



## Solvency and Financial Condition Report 2021

Steamship Mutual Underwriting  
Association (Europe) Limited

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## Introduction

The structure of the Solvency and Financial Condition Report (“SFCR”) follows the public disclosure requirements of Articles 290 to 303 of the Commission Delegated Regulation (EU) 2015/35 (Solvency II regulations).

This is the second SFCR for Steamship Mutual Underwriting Association (Europe) Limited (“SMUAE” or the “Club”) for the year ending 20 February 2021.

This report sets out different aspects of the Club’s solvency and financial condition, specifically its business and performance, system of governance, risk profile, valuation methods used for solvency purposes and its capital management practices. The Club’s financial year runs to 20 February each year and it reports its results in US dollars.

### Definitions

#### Steamship

A collective term covering Steamship Mutual Underwriting Association Limited (“SMUA”), Steamship Mutual Underwriting Association (Europe) Limited (“SMUAE”), The Steamship Mutual Underwriting Association (Bermuda) Limited (“SMUAB”) and The Steamship Mutual Trust (“Trust”) and its Corporate Trustee, The Steamship Mutual Underwriting Association Trustees (Bermuda) Limited (“SMUAT”) subject to regulatory capital requirements, individually and collectively to the extent applicable in regulations.

#### Regulators

The Prudential Regulation Authority (“PRA”), the Financial Conduct Authority (“FCA”), Insurance Companies Control Service (“ICCS”), the Bermuda Monetary Authority (“BMA”) and the European Insurance & Occupational Pensions Authority (“EIOPA”).

SMUA has branches regulated by the Monetary Authority of Singapore (“MAS”), the Japanese Financial Services Agency (“FSA”) and Hong Kong Insurance Authority (“HKIA”).

### Regulatory terminology

#### General Term

#### BMA

#### PRA / ICCS / EIOPA

General Term	BMA	PRA / ICCS / EIOPA
Public disclosure document	<b>(FCR)</b> Financial Condition Report	<b>(SFCR)</b> Solvency & Financial Condition Report
Regulatory Group Level [Risk:Solvency Assessment]	<b>(GSSA)</b> Group Solvency Self-Assessment	<b>(Group ORSA)</b> Group Own Risk and Solvency Assessment
Solo entity level [Risk:Solvency Assessment]	<b>(CISSA)</b> Commercial Insurers’ Solvency Self-Assessment	<b>(ORSA)</b> Own Risk and Solvency Assessment
Standard formula capital requirement	<b>(BSCR)</b> Bermuda Solvency Capital Requirement	<b>(SCR)</b> Solvency Capital Requirement
Minimum capital requirement	<b>(MSM)</b> Minimum Solvency Margin	<b>(MCR)</b> Minimum Capital Requirement
Capital resources	Available Statutory Capital & Surplus	Own Funds

## Executive Summary

Steamship manages its overall capital resources to maintain a financial strength rating of A (stable) from Standard & Poor's. This is a higher capital requirement than set by regulators.

The aim of this report is to enable readers to understand the amount and type of risks taken by an insurer, as reflected in its capital requirement, and to compare this with the amount and type of capital resources which the insurer has available to protect itself against those risks.

Under Solvency II Steamship is considered to be a regulatory group comprising SMUA, SMUAE, SMUAB, the Trust, and SMUAT. The supervisor for this group is the BMA and so Steamship calculates its group SCR using the BMA's standard formula.

The following tables show the components of the SCR and own funds of SMUAE:

\$000	<b>2021</b>	2020
Underwriting risk	15,143	11,189
Counterparty default risk	9,971	7,276
Market risk	572	294
Operational risk	4,803	519
	<b>30,489</b>	<b>19,278</b>
Diversification between risk categories	(3,612)	(2,562)
<b>SCR</b>	<b>26,877</b>	<b>16,716</b>

Consistent with the risk appetite of the Club the majority of the capital requirement derives from underwriting risk. Market risk primarily relates to the investments held by the Club and reflects the emphasis on capital preservation rather than investment return.

