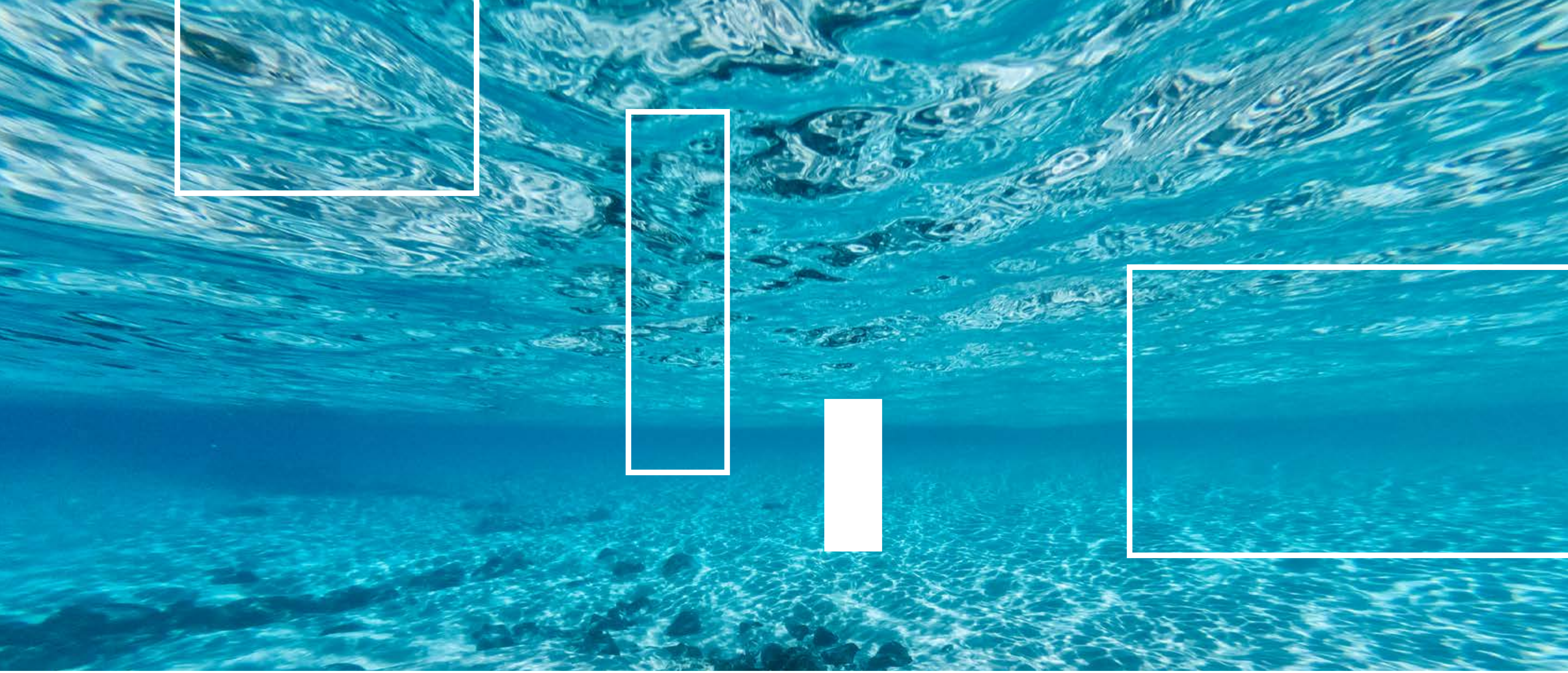


October 2020

Standard

Club Financial Summary

Highlights
2019/20 financial year

- Owned tonnage increased by 1.5%
- Largely as a result of the Standard Syndicate ceasing operations in January 2019, premiums reduced by 8.5% (the underlying result, excluding the Syndicate, was almost no change in premium)
- Gross and net paid claims increased by 7.3% and 16.6% respectively
- Net incurred claims increased by 12.8%
- Underwriting loss of USD 109.7 million (the Standard Syndicate contributed USD 20 million of this deficit)
- 9.7% investment return
- Overall loss for the year of USD 41 million
- Assets reduced by 1.24%, free reserves reduced by 9.4%

