mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgement is required to establish fair values. The judgements include considerations of liquidity risk, credit risk and model inputs such as estimated future cash flows based on management's best estimates and discount rates.

For discounted cash flow analysis, estimated future cash flows and discount rates are based on current market information and rates applicable to financial instruments with similar yields, credit quality and maturity characteristics. Estimated future cash flows are influenced by factors such as economic conditions (including country-specific risks), concentrations in specific industries, types of instruments or currencies, market liquidity, and financial conditions or counterparties. Discount rates are influenced by risk-free interest rates and credit risk.

Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(c) Basis of consolidation

The consolidated financial statements include the financial information of the club and its subsidiary undertakings. Subsidiaries are fully consolidated from the date on which control is transferred to the club and de-consolidated from the date on which control ceases.

Inter-company transactions, balances and unrealised gains on transactions between companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

An undertaking is regarded as a subsidiary undertaking if the club has control over its operating and financial policies, generally determined by the ownership of more than 50% of the voting stock of the investee.

Associated undertakings are companies other than subsidiary undertakings in which the club holds 20% or more of the equity share capital for the long term and over which the club exercises significant influence. Associated undertakings are accounted for using the equity method of accounting.

Uniform accounting policies are applied to all subsidiary undertakings.

The Standard Club Corporate Name Ltd, a subsidiary company, operates as a corporate member of The Standard Syndicate at Lloyd's and therefore follows the syndicate's financial year-end date of 31 December.

(d) Annual basis of accounting

The Consolidated Statement of Comprehensive Income is prepared on an annual accounting basis and includes all the premiums for policies incepting in the year, the cost of claims incurred and reinsurance for the current year, and any adjustments relating to earlier years together with operating expenses and investment income. All revenue transactions appear in the Consolidated Statement of Comprehensive Income.

The calls and premiums, reinsurance premiums payable, claims paid and related expenses, reinsurance recoveries and outstanding claims are allocated to the policy years to which they relate. Return on investments and operating expenses are allocated to the current policy year.

(e) Calls and premiums

Calls and premiums include gross calls less return premiums. These calls and premiums are the total receivable for the whole period of cover provided by the contracts incepting during the accounting period together with any premium adjustments relating to prior accounting periods.

(f) Unearned premiums

Unearned premiums represent the proportion of premiums written in the year that relate to unexpired terms of policies in force at the balance sheet date, calculated on a time apportionment basis.

(g) Claims incurred

Claims incurred comprise all claims and related expenses paid in the year, and changes in provisions for outstanding claims, including provisions for claims incurred but not reported and related expenses.

(h) Reinsurance recoveries

The liabilities of the club are reinsured above certain levels with similar associations under the International Group's Pooling Agreement and with market underwriters. The figures in the consolidated income and expenditure account relate to recoveries on claims incurred during the year.

Outstanding claims in the balance sheet are shown gross and the reinsurance recoveries are shown as an asset.

(i) Claims provisions and related reinsurance recoveries

The estimated cost of claims includes expenses to be incurred in settling claims and a deduction for the expected value of salvage and other recoveries. The estimation of claims incurred but not reported is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the club. The club takes all reasonable steps to ensure that it has appropriate information regarding its claims exposure. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. An allowance for future claims handling costs is included in the provision.

Claims estimates for the club are derived from a combination of loss ratio-based estimates and a variety of estimation techniques. These are generally based upon statistical analyses of historical experience, which assume that the development pattern of the current claims will be consistent with past experience. However, allowance is made for changes or uncertainties that may create distortions in the underlying statistics or that may cause the cost of unsettled claims to increase or reduce when compared with the cost of previously settled claims, including:

- changes in club processes that might accelerate or slow down the development and/or recording of paid or incurred claims compared with the statistics from previous periods
- changes in the legal environment
- the effects of inflation
- changes in the mix of business
- the impact of large losses
- movements in industry benchmarks.

The variety of estimation techniques assists in giving greater understanding of the trends inherent in the data being projected and in setting the range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the business class and the extent of the development of each policy year.

Large claims impacting each relevant business class are generally assessed separately, being measured and/or projected on a case-by-case basis in order to allow for the possible distortive effect of the development and incidence of these large claims.

Pollution and asbestosis claims can have a very long delay between the occurrence and notification. In estimating the cost of these claims, the club considers the type of risks written historically that may give rise to exposure to these liabilities, notifications received from policyholders, the nature and extent of the cover provided, the current legal environment, changes in the effectiveness of clean-up techniques and industry benchmarks of the typical cost of such claims.

Claims reserves are estimated on an undiscounted basis, apart from asbestos-related claims. Due to the very long delay between the occurrence and the final settlement of a claim which has arisen due to an exposure to asbestos, such asbestos-related claims provisions and IBNR thereon are discounted to take account of the expected investment income receivable between the balance sheet date and settlement on the assets held to cover these provisions.

Notes to the financial statements continued

2. Accounting policies continued

Provisions are calculated gross of any reinsurance recoveries. A separate estimate is made of the amounts that will be recoverable from reinsurers based upon the gross provisions and having due regard to collectability.

Reinsurance recoveries in respect of estimated claims incurred but not reported are assumed to be consistent with the historical pattern of such recoveries, and are adjusted to reflect changes in the nature and extent of the club's reinsurance programme over time.

An assessment is also made of the recoverability of reinsurance with regard to market data on the financial strength of each of the reinsurance companies.

(j) Reinsurance premiums

Reinsurance Premiums, less returns, are debited to the Consolidated Statement of Comprehensive Income in the financial year as and when charged to the club, together with a provision for any future costs of existing reinsurance policies.

(k) Investment return

Investment return comprises all investment income, realised investment gains and losses, and movements in unrealised gains and losses, net of investment expenses, charges and interest. Dividends are recorded on the date on which the shares are quoted ex-dividend and include the imputed tax credits. Interest and expenses are accounted for on an accruals basis. Realised gains and losses on investments carried at market value are calculated as the difference between net sales proceeds and purchase price. Movements in unrealised gains and losses on investments represent the difference between the valuation at the balance sheet date and their purchase price or, if they have been previously valued, their valuation at the last balance sheet date, together with the reversal of unrealised gains and losses recognised in earlier accounting periods in respect of investment disposals in the current period. The investment return is reported in the non-technical account.

(l) Financial instruments

The group has chosen to apply the recognition and measurement provisions of IAS 39 (as adopted for use in the EU) and the disclosure requirements of FRS 102 in respect of financial instruments.

Financial assets at fair value through income

The club classifies its investments as financial assets at fair value through income. As a result, gains and losses are taken to the Consolidated Statement of Comprehensive Income, which reflects the management of the portfolio on a fair value basis. Fair values of investments traded in active markets are measured at bid price. Where there is no active market, fair value is measured by reference to other factors.

Derivative financial investments

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The club does not engage in hedge accounting and changes in the fair value of all derivative investments are recognised immediately in the Consolidated Statement of Comprehensive Income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable settlement values. Amounts due from members and reinsurers are included in this category and are measured at cost less any provision for impairment in value.

Investments in subsidiaries

In the balance sheet of the club, investments in group undertakings and participating interests are stated at cost, unless their value has been impaired, in which case they are valued at the fair value less cost to sell, as appropriate.

Investments in joint ventures and associates

Investments in joint ventures and associates are held at cost less accumulated impairment losses.

(m) Foreign currencies

The group and club financial statements are presented in US dollars and rounded to millions.

The functional currency of the group and club is the US dollar, with the exception of the following companies whose functional currency is British pounds:

- The Standard Club Corporate Name Limited
- · Standard House Limited

The results and financial position of companies whose functional currency is pound sterling are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the balance sheet date
- income and expenses are translated at the average rate of exchange during the year
- all resulting exchange differences are recognised in other comprehensive income.

Monetary assets and liabilities in foreign currencies are translated at the US dollar rate of exchange at the balance sheet date, with the resulting difference treated as an exchange gain or loss within the non-technical account.

Revenue transactions in foreign currencies are translated into US dollars at the rate applicable for the week in which the transaction takes place. Exchange differences are reported in the non-technical account.

Foreign currency contracts are entered into in order to hedge the currency exposure of the investment portfolio. The contracts are for the forward sale of currencies, which are matched by holdings of those currencies. The open contracts have been revalued at year-end rates of exchange and the potential profit or loss included in the non-technical account.

