Taking on tomorrow, together Ep 2 May 24: Shaping NorthStandard's Future

00:00:06.226 --> 00:00:12.906
<v SPEAKER_1>Hello, and welcome to this special episode of Alongside, the second in the Taking On Tomorrow Together series with NorthStandard.

00:00:13.186 --> 00:00:14.186
<v SPEAKER_1>I'm Kate Borsay.

00:00:14.426 --> 00:00:20.966
<v SPEAKER_1>On the first episode, we looked at the merger, analyzed some of the achievements, and briefly looked ahead to the next year and beyond.

00:00:21.406 --> 00:00:26.306
<v SPEAKER_1>Here, we want to look more into the company's future and more closely at some of the key objectives.

00:00:27.246 --> 00:00:32.426
<v SPEAKER_1>We'll also discuss a shipping story that's featured strongly in the news, the Baltimore Bridge incident.

00:00:32.786 --> 00:00:37.566
<v SPEAKER_1>Once again, I'm joined by NorthStandard Managing Directors Jeremy Grose and Paul Jennings.

00:00:37.586 --> 00:00:38.446
<v SPEAKER_1>Welcome to both of you.

00:00:38.466 --> 00:00:39.566
<v SPEAKER_2>Hi, Kate.

00:00:39.586 --> 00:00:40.246
<v SPEAKER_2>Nice to be here again.

00:00:40.486 --> 00:00:41.066
<v SPEAKER_3>Hello, Kate.

00:00:41.366 --> 00:00:43.166
<v SPEAKER_1>Well, it's lovely to have you both with us again.

00:00:43.226 --> 00:00:50.726
<v SPEAKER_1>Let's start on the incident in Baltimore, a container ship striking a major bridge, causing it to partially collapse.

00:00:51.186 --> 00:00:52.286
<v SPEAKER_1>What's been the impact?

00:00:52.606 --> 00:01:00.146
<v SPEAKER_2>Well, Kate, there's been a lot going on on shipping over the last few months, since we were last together, in the sense of the Red Sea conflict, which impacts shipping on a day-to-day basis.

00:01:00.166 --> 00:01:04.766
<v SPEAKER_2>And of course, we still have the Russia-Ukraine war going on, which also impacts shipping.

00:01:04.786 --> 00:01:12.586
<v SPEAKER_2>But I guess the most high-profile one that probably has attracted media attention and probably brought shipping to a focus for many people is the Baltimore incident.

00:01:13.606 --> 00:01:17.666
<v SPEAKER_2>I could start really by just saying it's tragic, in the sense of people have lost their lives.

00:01:17.686 --> 00:01:19.726
<v SPEAKER_2>It's been a huge disruption as a result of it.

00:01:20.226 --> 00:01:25.806
<v SPEAKER_2>The ship is still, as we speak today, the ship is still in the process of being disentangled from the wreckage, so to speak.

00:01:26.046 --> 00:01:29.826
<v SPEAKER_2>Thereafter, a lot of talk has been around the cost and the impact of this.

00:01:30.366 --> 00:01:34.846
<v SPEAKER_2>I think what I would like to say is that overall, the cost will be very large.

00:01:34.866 --> 00:01:42.266
<v SPEAKER_2>I think there's no question about various estimates for the repair of the bridge have been in the media, anything from 1.5 billion to 2 billion dollars.

00:01:43.246 --> 00:01:52.946
<v SPEAKER_2>There will be insurance for all of these losses, whether that's for the sad loss of life of the people impacted, whether it's for the bridge itself, whether it's for the economic losses.

00:01:53.306 --> 00:01:55.706
<v SPEAKER_2>They will be spread amongst the insurance industry as a whole.

00:01:56.706 --> 00:02:04.846
<v SPEAKER_2>Overall, some of that will fall to our industry, but it's a very complex situation to arrive at the division of those liabilities and where they'll fall.

00:02:05.106 --> 00:02:11.286
<v SPEAKER_2>But I think it's important to say that it's not a case of finding one actor who is at fault for this that will bear the overall cost.