Owned tonnage increased by
+1.5%

Premium income unchanged
(excluding syndicate)
Stable underlying premium

Net incurred claims increased by
+12.8%

-9.4%
Free reserves

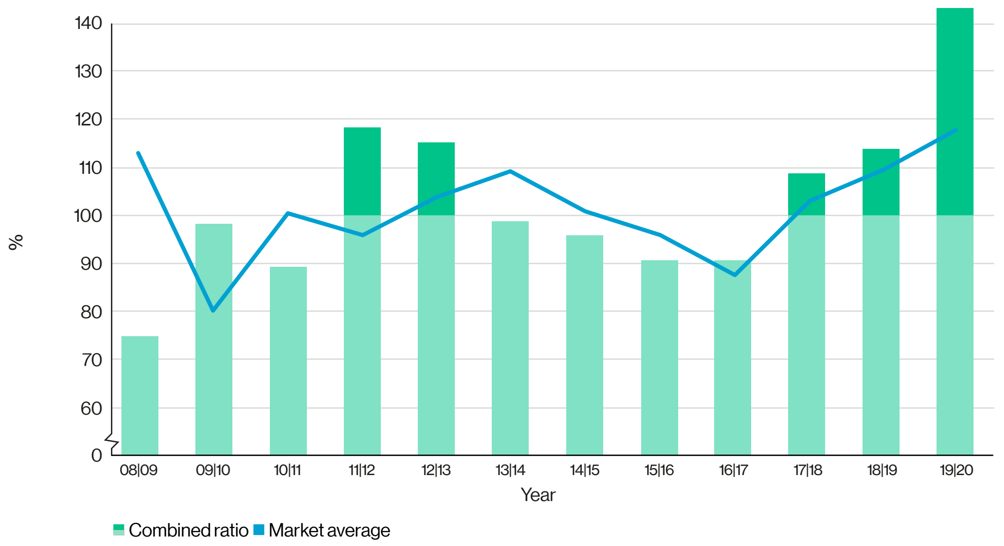
Investment return
+9.7%

Combined ratio
143%
(Consolidated Group)
from 116% in 2018/19

Combined ratio

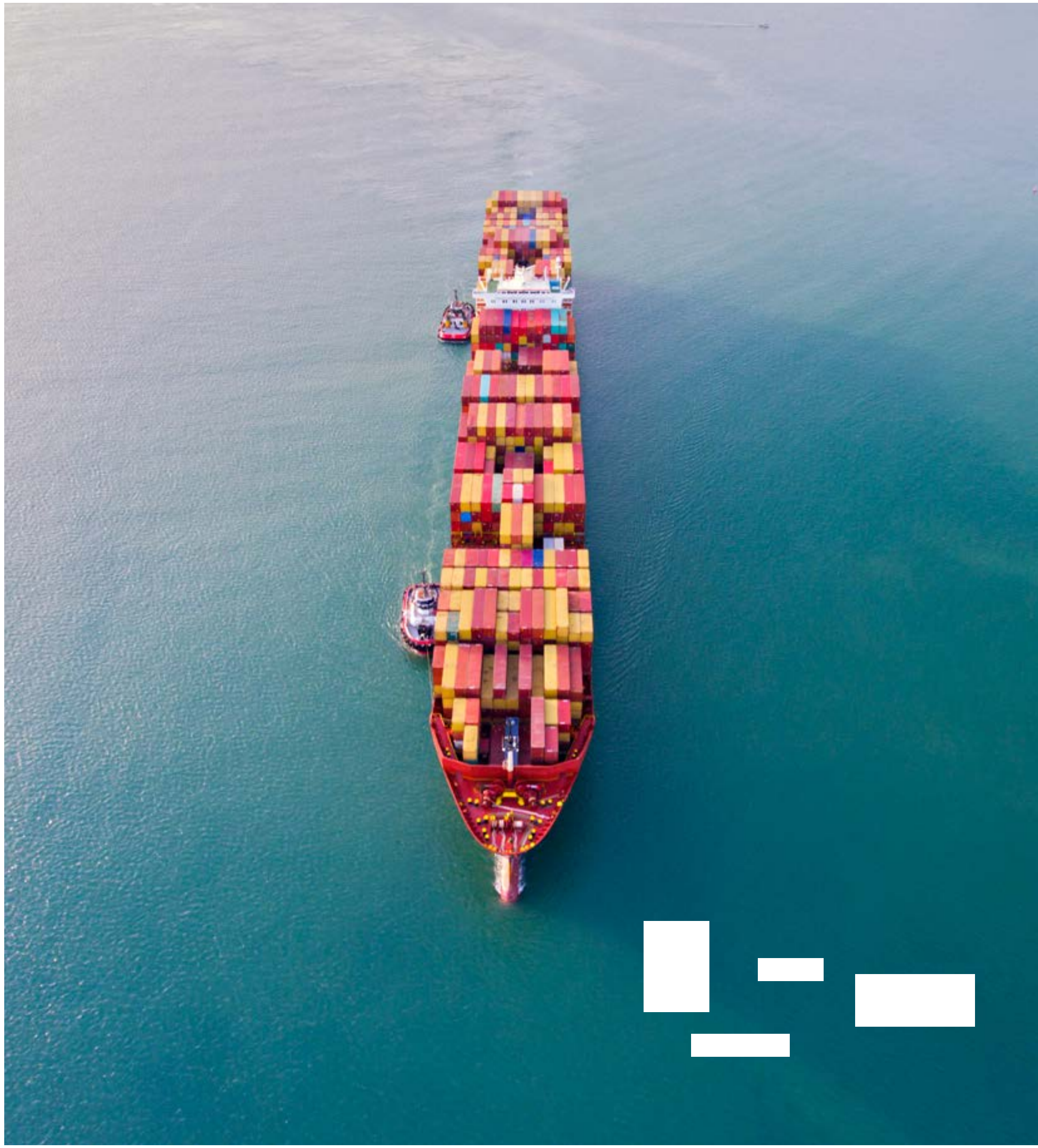
The underlying results of the Standard Club are complicated by recent returns of premium and the underwriting losses from the Syndicate. Comparisons of the results including and excluding the Syndicate and premium rebate are as follows:

