

# Standard Club and North – Addressing the maritime challenges of today and tomorrow, together

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The proposal explained

March 2022

## Foreword

“Standard Club and North are exploring the potential of combining to jointly create a club at the forefront of global marine insurance, acting as a powerful industry voice and upholding the values of the International Group system. This development would enable us to harness the 300 years of shared P&I heritage to navigate the continuing change affecting the maritime sector and better anticipate challenges ahead, to deliver tangible benefits for members and shipowners around the world.

The proposed merger remains subject to the approval of the mutual membership of both clubs and by the relevant regulatory authorities. If approved, the combined club is expected to be fully operational for the renewal in February 2023. We have an opportunity to create one of the world’s leading P&I clubs with the widest claims expertise to underpin a more extensive, more diversified product range delivering a broader range of services, faster innovation, even stronger financial resilience and be a compelling advocate for shipowners and members.

This is an exciting time in our 135 plus year history as we look to develop a combined club which is the P&I mutual of choice for talent, members and shipowners.”



Jeremy Grose, CEO



# Accelerating through change



## Change. It's all around us...

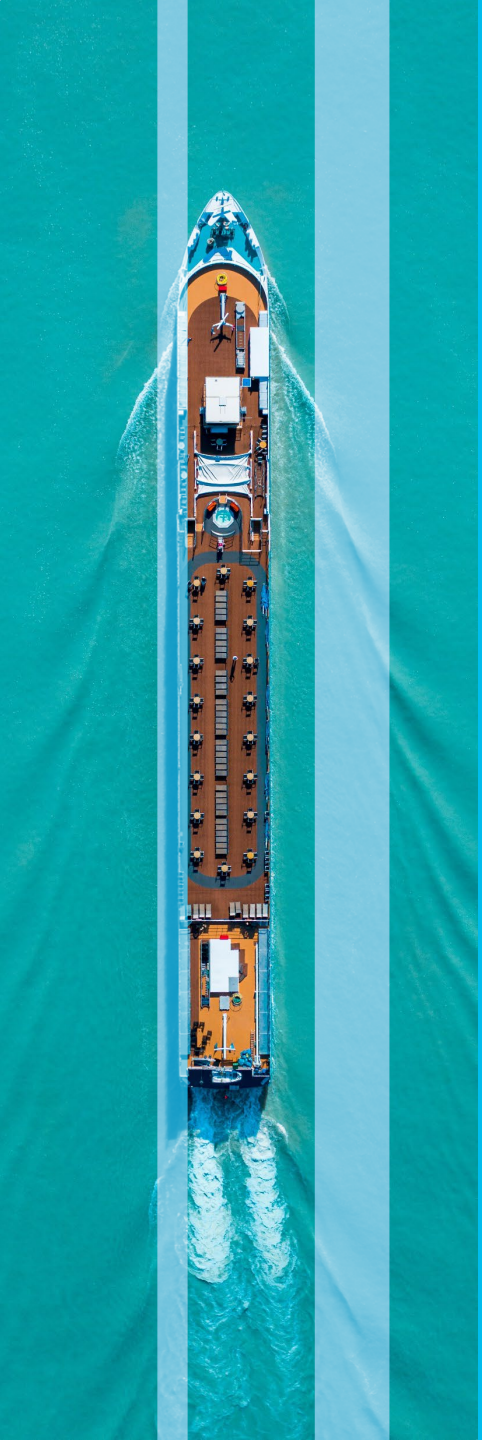
Change that has brought unrivalled volatility to all maritime industries – increasing costs and creating uncertainty.

Change has also brought potential - new thinking, new technology and new ways to solve old problems.

## But to really benefit from that change, we need to embrace it.

That's why Standard Club and North are exploring the potential of combining. Both with innovation in their DNA, 300 years of combined P&I heritage, and both with unwavering commitment to mutuality. Together, we have the potential to achieve so much more for members and shipowners around the world.

Continued ....



Uniting as one to be at the forefront of global marine insurance, acting as a powerful industry voice and upholding the values of the International Group system.

A combined club with the widest claims expertise to underpin a more extensive, more diversified product range delivering a broader range of services, faster innovation, even stronger financial resilience and being a compelling advocate for shipowners and members. With the endless potential of an even deeper pool of talent to maintain and strengthen the focus on service excellence for which both are renowned.