(n) General administration expenses

General administration expenses, including managers' remuneration, are included on an accruals basis.

(o) Taxation

Taxation provided is that which became chargeable during the year.

Provision is made for deferred tax liabilities, using the liability method, on all material timing differences, including revaluation gains and losses on investments recognised in the Consolidated Statement of Comprehensive Income.

Deferred tax is calculated at the rates at which it is expected that the tax will arise. Deferred tax is recognised in the Consolidated Statement of Comprehensive Income for the period, except to the extent that it is attributable to a gain or loss that is recognised directly in the statement of changes in reserves. Deferred tax balances are not discounted.

Deferred tax assets are recognised to the extent that they are regarded as recoverable. Assets are regarded as recoverable when it is regarded as more likely than not that there will be suitable net taxable income from which the future reversal of the underlying timing differences can be deducted.

Notes to the financial statements continued

3. Segmental analysis by class

The segmental results of the five classes of the club plus the club's share of The Standard Syndicate are set out as follows:

3.1 Statement of comprehensive income

As at 20 February 2020	Note	Total US\$m	Class 1 – P&I US\$m	Class 2 – Defence US\$m	Class 3 – London US\$m	Class 4 – War US\$m	Class 5 – Strike US\$m	Syndicate US\$m
Technical account – general business								
Earned premiums, net of reinsurance								
Gross premiums earned, including calls	4	353.5	237.6	8.7	16.8	5.2	20.1	65.1
Outward reinsurance premiums	5	(96.0)	(66.7)		(2.3)	(3.5)	(2.8)	(20.7)
Earned premiums, net of reinsurance		257.5	170.9	8.7	14.5	1.7	17.3	44.4
Expenditure								
Gross claims incurred		440.5	364.3	9.8	11.1	_	(1.1)	56.4
Reinsurers' share		(131.4)	(130.1)	_	1.9	_	12.2	(15.4)
Claims incurred, net of reinsurance		309.1	234.2	9.8	13.0	_	11.1	41.0
Net operating expenses	9	58.1	25.7	1.7	1.8	0.4	5.1	23.4
Total expenditure		367.2	259.9	11.5	14.8	0.4	16.2	64.4
Balance on the technical account								
for general business		(109.7)	(89.0)	(2.8)	(0.3)	1.3	1.1	(20.0)
Non-technical account Balance on the technical account for general business Investment return net of expenses and charges Exchange (losses)/gains Other income/(charges) including value adjustments Share of operating profit of associate undertaking Excess/(shortfall) of income over expenditure before taxation Tax on excess of income over expenditure	10	(109.7) 83.9 (2.3) (8.6) - (36.7) (0.7)	(89.0) 68.3 (0.1) (8.5) - (29.3) (0.7)	(2.8) 5.0 (0.6) - - 1.6	(0.3) 4.4 (0.9) - - - 3.2	1.3 1.3 - (0.3) - 2.3 -	1.1 1.1 (0.1) - - 2.1	(20.0) 3.8 (0.6) 0.2 - (16.6)
Excess/(shortfall) of income over expenditure for the financial year		(37.4)	(30.0)	1.6	3.2	2.3	2.1	(16.6)
Other comprehensive (expenses)/income net of tax	<u> -</u>	(3.6)	0.2	1.0	3.2	2.3	2.1	(3.8)
Total comprehensive (expenses)/ income for the year transferred to				1.6	3.2	2.3	2.1	(20.4)
contingency reserve		(41.0)	(29.8)	1.6	3.2	2.3	2.1	(20

As at 20 February 2019	Note	Total US\$m	Class 1 – P&I US\$m	Class 2 – Defence US\$m	Class 3 – London US\$m	Class 4 – War US\$m	Class 5 – Strike US\$m	Syndicate US\$m
Technical account – general business								
Earned premiums, net of reinsurance								
Gross premiums earned, including calls	4	386.4	259.2	10.4	17.1	1.0	0.9	97.8
Outward reinsurance premiums	5	(80.7)	(60.7)		(2.0)	(0.5)	_	(17.5)
Earned premiums, net of reinsurance		305.7	198.5	10.4	15.1	0.5	0.9	80.3
Expenditure								
Gross claims incurred		262.3	165.1	4.4	17.2	(0.1)	0.6	75.1
Reinsurers' share		11.8	8.0	_	0.5	0.1	-	3.2
Claims incurred, net of reinsurance		274.1	173.1	4.4	17.7	_	0.6	78.3
Net operating expenses	9	81.1	26.2	1.1	2.3	0.2	0.3	51.0
Total expenditure		355.2	199.3	5.5	20.0	0.2	0.9	129.3
Balance on the technical account								
for general business		(49.5)	(8.0)	4.9	(4.9)	0.3	_	(49.0)
Non-technical account								_
Balance on the technical account for								
general business		(49.5)	(8.0)	4.9	(4.9)	0.3	-	(49.0)
Investment return net of expenses and								
charges	6	18.3	15.1	0.4	0.7	0.2	-	1.9
Exchange (losses)/gains		(9.3)	(5.5)	(1.1)	(3.6)	-	_	0.9
Other income/(charges) including value								
adjustments		(2.3)	(2.6)	_	_	_	-	0.3
Share of operating profit of associate								
undertaking		(0.3)	(0.3)	_	_	_	_	
Excess/(shortfall) of income over								
expenditure before taxation		(43.1)	5.9	4.2	(7.8)	0.5	_	(45.9)
Tax on excess of income over expenditure	10	(7.4)	0.3	(0.1)	-	-	-	(7.6)
Excess/(shortfall) of income over								
expenditure for the financial year	1	(50.5)	6.2	4.1	(7.8)	0.5	_	(53.5)
Other comprehensive (expenses)/income								
net of tax		5.2	(1.1)	_	_	_	_	6.3
Total comprehensive (expenses)/								
income for the year transferred to								
contingency reserve		(45.3)	5.1	4.1	(7.8)	0.5	_	(47.2)

Notes to the financial statements continued

3. Segmental analysis by class continued

3.2 Consolidated balance sheet

		Class 1 –	Class 2 –	Class 3 –	Class 4 –	Class 5 –	
As at 20 February 2020	Total US\$m	P&I US\$m	Defence US\$m	London US\$m	War US\$m	Strike US\$m	Syndicate US\$m
Assets							
Investments	890.6	763.1	_	48.1	_	_	79.4
Reinsurers' share of technical provisions	297.2	272.3	_	-	0.2	0.8	23.9
Debtors	130.8	97.5	1.3	1.0	12.0	2.0	17.0
Other assets	85.1	56.1	2.5	3.1	1.5	0.7	21.2
Prepayments and accrued income	13.0	6.9	0.1	0.2	(8.4)	11.9	2.3
Total assets	1,416.7	1,195.9	3.9	52.4	5.3	15.4	143.8
Liabilities							
Reserves	393.7	242.2	72.4	31.7	15.0	20.6	11.8
Technical provisions	937.2	787.5	7.5	19.8	_	9.4	113.0
Provisions for other risks and charges	7.8	7.8	_	_	_	_	_
Creditors	73.0	157.2	(76.0)	0.9	(10.4)	(15.1)	16.4
Accruals and deferred income	5.0	1.2	_	_	0.7	0.5	2.6
Total liabilities	1,416.7	1,195.9	3.9	52.4	5.3	15.4	143.8
		Class 1 –	Class 2 –	Class 3 –	Class 4 –	Class 5 –	
As at 20 February 2019	Total US\$m	P&I US\$m	Defence US\$m	London US\$m	War US\$m	Strike US\$m	Syndicate US\$m
Assets							
Investments	802.8	623.7	59.5	46.8	11.0	15.7	46.1
Reinsurers' share of technical provisions	288.3	248.8	_	_	14.5	1.0	24.0
Debtors	221.9	152.3	2.5	1.3	1.3	21.6	42.9
Other assets	124.6	74.8	4.1	2.2	0.7	7.5	35.3
Prepayments and accrued income	28.7	8.0	8.0	0.2	-	8.0	11.7
Total assets	1,466.3	1,107.6	66.9	50.5	27.5	53.8	160.0
Liabilities							
Reserves	434.7	386.8	70.8	28.5	12.7	18.5	(82.6)
Technical provisions	948.8	735.3	7.6	16.6	14.6	31.0	143.7
Provisions for other risks and charges	_	_	_	_	_	_	_
Creditors	74.8	(16.6)	(11.5)	5.4	0.1	3.4	94.0
Accruals and deferred income	8.0	2.1			0.1	0.9	4.9
Total liabilities	1,466.3	1,107.6	66.9	50.5	27.5	53.8	160.0
4. Gross premiums earned including calls							
·						2020 US\$m	2019 US\$m
Estimated total premium, other premiums and rele	eases 2019/20 (20	18/19)				298.8	419.5
Adjustments to previous policy years					(2.7)	(0.4)	
Change in the gross provision for unearned premiums					57.4	(32.7)	
Total calls and premiums						31.4	(,