Combined ratio



(USD 000s)	2017/18	2018/19	2019/20
Combined ratio comparisons	**Percent (%)**	**Percent (%)**	**Percent (%)**
Combined ratio full consolidation:	110	116	143
Combined ratio excluding Syndicate:	105	100	142
Underwriting results	**USD (millions)**	**USD (millions)**	**USD (millions)**
Underwriting result full consolidation	**-24.5**	**-49.5**	**-109.7**
Underwriting result excluding Syndicate	**-3.7**	**-0.5**	**-89.7**

*2017/18 result includes return of premium to Members



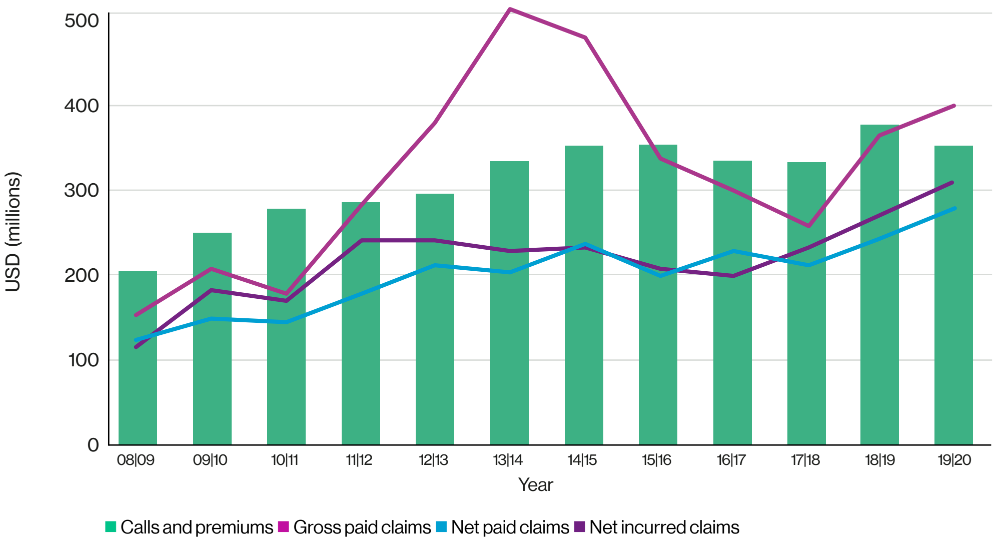
Consolidated financials

Consolidated financials continue please click here >

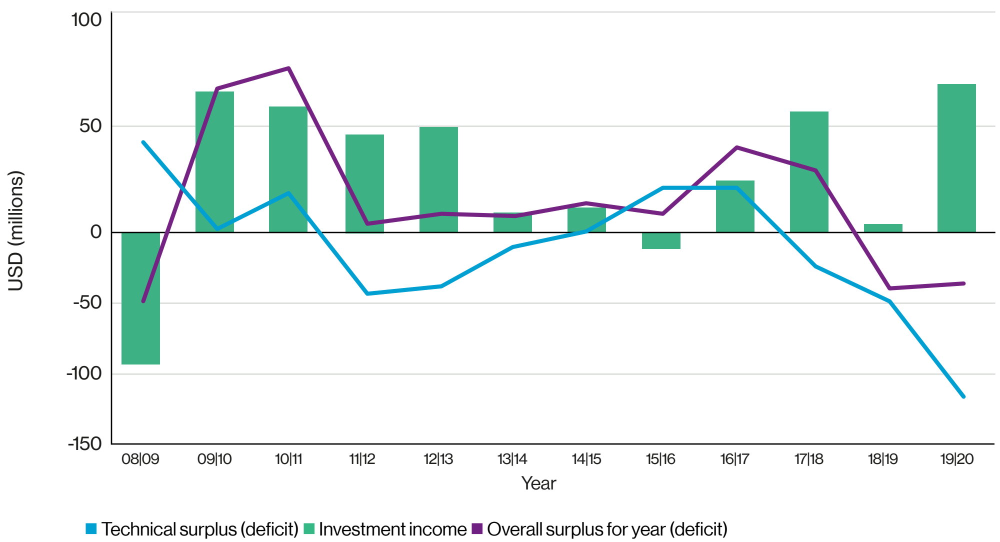
(USD 000s)	2017/18	2018/19	2019/20
Calls and Premiums	**334,300**	**386,400**	**353,500**
Reinsurance Premiums	-80,800	-80,700	-96,000
Operating Expenses	-45,700	-81,100	-58,100
Operating Income	**207,800**	**224,600**	**199,400**
Gross Paid Claims	258,000	372,200	399,500
Net Paid Claims	211,700	242,300	282,400
Net Change in Provision for Claims	20,600	31,800	26,700
Net Incurred Claims	232,300	274,100	309,100
Technical Surplus (Deficit)	**-24,500**	**-49,500**	**-109,700**
Investment Income	55,500	4,200	68,700
Overall Surplus for Year (Deficit)	**31,000**	**-45,300**	**-41,000**