### Own funds

\$000	<b>2021</b>	2020
Tier 1 capital - Free reserves on Solvency II basis	27,343	24,519
Tier 2 capital		
Allowance for ability to make additional calls	13,438	8,358
<b>Total eligible own funds</b>	<b>40,781</b>	<b>32,877</b>
<b>SCR Ratio</b>	<b>152%</b>	<b>197%</b>

Tier 1 capital refers to resources on the Solvency II balance sheet and is available to meet risks throughout the business.

Tier 2 capital relates to resources which are either only available to meet particular risks or are additional funds that can be raised if required. Tier 2 capital can be used to make up a maximum of 50% of the capital requirement.

## Executive Summary

Solvency II requires that free reserves in the financial statements of \$33.3m be restated on an 'economic' basis. The main adjustments required are to the provision for outstanding claims where any prudence in provisions is removed, leaving a 'best or most likely estimate' of cost, a discount is then applied to reflect the time value of money and finally a 'risk margin' is added using a standard calculation. The aim of this adjustment is to make claim provisions and therefore free reserves more comparable across insurers.

The regulators recognise that the Club can increase own funds (capital resources) by making additional premium calls under its Rules and in accordance with the approved formula with an allowance of \$14.8m, capped at 50% of the SCR is included as Tier 2 capital.

Steamship also ensures that capital resources of individual Steamship companies are sufficient to meet the requirements set by local regulators.

### Outlook for 2021

It has been a challenging year for the Association as the world responded to the Covid-19 pandemic. The Directors and Managers have been focused on ensuring the safety of its staff and operational continuity so that Members continue to receive the service they expect from Steamship in these unprecedented times. The financial strength and operational resilience of Steamship are there for such events, and the Association has utilised these throughout the year, which has also been reflected in the very positive renewal.

The Managers rolled out the business continuity plan, enabling all staff to work remotely with no disruption to the services provided to Members, and maintaining regulatory compliance.

In a normal year, we might expect to be reporting positive expectations for the forthcoming policy year. Covid remain a serious threat and it is impossible to predict with any confidence what the eventual impact will be upon the Steamship's premiums and claims. As would be expected the Managers are reviewing the position on a frequent and regular basis, taking account of numerous factors, including investments, operations, reinsurance and regulatory requirements.

## Statement of Directors' Responsibilities

### Statement of Directors' Responsibilities

The Directors are responsible for preparing the Solvency and Financial Condition Report ("SFCR") in accordance with the Orders of the Superintendent of insurance (Supervisor) and Solvency II Regulations.

The Board is satisfied that, to the best of their knowledge:

- (a) throughout the financial year to 20 February 2021, the Club has complied in all material respects with the requirements of the ICCS rules and applicable Solvency II regulations; and
- (b) it is reasonable to believe that, at the date of the publication of the SFCR, the Club continue so to comply, and will continue so to comply in future.

The SFCR has been authorised for issue by the Directors on 27 May 2021.

By Order of the Board



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R W Harris  
Director

# Independent Auditor's Report

## To the Members of Steamship Mutual Underwriting Association (Europe) Limited

### Report on the Audit of the relevant elements of the Solvency and Financial Condition Report

#### Opinion

We have audited the following Solvency II Quantitative Reporting Templates ("QRTs") contained in Annex I to Commission Implementing Regulation (EU) No 2015/2452 of 2 December 2015, of Steamship Mutual Underwriting Association (Europe) Limited (the "Association"), prepared as at 20 February 2021:

- S.02.01.02 - Balance sheet
- S.17.01.02 - Non-Life Technical Provisions
- S.23.01.01 - Own funds
- S.25.01.21 - Solvency Capital Requirement - for undertakings on Standard Formula
- S.28.01.01 - Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

The above QRTs are collectively referred to for the remainder of this report as "the relevant QRTs of the Solvency and Financial Condition Report".