5. Outward reinsurance premiums 2020 2019 US\$m US\$m International Group excess of loss 27.3 30.9 Adjustment to prior years (0.8)(0.6)Other premiums 55.1 60.6 Adjustment to prior years 4.0 (4.3)Change in the provision for unearned premiums, reinsurers' share 10.4 (5.9)Reinsurance premiums paid 96.0 80.7 6. Investment return 2020 2019 US\$m US\$m Investment income 9.8 24.2 Shares and other variable-yield securities and unit trusts Debt securities and other fixed-income securities 9.6 (3.0)2.3 1.7 Deposit interest Income from investment property 0.3 Gains arising on realisation of investments 36.7 18.2 58.4 41.4 Investment expenses and charges Investment management expenses (3.3)(3.1)Losses on realisation of investments (6.9)(8.0)(10.2)(11.1)Movement in unrealised gains on investments 33.9 (10.1)Movement in unrealised losses on investments (1.9)1.8 35.7 (12.0)83.9 Total investment return 18.3 7. Claims paid 2019 2020 US\$m US\$m Members' claims 315.1 306.5 Other P&I clubs' Pool claims 33.4 24.5 Syndicate claims 51.0 41.2 Gross claims paid 399.5 372.2 8. Reinsurers' share of claims paid 2020 2019 US\$m US\$m Claims recoverable from group GXL reinsurers (14.8)(32.4)Claims recoverable from other reinsurers (28.2)(20.5)Claims recoverable from the Pool (89.6)(77.0)Reinsurers' share of claims paid (132.6)(129.9)

Notes to the financial statements continued

_			_		
9.	Net	operat	tina	expenses	

	2020	2019
	US\$m	US\$m
Acquisition costs		
Management fee	14.4	11.6
General expenses	10.1	30.3
Change in deferred acquisition costs	9.3	(3.6)
Administrative expenses		
Management fee	11.1	9.6
General expenses	10.2	30.8
Safety and loss control	0.7	0.7
Directors' fees	1.4	1.0
Auditors' remuneration for audit services	0.7	0.5
Auditors' remuneration for other services	0.2	0.2
Net operating expenses	58.1	81.1

During the year the group (including its overseas subsidiaries) obtained the following services from the group's auditors as detailed below:

	2020 US\$m	2019 US\$m
Audit services		
Fees payable to the club's auditors for the audit of the parent company and consolidated financial statements	0.1	0.1
The audit of the club's subsidiaries, pursuant to legislation	0.6	0.4
Other services		
Fees payable to the club's auditors and their associates for other services:		
Other services pursuant to legislation, including the audit of the regulatory return	0.2	0.2
	0.9	0.7
40 Towns of the control of the contr		
10. Tax on excess of income over expenditure	2020	2019
	US\$m	US\$m
Analysis of charge in the period		
Current tax on income for the period	1.0	0.2
Total current tax	1.0	(0.3)
Deferred tax		
Origination and reversal of timing differences	_	7.7
Changes arising from movement in tax rates	_	_
Adjustments in respect of prior periods	(0.3)	_
Total deferred tax (note 11)	(0.3)	7.7
Tax in excess of income over expenditure	0.7	7.4

Factors affecting tax charge for the period

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (19%). The differences are explained below:

	2020 US\$m	2019 US\$m
(Shortfall)/excess of income over expenditure before taxation	(36.7)	(43.1)
Tax at 19% (2019: 19%)	7.0	10.3
Income not assessable for tax purposes	(8.0)	(17.7)
Adjustments in respect of prior years	0.3	_
Current tax charge for the period	(0.7)	(7.4)

The club is subject to corporation tax in the jurisdictions in which it does business, except in Bermuda, where there is no corporation tax. In the UK, corporation tax is limited to investment income owing to the mutual status of the club.

Factors affecting current and future tax charges

There are no factors affecting current and future tax charges.

11. Deferred tax

221 501011 04 (4).	2020	2019
Group	US\$m	US\$m
Deferred tax asset relating to:		
Other timing differences	(0.1)	0.3
Deferred tax asset based on effective tax rate of 19% (2019: 19%)	(0.1)	0.3
Recognised deferred tax asset at 20 February 2019 (2018)	0.3	8.3
Effect of exchange rate fluctuations	_	-
Recognised deferred tax movement for the year in the income and expenditure account	(0.4)	(8.0)
Recognised deferred tax asset as at 20 February 2020 (2019)	(0.1)	0.3
Recognised deferred tax liability at 20 February 2019 (2018)	(0.4)	(0.4)
Recognised deferred tax movement for the year in the income and expenditure account	0.5	0.4
Recognised deferred tax liability as at 20 February 2020 (2019)	0.1	-
Net deferred tax asset/(liability) as at 20 February 2020 (2019)		0.3

12. Claims outstanding

The board closed the 2017/18 policy year at its meeting on 16 July 2020. The table below provides the position after closure.

	2020	2019
	US\$m	US\$m
Open years		
Claims – own	517.9	429.8
Claims – Pool	83.3	65.6
Reinsurance recoveries – Pool	(166.9)	(86.8)
Reinsurance recoveries – GXL & other	(76.0)	(73.8)
Net claims provision for open years	358.3	334.9
Closed years		
Claims – own	265.7	317.0
Claims – Pool	62.6	71.1
Reinsurance recoveries – Pool	(3.6)	(30.2)
Reinsurance recoveries – GXL & other	(36.3)	(74.0)
Net claims provision for closed years	288.4	283.9
Total		
Claims – own	783.6	746.9
Claims – Pool	145.9	136.7
Gross outstanding claims	929.5	883.6
Reinsurance recoveries – Pool	(170.5)	(117.0)
Reinsurance recoveries – GXL & other	(112.3)	(147.8)
Reinsurance recoveries – total	282.8	264.8
Net claims provision	646.7	618.8

Claims outstanding includes provision for IBNR claims which is set by reference to, amongst other factors, standard actuarial techniques and projections. Also included in the provision is an estimate for the internal and external costs of handling the outstanding claims.

12.1 Movement in insurance and reinsurance contracts

	2020	2019
Claims outstanding	US\$m	US\$m
As at 21 Feb	883.6	967.9
Claims paid in the year	(399.5)	(372.2)
Changes to reserves in the year	445.4	287.9
As at 20 Feb	929.5	883.6
Unearned premium		
As at 21 Feb	65.2	33.0
Calls and premiums written in the year	313.2	386.4
Calls and premiums earned in the year	(370.7)	(354.2)
As at 20 Feb	7.7	65.2
Total insurance liabilities and unearned premiums	937.2	948.8
Reinsurers' share of claims outstanding		
As at 21 Feb	(264.8)	(389.9)
Reinsurance recoveries made in the year	132.6	129.9
Changes to reserves in the year	(150.6)	(4.8)
As at 20 Feb	(282.8)	(264.8)
Reinsurers' share of unearned premiums		
As at 21 Feb	(23.5)	(5.1)
Reinsurance premiums written in the year	(85.8)	(86.6)
Reinsurance premiums earned in the year	94.9	68.2
As at 20 Feb	(14.4)	(23.5)
Total reinsurance assets & reinsurers' share of unearned premium	(297.2)	(288.3)
Total net technical provisions	640.0	660.5