Despite reporting some of the worst results in the P&I market for the 2019/20 financial year, the decisions in 2020 to bring the management team in-house and final divestment of their Lloyd's syndicate are positive steps towards a more focussed future for the Standard Club.

Underwriting development



Overall result - including investment income



Consolidated financials

Consolidated financials continue please click here >

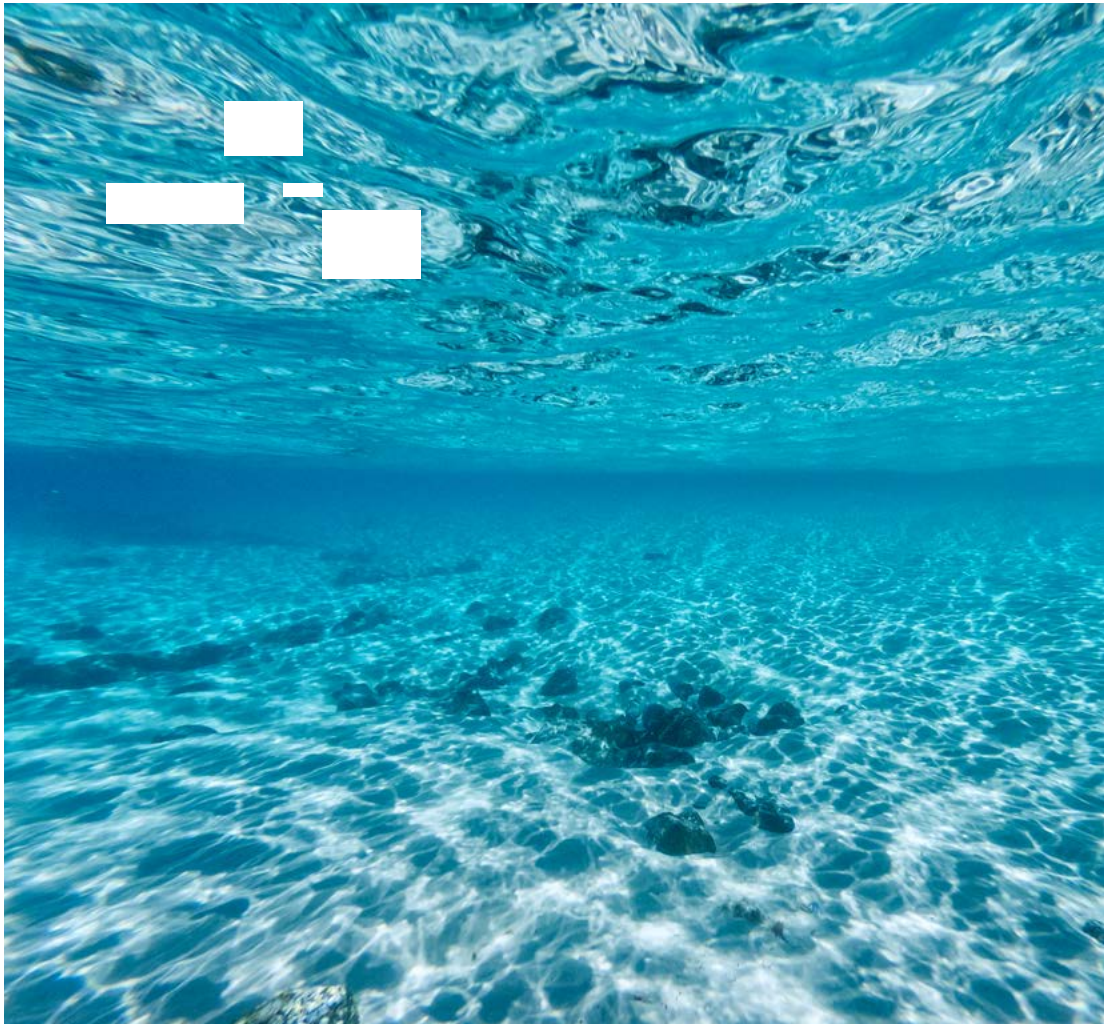
Change in Standard Club management operating model
In May 2020 the Standard Club Board decided on a new operating model reducing its reliance on Charles Taylor. The club's existing management team moved with almost immediate effect to being employed directly by the Standard Club (from Charles Taylor). All 200-plus staff will progressively follow to this direct employment model and the transition is expected to be completed by August 2021. The relationship with Charles Taylor will continue solely to provide support services including information technology, investment management and internal audit. This move reduces potential conflicts of interest between Charles Taylor's non-P&I services and the strategic priorities of the Standard Club.

