

Research Update:

P&I Club NorthStandard Ltd. 'A' Ratings Affirmed; Outlook Remains Stable Despite Rise In Pool Claims

May 12, 2025

Overview

- The heightened pool claim environment is expected to hamper protection and indemnity (P&I) clubs' operating performance.
- Like most of its peers, we expect NorthStandard to report technical losses in the fiscal year ended Feb. 20, 2025 after two years of sound results.
- We affirmed our 'A' ratings on NorthStandard Ltd. and its subsidiaries.
- The stable outlook indicates that we expect NorthStandard to maintain capital adequacy in line with our 99.99% confidence level and that we expect its underwriting results to recover to 100%-105% over the next 12-24 months.

Rating Action

On May 12, 2025, S&P Global Ratings affirmed its 'A' financial strength and issuer credit ratings on NorthStandard Ltd., NorthStandard Re Ltd., The Standard Club UK Ltd., and The Standard Club Asia Ltd.

At the same time, we affirmed our financial strength ratings on NorthStandard EU DAC (previously North of England P&I DAC) and The Standard Club Ireland DAC.

The outlooks on all these ratings are stable.

Rationale

NorthStandard has delivered sound technical results for the past two years. However, we now expect it to report a technical loss for the fiscal year ended Feb. 20, 2025. The club is one of 12 rated global marine P&I insurers within the International Group (IG), which collectively covers over 90% of global owned tonnage. Under the IG pooling arrangement, claims exceeding \$10 million are shared among members, and elevated pool claims are expected to weigh on the operating performance of most IG clubs in 2025.

Primary contact

Sachin Bhojani
London
442033670539
sachin.bhojani
@spglobal.com

Secondary contact

Mark D Nicholson
London
44-20-7176-7991
mark.nicholson
@spglobal.com

Research contributor

Anisha H Tole
CRISIL Global Analytical Center,
an S&P Global Ratings affiliate
Mumbai

In fiscal 2025, both the frequency and severity of pool claims increased significantly. As a result of the combination of an increased number of own large losses and the club's share of other IG members' pool claims, NorthStandard is likely to report technical losses for fiscal 2025. However, we expect its performance to remain broadly in line with some of its peers.

In our base-case scenario, we forecast NorthStandard will report a net combined ratio above 110% in fiscal 2025, improving to approximately 100% in fiscal years 2026 and 2027. While this projected performance is weaker than previously expected, the club's three-year average combined ratio of 98.3% remains reasonable for a mutual insurer. Investment income should help support overall results, enabling the club to maintain capital adequacy at the 99.99% confidence level. We also expect NorthStandard to retain its position by gross premiums written, reflecting its competitive strengths relative to peers.

Outlook

The stable outlook reflects our view that, despite NorthStandard's expected technical losses for fiscal 2025, the club will sustain its competitive position by improving its combined ratio to about 100%-105% in fiscal years 2026-2027, ultimately approaching a more sustainable technical performance. This also reflects our expectation that the club will maintain capital adequacy at the 99.99% confidence level over the next two years.

Downside scenario

We could lower our ratings on NorthStandard over the next 12-24 months if its competitive position weakens, through sustained operating underperformance, with the combined ratio failing to improve towards the 100%-105% range.

We could also lower the ratings if NorthStandard's risk-based capital adequacy falls below the 99.99% confidence level for a prolonged period and we do not expect recovery, due to sustained technical losses or increased asset risk.

Upside scenario

In our view, an upgrade is unlikely over the next 24 months. Such an action would require NorthStandard to diversify its portfolio while reporting operating results in the top quartile of its peers. In addition, an upgrade would depend on the club maintaining a greater excess above the 99.99% confidence level.

Rating Component Scores	
Business Risk Profile	Strong
Competitive position	Strong
IICRA	Intermediate risk
Financial Risk Profile	Strong
Capital and earnings	Very strong
Risk exposure	Moderately high
Funding structure	Neutral
Anchor	a
Modifiers	
Governance	Neutral
Liquidity	Adequate
Comparable rating analysis	0
Current Credit Rating	
Local currency financial strength rating	A/Stable/--
Foreign currency financial strength rating	--
Local currency issuer credit rating	A/Stable/--
Foreign currency issuer credit rating	--

Related Criteria

- Criteria | Insurance | General: Insurer Risk-Based Capital Adequacy--Methodology And Assumptions, Nov. 15, 2023
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- Criteria | Insurance | General: Insurers Rating Methodology, July 1, 2019
- General Criteria: Group Rating Methodology, July 1, 2019
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Insurance Industry And Country Risk Assessment: Global Marine Protection And Indemnity, Oct. 23, 2024
- Protection And Indemnity Clubs Opt For Rate Hikes In 2025, Oct. 23, 2024
- Comparative Statistics: Global Marine Protection And Indemnity Clubs, Oct. 23, 2024

Ratings List

Ratings list
Ratings Affirmed
NorthStandard Ltd.

Ratings list		
NorthStandard EU DAC		
NorthStandard Reinsurance Ltd.		
Standard Club Asia Ltd. (The)		
Standard Club Ireland DAC (The)		
Standard Club UK Ltd. (The)		
Financial Strength Rating		
Local Currency		A/Stable/--
NorthStandard Ltd.		
NorthStandard Reinsurance Ltd.		
Standard Club Asia Ltd. (The)		
Standard Club UK Ltd. (The)		
Issuer Credit Rating		
Local Currency		A/Stable/--

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at <https://disclosure.spglobal.com/ratings/en/regulatory/ratings-criteria> for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at <https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceid/504352>. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings referenced herein can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.

Copyright © 2025 Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Rating-related publications may be published for a variety of reasons that are not necessarily dependent on action by rating committees, including, but not limited to, the publication of a periodic update on a credit rating and related analyses.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw or suspend such acknowledgment at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain credit-related analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.spglobal.com/ratings (free of charge), and www.ratingsdirect.com (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.spglobal.com/usratingsfees.