12.2 Development claim tables Claims outstanding (gross)

Policy year	2010/11 US\$m	2011/12 US\$m	2012/13 US\$m	2013/14 US\$m	2014/15 US\$m	2015/16 US\$m	2016/17 US\$m	2017/18 US\$m	2018/19 US\$m	2019/20 US\$m	Total US\$m
Estimate of ultimate						· · · · · · · · · · · · · · · · · · ·					
claims costs:											
– at end of policy year	299.2	446.7	343.0	373.7	353.7	332.1	249.1	273.3	461.1	332.0	3,463.9
– one year later	340.7	651.8	320.9	403.0	304.1	306.5	252.6	282.8	596.3	332.0	3,458.7
– two years later	334.3	824.6	308.9	433.7	275.4	311.4	232.0	275.8	370.3		2,996.1
– three years later	321.7	972.0	306.1	533.5	289.8	294.7	232.7	210.0			2,950.5
– four years later	310.8	958.4	308.4	509.9	301.1	296.9					2,685.5
– five years later	307.1	964.3	313.2	462.0	286.8	2,01,					2,333.4
– six years later	303.5	957.9	249.0	464.9							1,975.3
– seven years later	303.7	960.6	247.1								1,511.4
– eight years later	321.5	976.9									1,298.4
– nine years later	326.5										326.5
Current estimate of											
cumulative claims	326.5	976.9	247.1	464.9	286.8	296.9	232.7	275.8	596.3	332.0	4,035.9
Cumulative payments											,
to date	(307.5)	(953.0)	(229.2)	(438.9)	(251.7)	(292.6)	(185.7)	(184.6)	(262.8)	(101.6)	(3,207.6)
Liability recognised											
in the balance sheet	19.0	23.9	17.9	26.0	35.1	4.3	47.0	91.2	333.5	230.4	828.3
Provision in respect of prior y	ears/										101.2
Total provision included in th	ne balance s	heet									929.5
Policy year	2010/11 US\$m	2011/12 US\$m	2012/13 US\$m	2013/14 US\$m	2014/15 US\$m	2015/16 US\$m	2016/17 US\$m	2017/18 US\$m	2018/19 US\$m	2019/20 US\$m	Total US\$m
Estimate of ultimate											
claims costs:											
– at end of policy year	193.8	227.5	252.5	274.1	251.0	253.4	212.6	216.4	269.8	264.9	2,416.0
– one year later	213.0	238.7	231.2	288.0	222.1	258.2	237.2	252.5	337.8		2,278.7
– two years later	197.7	225.8	218.2	273.3	210.0	262.6	223.4	253.0			1,864.0
– three years later	192.1	220.0	212.5	270.6	211.4	252.3	222.6				1,581.5
– four years later	185.9	210.6	217.7	277.6	225.3	256.1					1,373.2
– five years later	183.1	209.5	216.5	279.4	223.3						1,111.8
– six years later	180.6	205.3	218.3	282.6							886.8
– sıx years later – seven years later	180.6 179.4	205.3 219.2	218.3 218.0	282.6							886.8 616.6
				282.6							
– seven years later	179.4	219.2		282.6							616.6
– seven years later – eight years later	179.4 193.2	219.2		282.6							616.6 410.0
seven years latereight years laternine years later	179.4 193.2	219.2		282.6 282.6	223.3	256.1	222.6	253.0	337.8	264.9	616.6 410.0
seven years latereight years laternine years laterCurrent estimate of	179.4 193.2 197.8	219.2 216.8	218.0		223.3	256.1	222.6	253.0	337.8	264.9	616.6 410.0 197.8
seven years latereight years laternine years laterCurrent estimate of cumulative claims	179.4 193.2 197.8	219.2 216.8	218.0		223.3 (197.7)	256.1 (230.6)	222.6 (178.7)	253.0 (162.3)	337.8 (182.2)	264.9 (93.0)	616.6 410.0 197.8
- seven years later - eight years later - nine years later Current estimate of cumulative claims Cumulative payments to date Liability recognised	179.4 193.2 197.8 197.8 (191.2)	219.2 216.8 216.8 (211.0)	218.0 218.0 (207.5)	282.6 (265.3)	(197.7)	(230.6)	(178.7)	(162.3)	(182.2)	(93.0)	616.6 410.0 197.8 2,472.9 (1,919.5)
 seven years later eight years later nine years later Current estimate of cumulative claims Cumulative payments to date 	179.4 193.2 197.8	219.2 216.8 216.8	218.0	282.6							616.6 410.0 197.8 2,472.9
- seven years later - eight years later - nine years later Current estimate of cumulative claims Cumulative payments to date Liability recognised	179.4 193.2 197.8 197.8 (191.2)	219.2 216.8 216.8 (211.0)	218.0 218.0 (207.5)	282.6 (265.3)	(197.7)	(230.6)	(178.7)	(162.3)	(182.2)	(93.0)	616.6 410.0 197.8 2,472.9 (1,919.5)

13. Other financial investments

	2020 US\$m	2019 US\$m
Financial assets at fair value through statement of comprehensive income	890.6	801.9
Total financial assets at market value	890.6	801.9
Financial assets at fair value through statement of comprehensive income	832.2	769.8
Total financial assets at cost	832.2	769.8
At market value		
Shares and other variable-yield securities and units in unit trusts	206.8	189.6
Debt securities and other fixed-income securities	683.7	611.6
Open forward currency contracts	0.1	0.7
Total investments at market value	890.6	801.9
At cost		
Shares and other variable-yield securities and units in unit trusts	174.9	170.7
Debt securities and other fixed-income securities	657.3	599.1
Total investments at cost	832.2	769.8
Included in the carrying values above are amounts in respect of listed investments as follows :		
	2020 US\$m	2019 US\$m
Shares and other variable-yield securities and unit trusts	137.1	189.6
Debt securities and other fixed-income securities	683.6	611.5
	856.7	801.1
	2020	2019
Open forward currency contracts	US\$m	US\$m
Fair value asset Contract/notional amount	0.1	0.7
Contract notional amount	_	

Open forward currency contracts represent potential losses or gains on forward contracts, which have been entered into to protect the assets of the club. These have been revalued at 20 February 2020 using exchange rates prevailing at that date. The total of the open forward contracts at any one time is limited by guidelines set by the board of directors and matched against currency and asset holdings in excess of the amount of the contracts.

13. Other financial investments continued

Contractual amounts outstanding at the balance sheet date include forward currency contracts to transact the net equivalent of US\$ 0.8m (2019: US\$0.8m), as broken down by local currency in the following table:

		2020 Local currency US\$m		2019 Local currency US\$m	
	Purchase	Sell	Purchase	Sell	
British pound sterling	11.9	(26.3)	29.4	(7.7)	
Canadian dollar	2.3	_	2.3	_	
European euro	22.5	(27.2)	17.9	(31.5)	
Japanese yen	_	(2.6)	_	(2.3)	
Polish zloty	_	_	1.2	(1.2)	
Swiss franc	_	(3.6)	_	(3.0)	
US dollar	53.0	(30.0)	44.8	(49.1)	

The net US dollar position of the above transactions at cost is US\$nil (2019 US\$nil).

The forward currency contracts outstanding at year end expire by 24 Feb 2020 (2019: 29 March 2019).

During the year a gain of nil (2019: US\$4.0m) relating to such contracts was recognised. This is included in the net exchange loss of US(\$2.5)m (2019: US\$9.3m loss) in the consolidated income and expenditure non-technical account.

14. Management of insurance and financial risk

The club is exposed to a range of insurance and financial risks through its operations as a protection and indemnity insurer, and its investment in The Standard Syndicate at Lloyd's.

This section summarises these risks and the way the club manages those risks (in addition to the risk management policies set out in the report of the directors).

14.1 Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable. This risk can be divided into premium risk (the risk that premiums charged will not be sufficient to meet all associated claims and expenses) and reserve risk (the risk that claims reserves will be inadequate to cover either known losses and/or unknown or undeveloped losses, such as occupational disease). These risks are managed as follows:

14.1.1 Premium risk

Premium risk is managed by clear underwriting controls including risk assessment tools, pricing models and clear authority levels. This risk is monitored for undue concentrations of risk and consistency with the club's risk appetite as set by the board. The risk management process is aided by a dedicated loss prevention function, aimed at ensuring that the club underwrites only those shipowners who operate to an acceptable standard.