Lloyd's Syndicate and Club Diversification
The Standard Syndicate ceased underwriting from 01 January 2019. In the Syndicate's final year of operations the Standard Club provided 86% of the capital (increased from 47% previous year).

The Standard Syndicate's results are still included in the consolidated financial year results summarised on pages 2, 5 and 6. A simplified breakdown of the Syndicate's results is below:

(USD 000s)	2017/18	2018/19	2019/20
Premiums	**47,100**	**97,800**	**65,100**
Reinsurance	-10,100	-17,500	-20,700
Operating Expenses	-20,900	-51,000	-23,400
Operating Income	**16,100**	**29,300**	**21,000**
Net Incurred Claims	**36,900**	**78,300**	**41,000**
Technical Deficit	**-20,800**	**-49,000**	**-20,000**
Investment Income	1,200	1,800	3,400
Deficit for Year	**-19,600**	**-47,200**	**-16,600**

The Standard Club sold their Lloyd's corporate name and its 50% share of the managing agency in 2020. This finalises the club's involvement in this perennially loss making investment in the Lloyd's market.



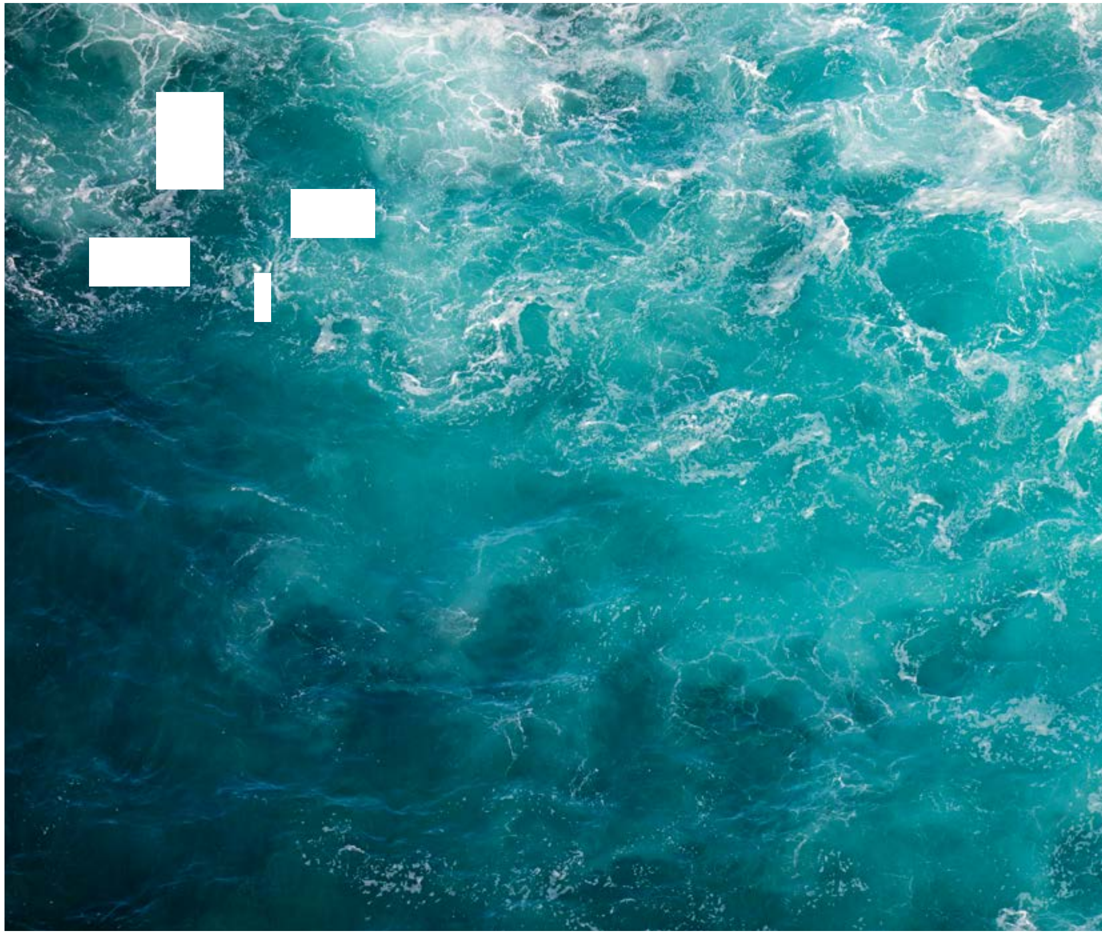
Consolidated financials

(USD 000s)	2018	2019	2020
Net Assets	**1,039,500**	**1,053,500**	**1,040,400**
Net Outstanding Claims	578,000	618,800	646,700
Free Reserves	**461,500**	**434,700**	**393,700**

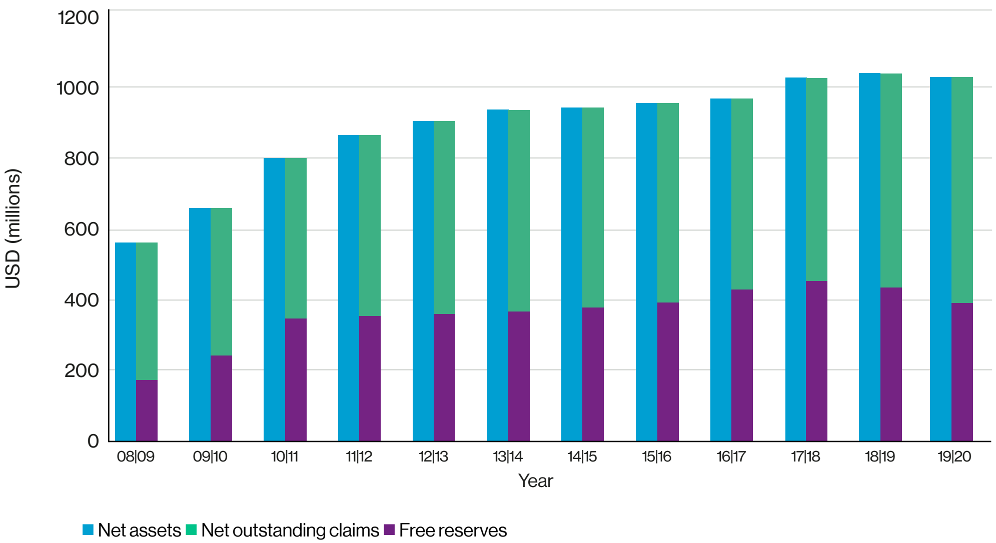
	2018	2019	2020
S&P Rating*	A	A	A

AER (Average Expense Ratio) Five years ending 20 February:	2018	2019	2020
	12.5	12.8	12.9

* Negative outlook. Figures are correct at the time of release.