00:02:11.666 --> 00:02:19.406
<v SPEAKER_2>The costs of this demonstrate the importance and the value of insurance generally, not just the insurance that we provide as a liability safety net.

00:02:19.946 --> 00:02:23.446
<v SPEAKER_1>And Jeremy, NorthStandard have experienced of huge incidents like this.

00:02:23.946 --> 00:02:32.326
<v SPEAKER_3>Yes, I think this incident illustrates the value in having the experience and expertise that it's necessary to deal with such a complex issue.

00:02:32.346 --> 00:02:40.486
<v SPEAKER_3>Because as Paul says, it's complex from a legal perspective and a cost perspective, but also massively complex from a technical perspective.

00:02:40.566 --> 00:02:45.446
<v SPEAKER_3>I mean, there's an enormous amount of work going on, as I understand it, to release the ship.

00:02:45.606 --> 00:02:58.966
<v SPEAKER_3>And our experience in previous casualties such as the Costa Concordia or the Golden Ray, I think is just having that level of experience and knowledge of how to deal with those things is incredibly important and very valuable.

00:02:59.466 --> 00:03:04.866
<v SPEAKER_1>Now, the last time we spoke, Paul and Jeremy, it was on the eve of renewal and results, and the picture was positive.

00:03:05.166 --> 00:03:07.066
<v SPEAKER_1>How did the results turn out in the end, Paul?

00:03:07.686 --> 00:03:11.486
<v SPEAKER_2>When we spoke last time, I think we were cautiously optimistic as to what the outcome would be.

00:03:11.806 --> 00:03:21.386
<v SPEAKER_2>We're now just a few days away from hopefully being able to sign off the financial statements and the accounting for the year end as we look forward to our board meetings in the next few days.

00:03:21.886 --> 00:03:24.586
<v SPEAKER_2>The results have turned out as we anticipated.

00:03:24.586 --> 00:03:28.166
<v SPEAKER_2>It's been, from a financial point of view, it's been a very good first year for us.

00:03:28.606 --> 00:03:35.966
<v SPEAKER_2>We've produced a surplus of nearly $117 million, which is probably beyond our initial expectations.

00:03:36.286 --> 00:03:53.706
<v SPEAKER_2>Amongst that is a very positive underwriting result, a combined net ratio of 93%, and combined with a bounce back in investment return, which I think is probably a feature across the industry as a whole, has led to a significant increase in both our free reserves and also in our S&P AAA capital.

00:03:54.086 --> 00:03:57.586
<v SPEAKER_2>So, overall, a very positive first year from a financial point of view.

00:03:57.886 --> 00:03:58.666
<v SPEAKER_1>And for you, Jeremy?

00:03:59.106 --> 00:04:03.446
<v SPEAKER_3>It's been a good set of results, and I think not just from a financial perspective.

00:04:03.686 --> 00:04:09.786
<v SPEAKER_3>I think if we look back a year, we might have expected that things could have turned out pretty differently.

00:04:09.806 --> 00:04:23.926
<v SPEAKER_3>I mean, we might have lost some of the confidence of members and breakers, and we didn't, and we've been able to secure more business, more support from members during the course of this year and that renewal, and continue to do so.

00:04:23.946 --> 00:04:27.746
<v SPEAKER_3>And actually since we last met, we've continued to increase in size.

00:04:27.766 --> 00:04:31.686
<v SPEAKER_3>So pleased to see that level of confidence that's been displayed by members.

00:04:31.966 --> 00:04:34.546
<v SPEAKER_1>What about Blue Water and specialty business performance?

00:04:34.986 --> 00:04:37.626
<v SPEAKER_3>Well, on the specialty side, we've done very well this year.

00:04:38.046 --> 00:04:49.166
<v SPEAKER_3>There's been a growth of about 10% in that specialty business with support from customers and members across the board in every line of business in the specialty sector.

00:04:49.186 --> 00:04:50.066
<v SPEAKER_3>So we're very pleased with that.

00:04:50.326 --> 00:04:52.746
<v SPEAKER_2>The Blue Water has been a very successful year for us as well.