Premium risk is mitigated through the acquisition of appropriate reinsurance programmes, including the International Group pooling and reinsurance programme, and also the club's own non-pool, retention and stop-loss reinsurances. Reinsurance strategy is set by the board in line with the board's risk appetite and is designed to mitigate the insurance risk through programmes tailored to the club's exposures.

14.1.2 Reserve risk

Reserve risk is managed by the prompt reserving of potential losses, regular review of individual estimates and overall reserve adequacy, as well as regular, systematic claims audits and the monitoring of consistency of estimating approaches, and the modelling of technical provisions by the club's actuarial function.

While the board considers that the liability for insurance claims recognised in these financial statements is adequate, it recognises that actual experience will differ from the expected outcome. The following table presents the sensitivity of the value of insurance liabilities disclosed in note 12 to movements in the assumptions used in the estimation of insurance liabilities. These sensitivities relate mainly to the P&I class, as this represents the club's largest exposure.

	Decrea	se	Increase		
mpact on profit – gross of reinsurance	2020 US\$m	2019 US\$m	2020 US\$m	2019 US\$m	
Increase/decrease in loss ratio by 5 percentage points	17.7	19.3	(17.7)	(19.3)	
10% increase/decrease in the number of occupational disease claims	3.2	2.9	(3.2)	(2.9)	
10% increase/decrease in claims handling expenses	1.7	1.5	(1.7)	(1.5)	
10% increase/decrease in the number of IBNR claims	4.9	5.8	(4.9)	(5.8)	
		2042		2010	
Impact on profit – net of reinsurance	2020 US\$m	2019 US\$m	2020 US\$m	2019 US\$m	
Increase/decrease in loss ratio by 5 percentage points	12.9	15.3	(12.9)	(15.3)	
10% increase/decrease in the number of occupational disease claims	3.2	2.9	(3.2)	(2.9)	
10% increase/decrease in claims handling expenses	1.7	1.5	(1.7)	(1.5)	
10% increase/decrease in the number of IBNR claims	2.2	1.0	(2.2)	(1.0)	

14.2 Financial risk

The club is exposed to a range of financial risks through its financial assets, financial liabilities (investment contracts), reinsurance assets and policyholder liabilities. In particular, the key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from insurance policies and investment contracts as they fall due. The most important components of this financial risk are market risk (including interest rate risk, equity price risk and currency risk), credit risk and liquidity risk.

These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The risks that the club primarily faces due to the nature of its investment and liabilities are interest rate risk and equity price risk.

14.2.1 Market risk

- Interest rate risk

Interest rate risk arises primarily from investments in fixed interest securities.

Interest rate risk is managed through the club's investment strategy. Debt and fixed interest securities are predominantly invested in high quality corporate and government backed bonds, with the club having defined investment guidelines that limit exposure in such holdings.

At the end of the financial year, approximately 79% (2019: 79%) of the club's investment portfolio was invested in fixed interest assets. The weighted duration of the investment portfolio was 4.2 years (2019: 3.5 years).

The club has no debt liability with interest payments that vary with changes in the interest rate.

Sensitivity analysis for interest rate risk illustrates how changes in the fair value of a financial instrument will fluctuate because of changes in market interest rates at the reporting date. An increase of 150 basis points in bond yields would result in a cost to the club of \$43.2m (2019: \$32.7m).

- Equity price risk

The club is exposed as a result of its holdings in equity investments and hedge funds. The club has defined investment guidelines that limit exposure in such holdings.

Sensitivity analysis for equity price risk illustrates the effect of changes in equity market indices on the value of the investment portfolio. A 10% decrease in equity values would be estimated to have decreased the surplus before tax and reserves at the year end by \$20.7m (2019: \$19.0m).

14. Management of insurance and financial risk continued

- Currency risk

The club is exposed in respect of liabilities under insurance policies denominated in currencies other than US dollars. The most significant currencies to which the club is exposed are pound sterling and the euro. The club seeks to manage this risk by constraining the deviation of the currencies of the assets from the estimated currencies of the liabilities. The club also uses forward currency contracts to protect currency exposures and maintain investment policy benchmarks.

The profile of the club's assets and liabilities, categorised by settlement currency, at their translated carrying amount, is set out below. Certain amounts, either due to their nature, notably reinsurers' share of outstanding claims, or the existence of forward contracts, may depend on a different underlying currency.

As at 20 February 2020	US\$	GBP	EUR	Other	Total
	US\$m	US\$m	US\$m	US\$m	US\$m
Total assets	1,219.6	81.8	64.1	51.2	1,416.7
Total liabilities	897.9	10.2	22.9	92.0	1,023.0
Net asset position	321.7	71.6	41.2	(40.8)	393.7
As at 20 February 2019	US\$	GBP	EUR	Other	Total
	US\$m	US\$m	US\$m	US\$m	US\$m
Total assets	1,256.9	103.0	74.5	31.9	1,466.3
Total liabilities	908.0	14.0	72.5	37.1	1,031.6
Net asset position	348.9	89.0	2.0	(5.2)	434.7

At 20 February 2020, had sterling strengthened by 10% against the US dollar with all other variables held constant, profit for the year would have been \$7.2m higher (2019: \$1.5m lower). Had the euro strengthened by 10% against the dollar profit for the year would have been \$4.1m higher (2019: \$0.9m higher).

14.2.2 Credit risk

The risk that a counterparty will be unable to pay amounts in full when due. Key areas where the club is exposed are:

- reinsurers' share of insurance liabilities
- · amounts due from reinsurers in respect of claims already paid
- amounts due from members
- counterparty risk with respect to cash and investments.

The assets bearing credit risk are summarised below, together with an analysis by credit rating:

Total assets bearing credit risk	899.7	958.8
Below CCC or not rated	155.2	143.7
В	_	_
BB	7.9	11.9
BBB	122.1	107.1
A	234.0	289.6
AA	77.5	125.4
AAA	303.0	281.1
Total assets bearing credit risk	899.7	958.8
Cash at bank and in hand	85.1	124.3
Assets arising from reinsurance contracts held	27.9	81.1
Loans and receivables	102.9	141.1
Debt securities	683.7	611.6
Derivative financial instruments	0.1	0.7
Group	2020 US\$m	2019 US\$m
,,		

The concentration of credit risk is substantially unchanged compared with the prior year. No credit limits were exceeded during the period. No financial assets are past due or impaired at the reporting date and management expects no significant losses from non-performance by these counterparties.

14.2.3 Liquidity risk

The risk that cash may not be available to pay obligations when due at a reasonable cost. The primary liquidity risk is the obligation to pay claims to policyholders as they fall due. The club maintains holdings in short-term deposits to ensure sufficient funds are available to cover anticipated liabilities and unexpected levels of demand.

The following table provides a maturity analysis of the club's financial assets (classes 1 to 5 combined) representing the dates that contracts will mature, amounts are due for payment or assets could be realised without significant additional cost:

Group	Short-term assets US\$m	Within 1 year US\$m	1-2 years US\$m	2-5 years US\$m	Over 5 years US\$m	Total US\$m
As at 20 February 2020		,				
Shares and other variable-yield securities and units in unit trusts	122.4	12.0	_	_	72.4	206.8
Debt securities and other fixed-income securities	598.8	8.6	18.1	13.7	44.5	683.7
Forward currency contracts	0.1	_	_	_	_	0.1
Cash balances	85.1	_	_	_	_	85.1
Investment property	_	_	_	_	_	_
Debtors	56.8	73.9	_	_	_	130.7
Reinsurers' share of claims outstanding	_	90.2	57.0	73.7	61.9	282.8
	863.2	184.7	75.1	87.4	178.8	1,389.2
As at 20 February 2019						
Shares and other variable-yield securities and units in unit trusts	118.2	11.8	_	_	59.6	189.6
Debt securities and other fixed-income securities	604.0	5.7	1.9	_	_	611.6
Forward currency contracts	0.7	_	_	_	_	0.7
Cash balances	124.3	_	_	_	_	124.3
Investment property	_	_	_	_	_	_
Debtors	121.2	85.5	_	_	_	206.7
Reinsurers' share of claims outstanding	_	82.1	52.7	70.4	59.6	264.8
	968.4	185.1	54.6	70.4	119.2	1,397.7

The following is an analysis of the estimated timings of net cash flows by financial liability (classes 1 to 5 combined). The timing of cash flows are based on current estimates and historic trends and the actual timings of cash flows may be materially different from those disclosed below:

	Within	Over			
	1 year 1	1-2 years	2-5 years	5 years	Total
Group	US\$m	US\$m	US\$m	US\$m	US\$m
As at 20 February 2020					
Gross outstanding claims	296.4	187.3	242.3	203.5	929.5
Financial liabilities under investment contracts	_	_	_	_	_
Creditors	59.2	_	_	_	59.2
	355.6	187.3	242.3	203.5	988.7
As at 20 February 2019					
Gross outstanding claims	274.1	175.8	234.8	198.9	883.6
Financial liabilities under investment contracts	_	_	_	_	-
Creditors	74.8	-	_	-	74.8
	348.9	175.8	234.8	198.9	958.4

14. Management of insurance and financial risk continued

14.2.4 Fair value estimations

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 Listed quoted prices in active markets and external broker quotes which are publicly, readily and regularly available on an active market
- Level 2 Inputs other than quoted prices included within level 1 that are observable, either directly (that is, as prices) or indirectly (that is, derived from prices)
- Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the clubs assets and liabilities measured at fair value at 20 February 2020 and at 20 February 2019.