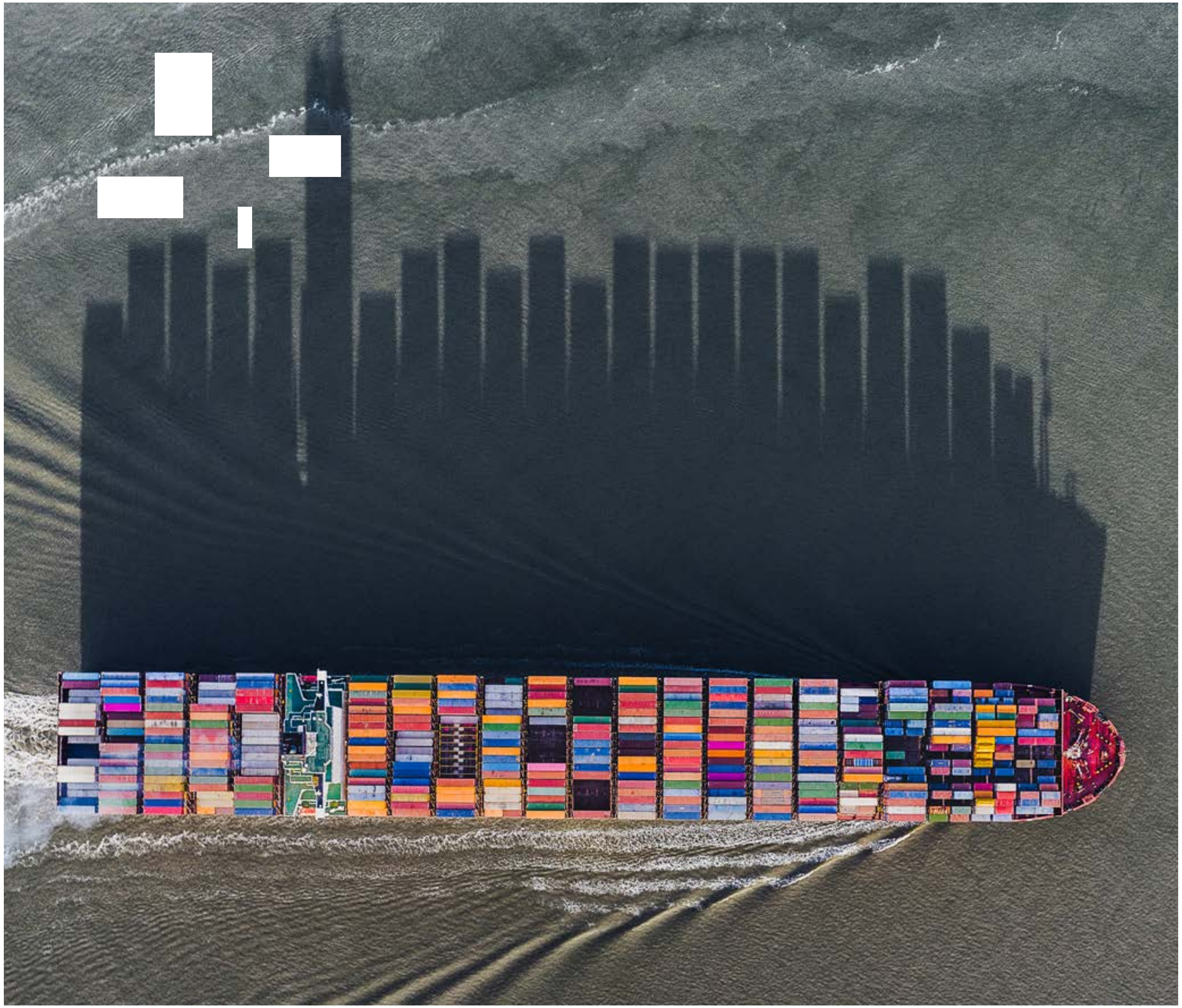


Assets and free reserves

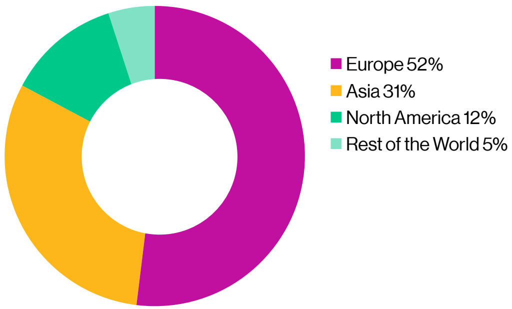


Entered tonnage

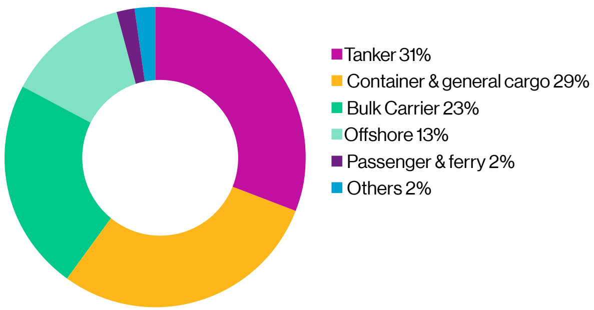
(GT, millions)	2018	2019	2020
Owned / Mutual	135	130	132
Chartered / Fixed	24	25	24
Total	**159**	**155**	**156**



Tonnage split by nationality of management



Tonnage split by vessel type



Glossary

Combined ratio

Combined ratios provide a direct comparison of club underwriting performance.
The combined ratio is essentially the net loss ratio for the club and is defined as follows:

$$\text{Net combined ratio} = \frac{\text{(Net incurred claims + operating expenses)}}{\text{(Premium – reinsurance costs)}}$$

- A combined ratio of 100% represents an underwriting break-even position
- Anything in excess of 100% would be an underwriting loss
- A combined ratio less than 100% would represent an underwriting surplus

Average Expense Ratio (AER)

Average Expense Ratios (AERs) were introduced in 1999 following pressure from the European Commission in an attempt to enable direct comparisons of operating costs between clubs within the International Group. The formula that all clubs are required to adhere to when calculating their AER figure is as follows:

$$\text{The AER formula is the five-year average of: } \frac{\text{Operating costs x100}}{\text{(Premium income + investment income)}}$$

In principle the AER is a reasonable idea, but in reality it is only ever a very approximate guide to the relative operating costs of individual clubs. For example different membership profiles, disproportionately high levels of premium or investment, whether the club owns or rents their office space, how much the club spends on loss prevention, global office network, member portals etc all have an impact on the AER.

Basis of financial analysis

The main aim in the Willis Towers Watson analysis of club report and accounts has been consistency. Although there are still variations between the way clubs report, we try as far as possible to compare 'like with like' and to apply the same approach year after year.

A glossary of terms is provided below.

Glossary of terms

Calls and Premiums	All calls (gross basis, including brokerage)