**North**



Standard Club and North – meeting the maritime challenges of today and tomorrow, together.

Why now?



## P&I is changing. The P&I model is changing.

Larger, more complex claims are challenging performance across the entire sector, pushing up combined ratios and putting capital under pressure. Scale is becoming increasingly important – to maintain mutuality and develop the broader commercial offerings needed.

## The climate is changing.

We've all witnessed an increase in the number and severity of natural disasters, and members of all clubs are looking for support in their decarbonisation journey to net zero.

## Tech is changing.

Better use of data and automation could revolutionise the P&I market – but the balance between the significant, long-term investment needed to modernise while still meeting shorter-term needs and means is difficult.

## Regulation is changing.

More regulation from more regulators worldwide has created a step-change in the time and cost needed to comply.

## Recruitment is changing.

Covid has further sharpened an already competitive market. Restrictions, the shift to hybrid working and staff re-evaluating their personal priorities have all made it harder to recruit the experienced local experts in underwriting, claims and technology that the industry needs.



What are the benefits  
to members?





The combination of two clubs with shared perspectives on mutuality, service, heritage and diversification offers enormous potential for members and partners; acting as a powerful industry voice for shipowners around the world.





## Vision:

Harnessing over 300 years of maritime heritage to create a global marine insurer for the future.

### 4 supporting pillars

#### **Exceptional Service & Innovation**

Providing unequalled trading confidence to members and partners.

#### **Global Reach & Influence**

Relevant to the widest range of shipowners and a powerful global voice.

#### **Financial & Operational Resilience**

Meeting market changes and challenges.

#### **Talent & Succession**

Offering unparalleled career opportunities.



## Exceptional Service & Innovation

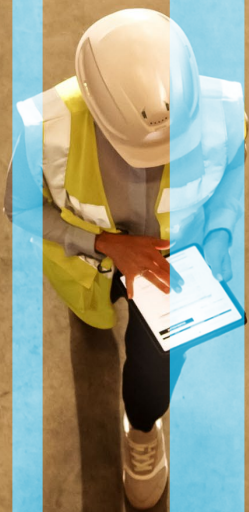
A combined club will offer a broader and deeper claims experience with more accessible services; an even greater pool of market-leading knowledge and insight, delivered across all key markets to support the changing needs of members.

And bringing all this expertise together will supercharge the combined club's appetite and ability to innovate – doubling the sources of new ideas, providing more diverse data sources and a larger membership base that will improve the viability of new products and services. Deeper insights, more tailored solutions and investment in technology could help the new club navigate disruptive change and anticipate future market challenges to improve service levels in the most cost-effective ways.

## Global Reach & Influence

This combination will deliver a global ecosystem of marine insurance solutions, relevant to the widest range of shipowners, operators and charterers: including P&I, Hull, War, Offshore & Renewables, Strike & Delay and more.

A powerful global voice, acting for shipowners and their best interests with a broader local footprint.



## Financial & Operational Resilience

Creating a stronger balance sheet is expected to result in a highly secured club, well-positioned to thrive in all conditions. Backed by a strong capital buffer over regulatory requirements, the combined club's capital strength is expected to be S&P 'AAA' rated, with free reserves large enough to allow for significant reinvestment into the value proposition

Some increases in operational efficiency, achieved by deduplication and economies of scale, could also be available, but this is not the primary goal. There may be scope to lower some expense ratios and ensure more sustainable premiums without diluting the service-led approach.

## Talent & Succession

Such a club could also be the employer of choice for talent – offering more choice, more opportunities and more flexibility for employees. Making it easier to attract, develop and keep the human capital that is the foundation of the service-led approach, consistently valued and sought by members.



What next?

# Timetable and implementation plan

○ March 2022

- Boards of both clubs approve merger discussions and formal announcement made

○ March to May 2022

- Engagement with members, our people, brokers and other stakeholders
- Commence integration planning
- 25 May – member EGMs to approve merger

○ September 2022

- Anticipated date for all regulatory/ merger control approvals to be received
- Operating model design and planning for 20 February 2023 renewal

○ February 2023

- Formal corporate merger of the two clubs is completed and the first policy year of combined clubs begins with a new corporate structure and brand in place
- Commence detailed Target Operating Model design and planning





**Standard  
Club**