In our opinion, the information in the relevant QRTs of the Solvency and Financial Condition Report as at 20 February 2021 is prepared, in all material respects, in accordance with the Insurance and Reinsurance Services and other Related Issues Law of 2016, the Commission Delegated Regulation (EU) 2015/35, the Commission Delegated Regulation (EU) 2016/467, the Commission Delegated Regulation (EU) 2019/981, the relevant EU Commission's Implementing Regulations and the relevant Orders of the Superintendent of Insurance (collectively "the Framework").

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the relevant QRTs of the Solvency and Financial Condition Report* section of our report. We are independent of the Association in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the relevant QRTs of the Solvency and Financial Condition Report in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Emphasis of Matter

We draw attention to the 'Valuation for solvency purposes' and 'Capital Management' and other relevant disclosures sections of the Solvency and Financial Condition Report, which describe the basis of preparation. The Solvency and Financial Condition Report is prepared in compliance with the Framework, and therefore in accordance with a special purpose financial reporting framework. As a result, the Solvency and Financial Condition Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

## Independent Auditor's Report

### To the Members of Steamship Mutual Underwriting Association (Europe) Limited

#### Other information

The Board of Directors is responsible for the Other information. The Other information comprises certain narrative sections and certain QRTs of the Solvency and Financial Condition Report as listed below:

Narrative sections:

- Business and performance
- Valuation for solvency purposes
- Capital management

QRTs (contained in Annex I to Commission Implementing Regulation (EU) No 2015/2452 of 2 December 2015):

- S.05.01.02 - Premiums, claims and expenses by line of business
- S.05.02.01 - Premiums, claims and expenses by country
- S.19.01.21 - Non-Life insurance claims

Our opinion on the relevant QRTs of the Solvency and Financial Condition Report does not cover the Other information listed above and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Solvency and Financial Condition Report, our responsibility is to read the Other information and, in doing so, consider whether the Other information is materially inconsistent with the relevant elements of the Solvency and Financial Condition Report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of the Board of Directors for the Solvency and Financial Condition Report

The Board of Directors is responsible for the preparation of the Solvency and Financial Condition Report in accordance with the Framework.

The Board of Directors is also responsible for such internal control as the Board of Directors determines is necessary to enable the preparation of a Solvency and Financial Condition Report that is free from material misstatement, whether due to fraud or error.

In preparing the Solvency and Financial Condition Report, the Board of Directors is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Association's financial reporting process.

#### Auditor's Responsibilities for the Audit of the relevant QRTs of the Solvency and Financial Condition Report

Our objectives are to obtain reasonable assurance about whether the relevant QRTs of the Solvency and Financial Condition Report are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Solvency and Financial Condition Report.



## Independent Auditor's Report

### To the Members of Steamship Mutual Underwriting Association (Europe) Limited

#### Auditor's Responsibilities for the Audit of the relevant QRTs of the Solvency and Financial Condition Report (continued)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the relevant QRTs of the Solvency and Financial Condition Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of the basis of preparation used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Solvency and Financial Condition Report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### Other Matter

Our report is intended solely for the Board of Directors of the Association and should not be used by any other parties. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Deloitte Limited

Certified Public Accountants and Registered Auditors

Nicosia, 27 May 2021

## A. Business & Performance

### A.1 Business

Steamship is a mutual Protection and Indemnity insurer, otherwise known as a P&I Club, providing cover for its shipowner and charterer Members against third party liabilities arising from the use and operation of ships.

The Club covers a wide range of liabilities, including loss of life and personal injury to crew, passengers and others on board, cargo loss and damage, pollution by oil and other hazardous substances, wreck removal, collision and damage to property. The Club also provides a wide range of services to its Members (policyholders) on claims handling, legal issues and loss prevention, and plays a leading role in coordinating the response to, and management of, maritime casualties involving Members' vessels.