00:04:52.766 --> 00:04:54.966
<v SPEAKER_2>We operate through six geographical sectors.

00:04:55.226 --> 00:04:58.146
<v SPEAKER_2>They look after our Blue Water, what's termed our mutual business.

00:04:58.346 --> 00:05:00.946
<v SPEAKER_2>We've seen growth, I think, in every single one of those sectors.

00:05:01.326 --> 00:05:08.326
<v SPEAKER_2>Growth from existing members, but also very important, a number of new members committing ships and committing business to NorthStandard.

00:05:08.346 --> 00:05:10.086
<v SPEAKER_2>So very pleased with the performance of that.

00:05:10.226 --> 00:05:15.346
<v SPEAKER_1>And just following up on that as well with you, Paul, I know you mentioned earlier what was going on globally.

00:05:15.526 --> 00:05:17.546
<v SPEAKER_1>Expand a little more on that for us.

00:05:18.226 --> 00:05:24.166
<v SPEAKER_2>It's interesting if I just think back when we, we're looking at the rationale for the two companies coming together and creating our merger.

00:05:24.586 --> 00:05:27.166
<v SPEAKER_2>One of the things we said was that we live in an uncertain world.

00:05:27.506 --> 00:05:37.826
<v SPEAKER_2>I think that's really been demonstrated over the last two years, not least the conflicts that are going on, but also the Baltimore Bridge incident and what can happen and the vital role that shipping plays in enabling global trade.

00:05:38.106 --> 00:05:46.346
<v SPEAKER_2>So I think our position and the scale and the expertise that we have with NorthStandard has been vindicated, I think, in the sense of the uncertain world that we have.

00:05:46.686 --> 00:05:57.566
<v SPEAKER_2>What we've seen across all of our geographical sectors, which primarily look after our mutual business, we've seen growth in all of those areas, which complements the growth as seen alongside the specialty areas.

00:05:58.066 --> 00:06:02.386
<v SPEAKER_1>Previously, we spoke a lot about the process of the merger and some of the huge positives of that.

00:06:02.406 --> 00:06:03.446
<v SPEAKER_1>We've been reflecting on that.

00:06:03.746 --> 00:06:12.006
<v SPEAKER_1>Let's build on that, though, and look ahead more with the question of what's next for NorthStandard when you're looking ahead, Paul.

00:06:13.006 --> 00:06:28.806
<v SPEAKER_2>In some ways, we surpass expectations, I think, in the first year of combined operation, both in terms financially, in terms of the membership, but also very importantly in terms of the overall people within NorthStandard, our 600-plus people have been with us, have supported us, have worked incredibly hard to get us to that position.

00:06:29.126 --> 00:06:32.206
<v SPEAKER_2>That's a really, really sound foundation for us now to build on.

00:06:32.406 --> 00:06:34.906
<v SPEAKER_2>So we're looking at that both internally and externally.

00:06:35.366 --> 00:06:39.026
<v SPEAKER_2>Internally is creating the NorthStandard culture going forward.

00:06:39.306 --> 00:06:45.446
<v SPEAKER_2>We're both very proud of the heritage of the two organisations that came together, but we want to be NorthStandard now going forward.

00:06:45.466 --> 00:06:46.506
<v SPEAKER_2>And what does that mean?

00:06:46.526 --> 00:06:51.306
<v SPEAKER_2>And we're spending time on looking at and creating the NorthStandard story for all of our people.

00:06:51.686 --> 00:06:57.206
<v SPEAKER_2>Externally, a number of projects we've got going with external providers, which Jeremy might want to comment on.

00:06:57.806 --> 00:07:20.326
<v SPEAKER_3>Well, I think as we move forward now and we start to move from our sort of integration phase into looking at what NorthStandard means and building the company to look forward, one of the things I'm really excited about is the extent to which we're able to work with other organizations to provide resources and support to ship owners in their operations.

00:07:20.346 --> 00:07:25.466
<v SPEAKER_3>And we have a number of different initiatives, which are set around what we call Get Set.

