

NEWSLETTER 03-22

The Standard and North P&I Clubs have announced their intention to merge

14th March 2022

The Standard and North P&I Clubs have announced their intention to merge. That intention will need to be approved by the respective membership and is subject to regulatory approvals. Their press release is attached.

P.L. Ferrari have a substantial and long-standing business relationship with both clubs and are positive about this development.

Whilst clearly a lot of detail will need to be clarified over the coming months we see headline benefits

1. Financial - the bigger entity will provide a stronger premium volume and larger capital base which will be helpful in reducing the pressure on reserves emanating from the increase in high value/pool claims thus diluting volatility. There will be cost synergies over time which will inure to the benefit of individual member by allowing more premium to address “within retention” claims. Overall there should be enhanced financial resilience
2. Culturally - both clubs share many core values and a commitment to mutuality and the integrity of the International Group. Both clubs have in-house managers employed directly by their clubs. There will be greater opportunity for staff within the management organisation to develop and enhance their already first class offering.
3. Best practice - both clubs consistently, and over time, in the top 3 clubs for service as analysed by our PLF View - P.L. Ferrari’s annual survey of all clubs’ Key Service Performance Indicators. We see the merged club taking the best of their offerings across claims, underwriting, loss prevention and general advisory to create a best in class service. This extends to a greater capacity for innovation.

4. Product Diversity - both clubs offer additional products for their mutual membership. There is some overlap but also each club has unique products. The combined product diversity will offer members a wider choice.
5. Industry leadership - the merged entity would be a powerful voice for shipowners across all maritime forums.

We would stress that the announcement is an intention to merge and is, as mentioned, subject to member and regulatory approval.

There will be more granular detail emerging over the next few months and P.L. Ferrari will keep our clients and friends up to date on all developments.

This newsletter, and our information archive, can also be accessed at www.plferrari.com

P.L. FERRARI & CO. S.r.l.



North P&I and Standard Club announce merger plan to create new global marine insurance force

PRESS RELEASE

Combination would establish a global marine insurer positioned to thrive in the face of current and emerging challenges and opportunities posed by digitalisation, recruitment, regulation and sustainability.

North P&I and Standard Club have entered formal discussions for a proposed merger to create a new global marine insurer and one of the largest providers of mutual cover in the maritime industries. With 300 years of shared P&I heritage, the combined mutual insurer would provide cover for vessels equivalent to 400M GT.

“Standard Club and North now have the opportunity to create one of the world’s leading and most influential P&I clubs, founded on exceptional service and innovation, a broader diversified product range, scale economies and global reach,” said Jeremy Grose, CEO, Standard Club.

“The merged club would maintain an unwavering commitment both to member service and to the International Group system and offer marine insurance products, services and solutions relevant to the broadest range of shipowners worldwide”, said Grose. “Acting as a powerful voice for shipowners and their best interests, the merged club’s market-leading knowledge and deep technical insight would focus on supporting the changing needs of shipowners”.

“With stronger financial resilience, the newly created club would be well-positioned to thrive in all conditions”, commented James Tyrrell, Chairman at North. “In a changing and sometimes volatile maritime sector, North’s Board has long recognised the potential value arising from considered and balanced consolidation in P&I,” he said. “Choosing the right partner is the first critical step towards success.”

The merger would help the new club navigate the continuing disruptive change affecting the maritime sector and better anticipate challenges ahead. Backed by a strong capital buffer over regulatory requirements, the combined club’s capital strength would allow for significant reinvestment in enriching member services, innovative technology and more tailored and sustainable solutions for the longer term.

The formal announcement follows the approval of the proposal by the boards of both clubs and notification to principal regulatory authorities of their intention to merge. A joint North and Standard Club working group has been appointed to evaluate how a combined entity would maximise value for members. The working group is following a structured methodology, allowing the case for a merger to be objectively explored and assessed by both clubs.

“The ambition behind the merger is to deliver tangible benefits to shipowners. The boards of both clubs have played a key role in guiding and shaping the proposal. Combining will provide greater financial resilience, efficiency and an even deeper pool of talent to maintain and strengthen the focus on service excellence and close member relationships for which both clubs are renowned”, said Cesare d’Amico, Standard Club’s Chairman.



The proposed merger remains subject to the approval of the full mutual membership of both clubs and of all the appropriate regulatory authorities. Member voting procedures are anticipated to conclude by the end of May. If approved by the membership, the formal merger of both clubs is expected to complete by 20th February 2023

“With a number of successful mergers in its recent history, North has a full understanding of the range of benefits available to members from a well-planned and well-executed union”, pointed out Paul Jennings, CEO at North.

“With histories which in 2022 add up to 300 years, the combination of these two unique advocates of mutuality, with their complementary cultures, ambitions and approaches, would build on the strengths of each club,” he added. “The alliance of North and the Standard Club would deliver a compelling value proposition to take advantage of the opportunities and meet the challenges of digitalisation, recruitment, regulation and sustainability”.

ENDS

North P&I
Paul Jennings, CEO, North P&I

The Standard Club
Jeremy Grose, CEO, Standard Club



About North P&I Club:

[North P&I](#) is a leading global marine insurer providing P&I, FD&D, war risks, hull and machinery, and ancillary insurance to over 250 million GT of owned and chartered tonnage. Through its Sunderland Marine brand, North also provides cover for fishing vessels, small craft, aquaculture risks and owners' fixed premium. The S&P Global 'A' rated Club is based in Newcastle upon Tyne, UK with regional offices and subsidiaries in Australasia, China (Hong Kong and Shanghai), Greece, Ireland, Japan, Singapore and USA. North is a leading member of the International Group of P&I Clubs (IG), with over 12% of the IG's owned tonnage. The 13 IG clubs provide liability cover for approximately 90% of the world's ocean-going tonnage and, as a member of the IG, North protects and promotes the interests of the international shipping industry.

For further information, visit: www.nepia.com

About The Standard Club

[Standard Club](#) is a mutual insurance association and member of the International Group of P&I clubs, owned by its shipowner members and controlled by a board of directors drawn from the membership. The club offers a combination of mutual and fixed-premium covers tailored to suit shipowners, operators and charterers, and has been insuring them for their liabilities to third parties for over 135 years. Standard Club insures about 10% of the world fleet, including bluewater vessels, coastal and inland operators, and specialist offshore vessels. The club also offers other services such as War Risks, and Strike & Delay, a primary business interruption cover that protects a shipowner or charterer when their vessel is held up by strikes, port closures, collisions, breakdowns and other unexpected delays. Standard Club prides itself on quality of service to members, having a personal approach, and sets great store in responsiveness and support at all times, especially in times of crisis. Claims are managed from one of our six international offices, and our global reach is expanded by our extensive correspondent network to provide support wherever, and whenever it is needed. We also put an emphasis



on financial strength and stability, which has resulted in an S&P A rating and no unbudgeted supplementary calls for over 20 years.

For more information visit: www.standard-club.com

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