Steamship is one of the largest and most diverse P&I Clubs in the world, and is a member of the International Group of P&I Clubs participating in the International Group Pool.

The thirteen principal underwriting associations which comprise the International Group collectively provide liability cover for shipowners who own approximately 90% of the world's ocean-going ships.

The International Group clubs provide cost-effective insurance to shipowners through a claims-sharing 'Pool' and collective purchase of the International Group excess loss reinsurance programme. These two arrangements provide a mechanism for sharing claims in excess of \$ 10m up to, currently, approximately \$ 8.7 billion. The policy year of all P&I Clubs commences at noon Greenwich Mean Time on 20<sup>th</sup> February.

Three core agreements underpin the governance and functioning of the International Group, namely the Group Constitution, the International Group Agreement and the Pooling Agreement. More details on these agreements can be found on the International Group's website at <http://www.igpandi.org>.

Steamship's strategy is to be the best provider of the full range of marine protection and indemnity (P&I) and related insurances, on the mutual principle, delivering both first class service and security at a reasonable cost. Steamship aims to distinguish itself from its competitors by embodying the following principles:

- Advocacy of the principle of mutuality and the benefits of this for shipowners across the whole range of their insurance needs;
- A belief in the benefit of a diverse membership by geographical area and vessel type;
- A prudent approach to investment policy resulting in financial security and stability;
- Provision of technical expertise and a dedication to problem solving for the members;
- Pre-eminence in loss prevention initiatives.

Guided by a clearly defined risk appetite statement, risk management is key to Steamship's strategy: diversification of members and vessels to reduce concentration of risk; a prudent investment approach focused on stable, secure returns, constraining market risk; a focus on loss prevention initiatives aiming to limit losses to members and reduce claims; and an internal culture that is sensitive to the requirements of risk management.

Steamship's strategy is to carefully grow its business organically, admitting new Members with high quality operations and a willingness to pay the premium required by the risk exposure which their business brings to Steamship.

Steamship's business model is therefore to maintain a sharp focus on serving its members and to have a diversified portfolio by trade and geographical location.

The Boards have appointed Managers who are responsible for the day to day handling of underwriting, claims and the administration of the Club's business in accordance with the policies laid down by the Directors. The Managers have operations in several locations to support these activities.

### **Steamship Mutual Underwriting Association Limited ("SMUA")**

SMUA was incorporated in England and Wales in October 1909. SMUA is limited by guarantee and does not have share capital as it is owned by its Members (policyholders). The Members of SMUA comprise its Directors, SMUAB, shipowners and other entities who have ships insured by SMUA.

## A. Business & Performance

The day to day operations of SMUA are managed by Steamship P&I Management LLP (“SPIM”). SMUA is governed by a Board comprising a non-executive Chairman, six non-executive directors and two members of SPIM. The Board mainly consists of representatives of the Members.

SMUA is regulated by the PRA and the FCA. Both the PRA and the FCA operate a risk-based approach to supervision, which places emphasis on the need for regulated firms to have in place robust risk management frameworks.

SMUA has branches in Hong Kong, Singapore and Japan which are subject to local regulation.

### **Steamship Mutual Underwriting Association (Europe) Limited (“SMUAE”)**

SMUAE was registered in Cyprus on 4 September 2019 as a Company limited by guarantee pursuant the requirements of Cyprus Companies Law, Cap. 113 and does not have share capital as it is owned by its Members (policyholders). The registered office of SMUAE is at Vashiotis Ikos Centre, 28th October Avenue, Limassol 3107, Cyprus.

SMUAE obtained an insurance licence from the ICCS on 25 October 2019 and its principal activity is the insurance and reinsurance of Protection and Indemnity risks (P&I), and of Freight, Demurrage and Defence (FD&D) risks on behalf of its Members.

The day to day operations of SMUAE are managed by SPIM. SMUAE is governed by a Board comprising a non-executive Chairman, five non-executive directors, one member of SPIM and one member of Steamship Insurance Agency (Europe) Ltd “SIAE”. The Board mainly consists of representatives of the Members.