00:07:25.666 --> 00:07:30.226
<v SPEAKER_3>One of those is an ECTIS training establishment or an ECTIS training tool.

00:07:30.246 --> 00:07:43.486
<v SPEAKER_3>We have also got some arrangements with Orca and with Shipin, both of which are electronic or digital arrangements, which enable better operations and hopefully reduce claims.

00:07:44.066 --> 00:07:48.126
<v SPEAKER_1>There's a focus on NorthStandard increasing its influence on the world stage.

00:07:48.146 --> 00:07:49.706
<v SPEAKER_1>How are you looking to do that, Jeremy?

00:07:50.146 --> 00:07:56.466
<v SPEAKER_3>Well, one of the ways in which we're doing that is with the setting up of our External Affairs team.

00:07:56.746 --> 00:08:04.166
<v SPEAKER_3>Great opportunity in setting up NorthStandard that we had a number of people who had a huge amount of experience.

00:08:04.906 --> 00:08:11.146
<v SPEAKER_3>And we asked one of those, Mike Salthouse, who has actually been involved in doing a number of different podcasts on this series.

00:08:11.406 --> 00:08:19.026
<v SPEAKER_3>He set up the External Affairs team, and he's responsible for being our ambassador and our advocate.

00:08:19.126 --> 00:08:22.066
<v SPEAKER_3>He's a large player in the marine insurance market.

00:08:22.146 --> 00:08:32.726
<v SPEAKER_3>We have both the responsibility and the opportunity to bring information and understanding about the way in which marine operations work to policymakers.

00:08:33.386 --> 00:08:36.066
<v SPEAKER_3>And that's an important part of our External Affairs team.

00:08:36.486 --> 00:09:01.966
<v SPEAKER_3>So they've been engaged in a number of different projects over the course of the last few months, talking to politicians one to one, but also engaged with organizations, sometimes on a sort of Chatham House rules basis, discussing how sanctions can be best affected and how we can work alongside them to ensure that the solutions are dealt with most effectively.

00:09:02.446 --> 00:09:07.986
<v SPEAKER_1>I want to talk further about company culture, what it means to be part of NorthStandard.

00:09:08.686 --> 00:09:13.506
<v SPEAKER_2>Yeah, that's something that's really important to us and something that we're working on at the moment to create.

00:09:13.746 --> 00:09:14.346
<v SPEAKER_2>But what is it?

00:09:14.366 --> 00:09:16.746
<v SPEAKER_2>Because it's not exactly the same that we had before.

00:09:16.766 --> 00:09:17.966
<v SPEAKER_2>It's not exactly what North had.

00:09:18.226 --> 00:09:20.546
<v SPEAKER_2>It's not exactly what Standard had previously.

00:09:20.566 --> 00:09:22.666
<v SPEAKER_2>So creating that going forward is very important.

00:09:22.966 --> 00:09:26.326
<v SPEAKER_2>A first step in that, we've launched our internal principles.

00:09:26.546 --> 00:09:29.766
<v SPEAKER_2>They are akin to values that you might see in many companies.

00:09:30.026 --> 00:09:31.966
<v SPEAKER_2>So we've got four very important principles to us.

00:09:32.446 --> 00:09:37.306
<v SPEAKER_2>Principle of empowering, empowering our people to actually take decisions and to operate.

00:09:38.006 --> 00:09:43.306
<v SPEAKER_2>Being courageous, so that our team as a whole are bold, and again, prepared to operate in that way.

00:09:43.546 --> 00:09:48.246
<v SPEAKER_2>Being inquisitive and challenging the way we operate, and looking at perhaps more diverse ways of operate.

00:09:48.486 --> 00:09:49.666
<v SPEAKER_2>And then very importantly, giving.

00:09:50.046 --> 00:09:55.446
<v SPEAKER_2>And that's giving not only externally to our members and our customers, but also giving internally to each other.

00:09:55.886 --> 00:10:03.386
<v SPEAKER_2>And those principles, we want to become the bedrock of our culture going forward and the way we operate and the way we recognize as NorthStandard in the future.