Reinsurance Premiums	All reinsurance premiums
Operating Expenses	All general management, administrative and audit expenses (not including claims management costs)
Operating Income	Calls, less reinsurance costs, less expenses
Gross Paid Claims	Paid gross claims, including Pool contributions (including claims management costs)
Net Paid Claims	Gross paid claims less reinsurance and Pool recoveries
Net Change in Provision for Claims	Change in net estimated outstanding claims
Net Incurred Claims	Net paid claims plus change in provision for claims
Technical Surplus (Deficit)	Operating Income less Net Incurred Claims
Investment Income	All investment income, including exchange gains/losses, tax etc.
Overall Surplus for Year (Deficit)	Incurred technical surplus (deficit), plus investment income
Net Assets	Total assets, less creditors, less miscellaneous provisions for taxation etc
Net Outstanding Claims	Total net estimated outstanding claims
Free Reserves (Including Forecast Deferred Calls)	Net assets, less outstanding claims

Contact

Ben Abraham
Global Head of Marine
D: +44 (0)20 3124 7786
M: +44 (0)7799 415806
E: ben.abraham@willistowerswatson.com

About Willis Towers Watson
Willis Towers Watson (NASDAQ: WLTW) is a leading global advisory, broking and solutions company that helps clients around the world turn risk into a path for growth. With roots dating to 1828, Willis Towers Watson has 45,000 employees serving more than 140 countries and markets. We design and deliver solutions that manage risk, optimise benefits, cultivate talent, and expand the power of capital to protect and strengthen institutions and individuals. Our unique perspective allows us to see the critical intersections between talent, assets and ideas — the dynamic formula that drives business performance. Together, we unlock potential. Learn more at willistowerswatson.com.

Willis Limited, Registered number: 181116 England and Wales.Registered address: 51 Lime Street, London, EC3M 7DQ. A Lloyd's Broker. Authorised and regulated by the Financial Conduct Authority for its general insurance mediation activities only.

willistowerswatson.com/social-media

WTW436683/04/2020
willistowerswatson.com