### **The Steamship Mutual Underwriting Association (Bermuda) Limited (“SMUAB”)**

SMUAB was established by an Act of the Parliament in Bermuda on 24 June 1974 and began underwriting with effect from 20 February 1975. SMUAB is also limited by guarantee and does not have share capital as it is owned by its Members (policyholders). The members of SMUAB comprise its Directors and all members of SMUA and SMUAE.

The operations of SMUAB are managed by Steamship Mutual Management (Bermuda) Limited and therefore SMUAB does not have any employees. SMUAB is governed by a Board comprising a non-executive Chairman, 24 non-executive directors incorporating two Directors of the Manager’s London representatives. The Board mainly consists of representatives of the Members.

SMUAB ceased writing direct business from February 2015 but continues to operate as a reinsurer of SMUA and SMUAE.

SMUAB is regulated by the BMA and is classified as a ‘Class 3A insurer’ (Solvency II equivalent).

Hydra Insurance Company Ltd is a private company owned by the thirteen members of the International Group of P&I Clubs, of which SMUAB is one.

Hydra provides reinsurance to its shareholders on a Club by Club basis through segregated accounts where premiums, losses and expenses are allocated amongst the shareholder Clubs’ segregated accounts (‘cell’). The Steamship Hydra cell is consolidated into the results of SMUAB.

### **Steamship Mutual Trust (the “Trust”)**

The Trust and its Corporate Trustee, The Steamship Mutual Underwriting Association Trustees (Bermuda) Limited (“SMUAT”) were established on 11 March 1983 in Bermuda.

SMUAT is a registered insurer under Bermudian law, and this enables the Trust to act as an independent insurer for the benefit of the beneficiaries set out in the Trust Deed. These are, in addition to a number of named charities, all the Members for the time being of SMUAB.

SMUAT is governed by a Board comprising a non-executive Chairman, three non-executive directors, and the Chairmen of SMUA, and SMUAB.

The operations of the Trust are managed by Hamilton Investment Management Limited and therefore the Trust and SMUAT do not have any employees. Through SMUAT the Trust is regulated by the BMA and is classified as a ‘Class 3A insurer’ (Solvency II equivalent).

## A. Business & Performance

Each year commencing 20 February the Trust enters into a reinsurance contract with SMUAB for the reinsurance of all risks accepted.

Following the implementation of Solvency II rules from 1 January 2016, the BMA became the supervisor of the regulatory group with SMUAT being named as the 'Designated Insurer' (and hence lead insurer) for Group supervision purposes.

Steamship's registered offices and principal places of business and the contact details of its external auditors and supervisory authorities are shown below:

### The Steamship Mutual Underwriting Association Trustees (Bermuda) Limited

Registered Office	Managers	External Auditors	Group Supervisory Authority
Clarendon House 2 Church Street Hamilton HM 11 Bermuda	Hamilton Investment Management Limited Washington Mall II PO Box HM 601 Hamilton HM CX Bermuda +1 441 295 4502	Deloitte LLP Hill House 1 Little New Street London EC4A 3TR +44 (0)20 7936 3000	Bermuda Monetary Authority BMA House 43 Victoria Street Hamilton Bermuda +1 441 295 5278

### The Steamship Mutual Underwriting Association (Bermuda) Limited

Registered Office	Managers	External Auditors	Supervisory Authority
Clarendon House 2 Church Street Hamilton HM 11 Bermuda	Steamship Mutual Management (Bermuda) Limited Washington Mall II PO Box HM 601 Hamilton HM CX Bermuda +1 441 295 4502	Deloitte LLP Hill House 1 Little New Street London EC4A 3TR +44 (0)20 7936 3000	Bermuda Monetary Authority BMA House 43 Victoria Street Hamilton Bermuda +1 441 295 5278