Financial assets at fair value through profit or loss:

Group	Level 1 US\$m	Level 2 US\$m	Level 3 US\$m	Total US\$m
As at 20 February 2020				
Shares and other variable-yield securities and units in unit trusts	173.2	_	33.6	206.8
Debt securities and other fixed-income securities	530.6	153.1	_	683.7
Forward currency contracts	0.1	_	_	0.1
	703.9	153.1	33.6	890.6
As at 20 February 2019				
Shares and other variable-yield securities and units in unit trusts	158.1	_	31.5	189.6
Debt securities and other fixed-income securities	459.3	152.3	_	611.6
Forward currency contracts	0.7	-	-	0.7
	618.1	152.3	31.5	801.9

14.3 Capital management

The club maintains an efficient capital structure from the use of members' funds (reserves) along with the ability to make unbudgeted calls, if required, consistent with the club's risk profile and the regulatory and market requirements of its business.

The club's objectives in managing its capital are:

- to match the profile of its assets and liabilities, taking account of the risks inherent in the business
- to satisfy the requirements of its members and meet regulatory requirements
- to maintain an 'A' rating with Standard & Poor's
- to manage exposures to movement in exchange rates
- to retain financial flexibility by maintaining strong liquidity.

The club's principal regulators are the Bermuda Monetary Authority (BMA) and the club is subject to insurance solvency regulations which specify the minimum amount and type of capital that must be held. The club manages capital in accordance with these rules and has embedded in its Asset Liability Management (ALM) framework the necessary tests to ensure continuous and full compliance with such regulations. Throughout the year the club complied with the BMA's capital requirements and the requirements in the other countries in which it operates.

14.4 COVID-19

As discussed in further detail in note 22, the club continues to monitor and respond to the global COVID-19 pandemic.

15. Investment in group undertakings and participating interests

	Classes of		_	% hc	olding
	shares held	Year end	Principal business	Group	Company
Standard Reinsurance (Bermuda) Limited, incorporated in Bermuda	Ordinary	20 Feb	Reinsurance	100	100
The Standard Club UK Ltd, incorporated in the United Kingdom ¹	Ordinary	20 Feb	Marine mutual	75	75
The Standard Club Asia Ltd, incorporated in Singapore	Ordinary	20 Feb	Marine mutual	100	20
The Standard Club Ireland DAC, incorporated in the Republic of Ireland	Ordinary	20 Feb	Marine mutual	100	100
Hydra Insurance Company Limited (Standard Cell), incorporated in	Preferred	20 Feb	Reinsurance	100	100
Bermuda					
Standard House Limited, incorporated in Bermuda	Ordinary	20 Feb	Property investment	100	_
Charles Taylor Managing Agency Limited, incorporated in the United Kingdom ²	Ordinary	31 Dec	Lloyd's Managing Agent	49.9	49.9
The Standard Club Corporate Name Limited, incorporated in the United Kingdom	Ordinary	31 Dec	Lloyd's Corporate Name	100	100
Standard Hydor AS, incorporated in Norway ³	Ordinary	31 Dec	Lloyd's Coverholder	50	50
The Shipowners' Mutual Strike Insurance Association Europe, incorporated in Luxembourg ⁴	Ordinary	31 Jan	Marine mutual	99	-
The Strike Club Europe Limited, incorporated in United Kingdom ⁵	Ordinary	31 Jan	Marine mutual	100	_

^{1 75%} of voting control, no participating interest. No minority interest is shown in the group financial statements because the affairs of each class are managed on a unified basis throughout the group. 2 This holding was sold on 5 March 2020.

All subsidiary undertakings are consolidated in the financial statements.

16. Debtors arising out of direct insurance operations

Group	2020 US\$m	2019 US\$m
Members	74.2	85.5
Intermediaries	12.1	39.4
Reinsurers – Pool	17.3	61.6
Reinsurers – other	10.6	19.5
Debtors arising out of direct insurance operations	114.2	206.0
17. Other creditors including taxation and social security		
	2020	2019
Group	US\$m	US\$m
Trade creditors	6.8	4.6
Other creditors	7.0	3.9
Other creditors including taxation and social security	13.8	8.5

³ The group has an investment of NOK50k in a jointly controlled company, Standard Hydor AS, a service company. The group holds 50% of the nominal value of the allotted ordinary shares of the company. The cost of this investment was \$6k.

⁴ On 1 February 2019, following approval by Strike Club members in general meetings, The Shipowners' Mutual Strike Insurance Association Europe ('Strike Insurance Europe') and The Shipowners' Mutual Strike Association (Bermuda) Limited ('Strike Association Bermuda') merged into the group for nil consideration. The group now has 99% of the voting rights in Strike Insurance Europe and 100% of the voting rights in Strike Association Bermuda.

⁵ The Strike Club Europe Limited is a dormant company limited by guarantee and has \$nil net assets.

18. Reconciliation of operating surplus to net cash flow from operating activities

	2020	2019
	US\$m	US\$m
Excess of income over expenditure before tax	(36.7)	(43.1)
Gains arising on realisation of investments	(36.7)	(18.2)
Losses arising on realisation of investments	6.9	8.0
Unrealised (gains)/losses on revaluation of investments	(35.7)	12.0
Depreciation	(0.7)	_
Decrease/(increase) in debtors	83.3	(101.8)
Increase/(decrease) in net technical provision	(7.1)	65.4
Increase/(decrease) in creditors	26.3	16.7
Taxation	(0.7)	(7.4)
Other charges including value adjustments	8.8	3.0
Exchange differences	2.2	(1.0)
Net cash flow generated from operating activities	9.9	(66.4)

2020

2010

19. Letters of credit, bail bonds and guarantees

In the normal course of business, the club has provided letters of credit and guarantees on behalf of its members. These are secured by investments lodged with the club amounting to \$31.3m (2019: \$35.6m).

20. Related party transactions

The club, which is limited by guarantee, has no share capital and is controlled by the members, who are also its insureds. All members enter into insurance contracts negotiated with the club's managers on arm's length terms. These transactions are therefore with related parties and are the only transactions between the club and the members. The aggregate of these transactions is disclosed in these financial statements.

Charles Taylor plc, the ultimate holding company of the club's managers, Charles Taylor & Co (Bermuda), was acquired by Lovell Minnick Partners LLC and became Charles Taylor Limited on 21 January 2020. The acquisition does not impact the current arrangement with the club and the managers will continue to provide its services according to the management services agreement currently in place. The club paid management fees to the managers for the year of \$55.3m (2019: \$52.2m).

All the directors (except four: one senior executive and employee of the managers; one Bermuda resident director; and two independent directors) are representatives or agents of member companies and other than the insurance and membership interests of the directors' companies, the directors have no financial interests in the club.

The highest paid director received directors fees of US\$110,000 during the year (2019: US\$121,000). Directors are paid a flat fee with additional attendance fees.

The club held 7% of shares in Charles Taylor plc. These were sold on 30[th] January 2020 for \$27.1m.