00:10:03.666 --> 00:10:07.806
<v SPEAKER_1>Have there been any challenges, Jeremy, in trying to reshape the company culture?

00:10:08.186 --> 00:10:09.386
<v SPEAKER_3>That's an interesting question.

00:10:09.406 --> 00:10:16.526
<v SPEAKER_3>I think as we go forward and as we have been going forward, one of the challenges has been just dealing with change.

00:10:16.766 --> 00:10:22.106
<v SPEAKER_3>We have a number of people who have worked within their respective organizations for many, many years.

00:10:22.126 --> 00:10:31.286
<v SPEAKER_3>So asking people to participate in this change and join NorthStandard rather than North or Standard before, inevitably that's challenging.

00:10:32.306 --> 00:10:38.086
<v SPEAKER_3>It's been fantastically pleasing to see the extent to which people have participated in that process of change.

00:10:38.466 --> 00:10:42.986
<v SPEAKER_3>I suppose the other challenge is the extent to which we're looking inwards rather than externally.

00:10:43.106 --> 00:10:47.866
<v SPEAKER_3>And that's, I think, an important element of the next stage of our journey.

00:10:48.126 --> 00:11:01.666
<v SPEAKER_3>We need to refocus a little, rather than spending as much time as we have been in terms of building relationships internally, understanding the new ways of working and how our organization fits together.

00:11:02.046 --> 00:11:08.726
<v SPEAKER_3>We need to spend more time looking externally and looking to the wider world and our members and customers and brokers.

00:11:09.326 --> 00:11:10.846
<v SPEAKER_1>What about sustainability?

00:11:10.866 --> 00:11:11.866
<v SPEAKER_1>It's a hot topic.

00:11:11.886 --> 00:11:14.746
<v SPEAKER_1>It's a big issue for many companies, all companies.

00:11:14.946 --> 00:11:20.826
<v SPEAKER_1>But is there a bigger focus on it for NorthStandard because you're part of the maritime sector?

00:11:20.846 --> 00:11:29.526
<v SPEAKER_3>Well, I think it's inevitable and absolutely essential that we are looking at sustainability and seeing what we can do around that.

00:11:29.666 --> 00:11:48.446
<v SPEAKER_3>We've spent the last six months working with an external consultant to see how we can actually make a real difference that's actually impactful, not only from what we do internally, but also what we can do externally, how we can help our members in their sustainability work.

00:11:48.446 --> 00:11:59.006
<v SPEAKER_3>And of course, we have a significant amount of influence and touch points with them as they go through the decarbonisation journey, which is a very significant part of that sustainability story.

00:11:59.286 --> 00:12:05.046
<v SPEAKER_1>Let's continue to look externally now and how NorthStandard is working on customer and member experiences.

00:12:05.066 --> 00:12:06.986
<v SPEAKER_1>Paul, what are the key developments in these areas?

00:12:07.346 --> 00:12:11.926

<v SPEAKER_2>I think, Kate, one of the real key experiences is making the interaction with NorthStandard easier.

00:12:12.526 --> 00:12:20.686
<v SPEAKER_2>We're about to launch our new website, which will increase the ability of members to interact with us much, much more quickly, much more efficiently.

00:12:20.706 --> 00:12:27.786
<v SPEAKER_2>I think that's very important, particularly as everybody moves and transitions more to digital world and wanting immediate access.

00:12:28.046 --> 00:12:35.906
<v SPEAKER_2>It won't take away the face-to-face or the people contact, but it will give an immediate in to NorthStandard and what we've got to offer, what services we've got to provide.

00:12:36.226 --> 00:12:41.526
<v SPEAKER_2>We are working with external providers of digital services in terms of safety and loss prevention as well.

00:12:41.946 --> 00:12:47.346
<v SPEAKER_2>But I think the important thing for members is ease of access and efficiency in working with NorthStandard.

00:12:47.666 --> 00:13:03.266
<v SPEAKER_2>And our ability, I think, through the scale we've got now to look at perhaps some AI generative products as well, which is things we're looking at, which will initially perhaps improve how we operate and the speed and efficiency that we can obtain data and move data around within NorthStandard.