### Steamship Mutual Underwriting Association (Europe) Limited

Registered Office	Managers	External Auditors	Supervisory Authority
Vashiotis Ikos Centre 28th October Avenue Limassol 3107 Cyprus	Steamship P&I Management LLP Aquatical House 39 Bell Lane London E1 7LU +44 (0)20 7247 5490	Deloitte Limited Spyrou Kyprianou Avenue 24 Nicosia 1075 Cyprus +357 223 60300	Insurance Companies Control Service P.O. Box 23364 1682 Nicosia, Cyprus +357 22602990
	Managers' Cyprus Representative Steamship Insurance Agency (Europe) Limited Vashiotis Ikos Centre 28th October Avenue Limassol 3107 Cyprus		

## A. Business & Performance

### Steamship Mutual Underwriting Association Limited

#### Registered Office

Aquatical House  
39 Bell Lane  
London E1 7LU

#### Managers

Steamship P&I Management LLP  
Aquatical House  
39 Bell Lane  
London E1 7LU  
+44 (0)20 7247 5490

Managers' London Representative  
Steamship Insurance Management  
Services Limited  
Aquatical House  
39 Bell Lane  
London E1 7LU  
+44 (0)20 7247 5490

#### External Auditors

Deloitte LLP  
Hill House  
1 Little New Street  
London  
EC4A 3TR  
+44 (0)20 7936 3000

#### Supervisory Authority

Prudential Regulation Authority  
20 Moorgate  
London  
EC2R 6DA  
+44 (0) 20 7601 4444

Financial Conduct Authority  
25 The North Colonnade  
London  
E14 5HS  
+44(0)207 066 1000

## A. Business & Performance

SMUAE was established to ensure that previous EEA members of SMUA would be able to continue to be insured by the Steamship, representation approximately 30% of SMUA's business. From 20 February 2020, following Brexit, Members whose place of management is within the EEA and certain other jurisdictions, can have their entries accepted by SMUAE which is incorporated in Cyprus. The Rules, the scope and types of cover, the levels of service, and the financial security of SMUAE are the same as those of SMUA.

### A.2 Performance

SMUAE's gross written premium for the year ended 20 February 2021 was \$80.7 m (2020 was \$nil). The result for the year was a deficit of \$1.7 m (2020: deficit of \$0.01 m). The net combined ratio of the year is 107.6%. The key drivers of the deficit were Covid related claims and higher than anticipated pool claims from the International Group.

For the year under review, the Directors set a 7.5% general increase in premium. At the 2021/22 renewal the general increase was set at 5%.

On 20 December 2020, SMUA transferred its EEA liabilities and backing reinsurance assets to the Club under a Part VII of the Financial Services and Markets Act 2000 of the United Kingdom.

The assets and liabilities which were transferred on 20 December 2020 are as follows:

	<b>Total</b>
	<b>US\$000</b>
Amount receivable from SMUA	<b>8,600</b>
Reinsurance share of Claims outstanding	<b>79,871</b>
<b>Total assets</b>	<b>88,471</b>
Claims outstanding	<b>67,157</b>
IBNR	<b>15,442</b>
Claims handling provision	<b>3,821</b>
Risk margin	<b>2,051</b>
<b>Total liabilities</b>	<b>88,471</b>

### The year ahead

It has been a challenging year for the Association as the world responded to the Covid-19 pandemic. The Directors and Managers have been focused on ensuring the safety of its staff and operational continuity so that Members continue to receive the service they expect from Steamship in these unprecedented times. The financial strength and operational resilience of Steamship are there for such events, and the Association has utilised these throughout the year, which has also been reflected in the very positive renewal.

The Managers rolled out the business continuity plan, enabling all staff to work remotely with no disruption to the services provided to Members, and maintaining regulatory compliance.

In a normal year, we might expect to be reporting positive expectations for the forthcoming policy year. Covid remain a serious threat and it is impossible to predict with any confidence what the eventual impact will be upon the Steamship's premiums and claims. As would be expected the Managers are reviewing the position on a frequent and regular basis, taking account of numerous factors, including investments, operations, reinsurance and regulatory requirements.