21. Rates of exchange

	2020	2019
The following rates of exchange were applicable to US\$1 at 20 February 2020 (2019)		
Australian dollar	1.49	1.40
Bermudian dollar	1.00	1.00
Canadian dollar	1.32	1.33
European euro	0.92	0.89
Japanese yen	109.77	110.56
Singapore dollar	1.39	1.36
Swiss franc	0.98	1.01
British pound sterling	0.77	0.78

22. Events after the reporting period

22.1 Sale of subsidiary and investment in associate

The sales of the club's subsidiary The Standard Club Corporate Name Limited and the club's holding in Charles Taylor Managing Agency Limited were approved by the UK regulators, the Prudential Regulatory Authority, on 5 March 2020. The board considers the transactions as adjusting events after the end of the reporting period and therefore have recognised the financial effects of the sale in the 20 February 2020 financial statements. The provision for loss on disposal of SCCN is \$(7.8)m. The removal of net assets of SCCN as at 20 February was \$11.8m. The proceeds on sale was \$4.0m.

22.2 COVID-19

The directors have been monitoring the development of the impact of COVID-19, both directly on the club's business, and indirectly through the development of government policy and advice. The main considerations are as follows.

Operational

The club's managers have activated full business continuity contingency plans and now proved that the club can continue to operate in the event of a serious prolonged incident, such as the present pandemic. Business records and documentation are stored electronically, are regularly backed-up and are accessible remotely from anywhere in the world. Personnel in each of the managers' global offices have successfully transitioned to working from home and the club has been able to continue to provide the same level of service to its members.

Risks underwritten

The club insures only limited aspects of the effects of COVID-19. The marine protection and indemnity (P&I) policies which form the majority of the club's book provide cover for crew illness and death, crew repatriation and substitution, passenger illness and death, broader liabilities to passengers arising out threats to life, health or safety on board, third-party illness and death and additional quarantine expenses. The club also provides legal expenses cover for members (Defence), and cover for COVID-19 related delays. The net aggregate of COVID-19 claims notified up to 30 June 2020 across all classes of business amounted to over \$5.5m.

Investment portfolio

Since the year end the club has removed some of its equity exposure in an effort to de-risk the portfolio. This has mitigated the impact of the volatile investment market on the club's investment return, with club recording a 0.7% surplus of \$5.5m in the period from 20 February 2020 to 30 June 2020.

Policyholders

In the likely event of a major downturn in economic conditions, there will be members and business partners of the club who will be affected. The impact on the club in the short term is likely to be pressure on cash-flow and on debt recovery, and in addition, in the medium term, in pressure on premium, but there are also likely to be reduced levels of claims due to diminished levels of activity. For most members, P&I insurance is effectively compulsory, but laid-up ships will pay reduced premiums. The managers maintain very close links directly with members and through brokers network, and will respond as necessary as the position develops.

Regulators and Forecasts

The managers are modelling stressed future scenarios to assess the club's compliance with regulatory capital requirements in the context of the risk appetite determined by the Board. The directors recognise that as the foreseeable scenarios change, decisions may need to be made in relation to the scale of the club's activity and the level of capital maintained to support that activity. At the 20 February 2020 year end, the club's BMA Economic Capital and Surplus of \$399m was in excess of the club's ECR of \$231m. The managers do not expect a significant reduction in the levels of surplus regulatory capital to occur over the next 12 months.

Going Concern

As at the date of signing these financial statements, the directors' forecasts up to 20 February 2023 indicate that the club will be able to maintain liquidity and a surplus over its Solvency Capital requirement, and will therefore be able to continue to trade as a going concern. Even in severely stressed scenarios the conservative investment portfolio held by the club and the comprehensive reinsurance arrangements in place, will limit the extent of any downside risk. The directors are constantly monitoring the position in case any such stressed scenarios become more likely than is judged to be the case currently, however none would cause any going concern issues.

Appendix I (unaudited)Funds available for outstanding and unreported claims

Class 1 – P&I summary

		Funds available and estimated	Estimated net claims
		future supplementary	and forecast of unreported
	Appendix	calls	claims
	reference	US\$m	US\$m
At 20 February 2020			
Total closed policy years	III	275.6	275.6
Open policy years			
2019/20	II	154.7	154.7
2018/19	II	94.3	94.3
Total of open policy years		249.0	249.0
Reserves			
Contingency reserve	III	242.0	_
Statutory reserve		0.2	-
Total reserves		242.2	_
Funds available for outstanding and unreported claims		766.8	534.4

These appendices should be read in conjunction with the notes on the preceding pages.

Appendix II (unaudited)

Funds available for outstanding and unreported claims

Class 1 - P&I open policy years

		2019	2018	2017
		One year	Two years	Three years
	f		from inception	from inception
		US\$m	US\$m	US\$m
At 20 February 2020				
Calls and premiums – current year		241.6	(3.2)	_
Calls and premiums – prior year		-	259.6	270.7
Less: claims, reinsurance premiums, administration expenses and tax		(163.7)	(222.2)	(207.4)
		77.9	34.2	63.3
Investment income to date		67.5	9.6	42.6
Funds available	Α	155.1	43.8	105.9
Estimated known outstanding claims and forecast of unreported claims		199.3	253.9	59.2
Estimated reinsurance recoveries		(44.6)	(159.6)	5.0
	В	154.7	94.3	64.2
Anticipated (deficit)/surplus at closure	A-B	(9.3)	(50.5)	_
Surplus on closure of 2017/18 year		_	_	41.7
Transferred from(to) contingency reserve at 20 February 2019		_	39.7	(36.1)
Transferred from(to) contingency reserve at 20 February 2020		9.3	10.8	(5.6)
	-	-	_	
Product of a 10% supplementary call		19.1	19.3	20.2

Notes

Estimated known outstanding claims and the forecast of unreported claims of open years (excluding the 2017/18 policy year) include the club's share of other clubs pool claims amounting to \$83.3m.

Estimated reinsurance recoveries show the reinsurance recoveries to be made on reinsurance contracts net of provision for doubtful recoveries, and include anticipated pool recoveries of \$152.1m, recoveries from group excess of loss reinsurers of nil, and recoveries from other reinsurers of \$52.2m.

Investment income

All investment income received in the year has been allocated to the 2019/20 policy year.

Fixed premium and non-poolable business

Of the \$242m of calls and premiums on the 2019 P&I policy year, \$59m represents non-poolable business which is all fixed premium. The comparative figures for 2018 are \$260m and \$67m, and for 2017 \$271m and \$67m.

Appendix III (unaudited)Funds available for outstanding and unreported claims

Class 1 - P&I closed policy years and contingency reserve

	Closed polic	Closed policy years Conti		tingency reserve	
	2020 US\$m	2019 US\$m	2020 US\$m	2019 US\$m	
At 20 February 2019					
Balance available at 20 February 2019 (2018)	275.3	302.7	386.6	381.5	
Transfers on closure of 2017/2018 (2016/2017) policy year	64.2	51.9	5.6	36.1	
Premium adjustment	_	_	(0.2)	(0.1)	
Claims paid net of reinsurance recoveries	(200.6)	(100.5)	-	_	
	138.9	254.1	392.0	417.5	
Transfer of anticipated deficit on open years	_	_	(20.2)	(9.4)	
Other charges including value adjustments	_	_	_	(0.3)	
Minority interest	_	_	_	_	
Deterioration of claims in closed policy years	129.8	21.2	(129.8)	(21.2)	
Balance available at 20 February 2020 (2019)	268.7	275.3	242.0	386.6	

Closed policy years

The balance available for outstanding claims of closed policy years (including the 2017/18 year which was closed at the club's meeting on 15 May 2020) includes a provision for incurred but not reported claims (IBNR) of \$39.8m (2019: \$6.7m) and is shown net of Pool recoveries of \$20.3m (2019: \$46.3m), recoveries from group excess of loss reinsurers of \$11.3m (2019: \$21.1m) and other non-group reinsurance recoveries which amount to \$20.8m (2019: \$42.3m). The balance available including IBNR includes \$62.6m (2019: \$71.1m) in respect of the club's share of other clubs' outstanding Pool claims.

Notice of annual general meeting

The Standard Club Ltd (the company) Registe red no: 1837

Notice is hereby given that the 49th annual general meeting (the meeting) of the company will be held on Tuesday 18 August 2020 at 10.00am (Bermudan time) at The Swan Building, 26 Victoria Street, Hamilton HM12, Bermuda for the purpose of considering and, if thought fit, passing the following resolutions.