00:13:03.846 --> 00:13:07.826
<v SPEAKER_1>How do you relate to customers that actually there is still a personal experience there?

00:13:07.846 --> 00:13:19.566
<v SPEAKER_1>As we're talking about digitizing elements, resources, as we're talking about AI, how do you as a company make sure that the customer knows that there is a very personal element to the service as well?

00:13:19.586 --> 00:13:23.566
<v SPEAKER_3>I think P&I is an incredibly personal experience.

00:13:23.866 --> 00:13:30.826
<v SPEAKER_3>There's so much of it that is about the relationship between the people within the club and the people within the membership.

00:13:31.226 --> 00:13:34.446
<v SPEAKER_3>I think we're a number of years away from changing that.

00:13:34.606 --> 00:13:40.306
<v SPEAKER_3>These tools are ways in which we can help that experience be quicker and more efficient.

00:13:40.466 --> 00:13:51.686
<v SPEAKER_1>Well, look, it's been a good few months since we last spoke, and I wonder if there is a thought from both of you, either what you're focusing on in the future or to sum up some of our conversation today.

00:13:51.706 --> 00:13:52.086
<v SPEAKER_3>Paul?

00:13:52.826 --> 00:13:53.406
<v SPEAKER_2>Thanks, Kate.

00:13:53.926 --> 00:14:03.426
<v SPEAKER_2>The last 12 months have been fascinating for us as NorthStandard, but I think also, as we said at the beginning, the global geopolitical impact on shipping as well, which affects all of us.

00:14:03.486 --> 00:14:09.946
<v SPEAKER_2>And we play a very important part in that in terms of providing services to supply, to shipping, to enable trade.

00:14:10.446 --> 00:14:15.686
<v SPEAKER_2>I see that increasing, the regulation around that, the requirements around that increasing.

00:14:15.926 --> 00:14:20.806
<v SPEAKER_2>And therefore I think our role in supporting that will become more vital as we move on.

00:14:21.446 --> 00:14:26.166
<v SPEAKER_2>The year has given us, and coming together has given us a great platform now to develop that further.

00:14:26.186 --> 00:14:29.966
<v SPEAKER_2>We've done a lot of the hard work in putting the two organizations together.

00:14:30.386 --> 00:14:37.066
<v SPEAKER_2>Now we need to use that platform, that expertise we've got to actually really show the benefit to our members and to the wider shipping environment.

00:14:37.426 --> 00:14:43.686
<v SPEAKER_3>Yeah, I think it's important to celebrate that we have had a very, very good start to our journey.

00:14:43.886 --> 00:14:51.226
<v SPEAKER_3>We need to guard against any sort of complacency, but at the same time, we get once a year, we get the opportunity to reflect on how we've done.

00:14:51.806 --> 00:15:03.246
<v SPEAKER_3>And this set of results, I think, demonstrates a really good platform, a foundation for us being able to continue building NorthStandard and to deliver further benefits to members.

00:15:03.706 --> 00:15:06.086
<v SPEAKER_1>Well, look, it's been fascinating to speak to both of you again.

00:15:06.106 --> 00:15:08.046
<v SPEAKER_1>Thank you for your time and insight.

00:15:08.066 --> 00:15:11.046
<v SPEAKER_1>That's all for this episode of Taking On Tomorrow together.

00:15:11.066 --> 00:15:15.306
<v SPEAKER_1>My guests have been NorthStandard Managing Directors Jeremy Grose and Paul Jennings.

00:15:15.546 --> 00:15:27.986
<v SPEAKER_1>You can find more episodes of Alongside on your podcast player, plus our recent episodes of Future Thinking, looking at some of the big geopolitical issues for 2024 and how they're impacting or will impact the shipping industry.

00:15:28.686 --> 00:15:29.666
<v SPEAKER_1>I'm Kate Borsay.

00:15:29.746 --> 00:15:30.506
<v SPEAKER_1>Thanks for listening.