Special resolution

1. THAT with effect from the conclusion of the meeting, the Bye-laws, made available to the members, and produced to the meeting, being initialled by the Chairman of that meeting for the purpose of identification, be adopted as the Bye-laws of the Company in substitution for, and to the exclusion of existing Bye-laws.

Ordinary resolutions

- 1. THAT the reports of the directors and auditors, and the audited financial statements of the company for the year ended 20 February 2020 be received and adopted.
- 2. THAT Takis Vellis be elected as a director of the company.
- 3. THAT Markus Voorham be elected as a director of the company.
- 4. THAT Necdet Aksoy be re-elected as a director of the company.
- 5. THAT Arthur Bensler be re-elected as a director of the company.
- 6. THAT Cesare d'Amico be re-elected as a director of the company.
- 7. THAT Alistair Groom be re-elected as a director of the company.
- 8. THAT Bhumindr Harinsuit be re-elected as a director of the company.
- 9. THAT Erik Johnsen be re-elected as a director of the company.
- 10. THAT David Koo be re-elected as a director of the company.
- 11. THAT Ricardo Menendez Ross be re-elected as a director of the company.
- 12. THAT Ronald Forest be re-elected as a director of the company.
- 13. THAT Nicolas Hadjioannou be re-elected as a director of the company.
- 14. THAT Chen-Huei Yeh be re-elected as a director of the company.
- 15. THAT Barnabas Hurst-Bannister be re-elected as a director of the company.
- 16. THAT Gunther Jaegers be re-elected as a director of the company.
- 17. THAT Allister Paterson be re-elected as a director of the company.
- 18. THAT the directors be authorised to reappoint the auditors and fix their remuneration.

Date: 31 July 2020 By order of the board, Charles Taylor & Co (Bermuda) Secretary

Registered Office: Swan Building, 2nd Floor 26 Victoria Street Hamilton HM12 P.O. Box HM 2904 Hamilton Bermuda

Notice of annual general meeting

continued

In light of the current pandemic and precautionary measures to avoid the spread of the COVID-19 virus, the AGM will be convened in a virtual environment to conduct the business of the meeting.

Details of how to join the meeting will be sent out at a later date.

Re-election of directors holding office for over nine years

the election of directors moting of the for over time years	
Necdet Aksoy (appointed 30 January 2002)	Principal of Akmar Shipping Group and Turkish Cargo Lines
Arthur Bensler (appointed 8 October 2010)	Executive Vice President (Corporate Secretary and General Counsel) of Teekay Corporation
Cesare d'Amico (appointed 28 January 2004)	Principal of d'Amico Societa di Navigazione SpA
Alistair Groom (appointed 1 October 2004)	Former CEO of the managers' London agents
Bhumindr Harinsuit (appointed 30 January 2007)	Managing Director of The Harinsuit Transport Co Ltd
Erik Johnsen (appointed 26 September 2003)	Director of Seaocean Carriers Pte. Ltd.
David Koo (appointed 15 May 20069)	Managing Director of Valles Steamship Co Ltd
Ricardo Menendez Ross (appointed 18 May 1990)	CEO of Interocean Transportation Inc.

Notes

- 1 A member of the company entitled to attend, speak and vote at the above meeting is entitled to appoint a proxy to attend, speak and vote on their behalf. The proxy need not be a member of the company.
- 2 The appointment of a proxy will not prevent a member from subsequently attending, speaking and voting at the meeting in person. Details of how to appoint the chairman of the meeting or another person as your proxy are set out in the notes to the Form of Proxy. If you wish your proxy to speak on your behalf at the meeting, you will need to appoint your own choice of proxy (not the chairman) and give your instructions directly to them.
- $3 \ \, \text{For the instrument appointing a proxy to be effective, you must complete the enclosed Form of Proxy and ensure that the Form of Proxy, together with any power of attorney or other authority under the enclosed Form of Proxy and ensure that the Form of Proxy and ensure that the Form of Proxy are the enclosed Form of Proxy and ensure that the Form of Proxy are the enclosed Form of Proxy and ensure that the Form of Proxy are the enclosed Form of Proxy and ensure that the Form of Proxy are the enclosed Form of Proxy and ensure that the Form of Proxy are the enclosed Form of Proxy and ensure that the Form of Proxy are the enclosed Form of Proxy and ensure that the Form of Proxy are the enclosed Form of Proxy and ensure that the Form of Proxy are the enclosed Form of Proxy and ensure that the Form of Proxy are the enclosed Form of Proxy and ensure that the Form of Proxy are the enclosed Form of Proxy are the enclosed Form of Proxy and ensure that the Form of Proxy are the enclosed Form of Proxy are the e$ which it is executed (or a notarised certified copy of the same), is deposited with the secretary of the company, Charles Taylor & Co (Bermuda), Swan Building, 2nd Floor, 26 Victoria Street, Hamilton HM12, P.O. Box HM 2904, Hamilton HMLX, Bermuda, or scanned and emailed to pandi.bermuda@ctplc.com not less than 48 hours before the time fixed for holding the meeting or adjourned meeting. 4 A corporate member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative
- exercises powers over the same vote.

Form of proxy
The Standard Club Ltd (the company) Registered no: 1837

49th annu	ıal gener	al meeti	ng

18 A	uaust	2020	at 2	00.9	nm ((the	meetii	na)

	ock Capitals), a member of the above-named company, hereby appoint the ch						
	meeting, or, as my proxy to vote for me on my behalf at the annual general m						
	the company to be held at The Swan Building, 26 Victoria Street, Hamilton HM12, Bermuda on Tuesday 18 August 2020 at 10.00 am, and						
at a	ny adjournment thereof						
Sign	nature						
Dat	ed2020						
	My proxy is not a member of the club and their email address is as follows:						
 Ple	ase provide an email address is the proxy is not a member of the club						
Plea	ase indicate with an X in the spaces below how you wish your votes to be cast.						
Ordin	nary resolutions	For	Against				
1.	THAT the Bye-laws be adopted as the Bye-laws of the company.						
2.	THAT the reports of the directors and auditors, and the audited financial statements of the company						
	for the year ended 20 February 2020 be received and adopted.						
3.	THAT Takis Vellis be elected as a director of the company.						
4.	THAT Markus Voorham be elected as a director of the company.						
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18.	THAT Allister Paterson be re-elected as a director of the company.						
19.	THAT the directors be authorised to reappoint the auditors and fix their remuneration.						

Notes

- 1 If you wish any person other than the chairman to act as your proxy, please insert the name of your proxy in the space provided. If no name is inserted, you will be deemed to have appointed the chairman of the meeting. A proxy need not be a member. If the proxy is not a member of the company please provide their contact details on the proxy form so that they can receive details of how to
- 2 Please indicate with an X in the appropriate spaces how you wish your vote to be cast in respect of each of the resolutions. On receipt of this form duly signed but without any specific direction on how you wish your votes to be cast, the proxy will vote in favour of the resolutions.

 3 In the case of a corporation, this form must be signed by an authorised officer or attorney duly authorised on that behalf, and the signatory should state in the line below his name, his office (for
- example, company secretary, director).
- 4 To be valid at the annual general meeting referred to, this form must be completed, signed and dated. It should then be deposited with the secretary of the company, Charles Taylor & Co (Bermuda), Swan Building, 2nd Floor, 26 Victoria Street, Hamilton HM12, P.O. Box HM 2904, Hamilton HMLX, Bermuda, or scanned and emailed to pandi.bermuda@charlestaylor.com not less than 48 hours before the time fixed for holding the meeting or adjourned meeting. $% \label{eq:continuous}%$
- 5. Completion and return of this form will not prevent you from attending and voting in person if you wish.

Copies of the form can be downloaded from www.standard-club.com.

Managers and offices

Managers

Charles Taylor & Co (Bermuda)

Company Secretary

Charles Taylor & Co (Bermuda)

Registered office of the club

Swan Building 2nd Floor 26 Victoria Street Hamilton HM12 Bermuda

Telephone: +1 441 292 7655 Email: pandi.bermuda@ctplc.com

www.standard-club.com www.ctplc.com

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