## A. Business & Performance

### A.3 Investment Performance

One of Steamship's primary objectives is to have a prudent investment policy in order to maintain financial security and stability.

SMUAE's policy is to invest predominantly in stable assets. As such, the investment portfolio consists largely of Money Market Funds, totally \$46.5 m and cash at bank \$8.8 m, achieving an overall investment return of \$0.038 m for the year.

The information presented in section A provides a true and fair view of the business and performance of Steamship during the period.

## B. System of Governance

### B.1 General information on the system of governance

Steamship has an effective system of governance in place which provides for sound and prudent management.

Steamship entities are governed by a Boards comprising a non-executive Chairman and non-executive Directors representing the Members.

The following table sets out the Board composition of each Steamship entity.

#### SMUAT Board

A L Marchisotto, Moran Holdings Inc (Chairman)	A Pohan, NY Waterway
J G Conyers	S-M Edey, Sloman Neptun, Schiffahrts, AG
S Mehta	R Thompson

#### SMUAB Board

S-M Edey, Sloman Neptun Schiffahrts AG (Chairman)	C K Ong, U-Ming Marine Transport Corp
C B Adams, Steamship P&I Management LLP	A Pohan, NY Waterway
C J Ahrenkiel, C J Ahrenkiel Consulting Switzerland	B K Sheth, The Great Eastern Shipping Co Ltd
A Albertini, Marfin Management SAM	M Sloan, Carnival Corporation & plc
M W Bayley, Royal Caribbean International (resigned 20 October 2020)	C Sommerhage, Columbia Shipmanagement (Germany) GmbH
C Bouch	Song, Chunfeng, China Shipowners Mutual Assurance Association
M Frith	D S Farkas, Norwegian Cruise Line
I Grimaldi, Grimaldi Holdings SpA	A L Tung, Island Navigation Corp International Ltd
D M Ho, Magsaysay Maritime Corp	E Veniamis, Golden Union Shipping Co SA
E Ide, Naviera Ultrana Ltd	E Yao, Orient Overseas Container Line Ltd (appointed 4 March 2019)
W J Kim, Polaris Shipping Co. Ltd	A Zacchello, Seaarland Shipping Management BV
C J Madinabeitia, Tradewind Tankers SL	R Zagari, Augustea Group
S J Martin, Steamship P&I Management LLP	S Zagury, Vale
B A McAllister, McAllister Towing	K Park, SM Group (appointed 22 March 2021)
M Rodriguez, Royal Caribbean International (appointed 22 January 2021)	
R Ahlqvist	

#### SMUAE Board

C Sommerhage, Columbia Shipmanagement (Germany) GmbH (Chairman)	C Klerides
C Bouch	R Ahlqvist (appointed 10 March 2020)
R W Harris, Steamship P&I Management LLP	F Vrettos
C J Madinabeitia, Tradewind Tankers SL	(appointed 23 March 2021)



## B. System of Governance

### SMUA Board

A Pohan, NY Waterway (Chairman)	I Grimaldi, Grimaldi Holdings SpA
C B Adams, Steamship P&I Management LLP	S J Martin, Steamship P&I Management LLP
C J Ahrenkiel, C J Ahrenkiel Consulting Switzerland	A L Tung, Island Navigation Corp International Ltd
C Bouch	R Zagari, Augustea Group
C J Madinabeitia, Tradewind Tankers SL	

The Boards of Directors has the ultimate responsibility for the business operating in accordance with applicable laws and regulations. The Boards decides on Steamship's strategic business plan and establishes directives and instructions, as well as ensuring that appropriate internal instructions for risk management and risk control exist.

The Boards continuously monitors the operations of Steamship, its financial performance and stability.

The Audit and Risk Committee of the Boards has responsibility for the detailed review of published financial reports, liaison with internal and external auditors and regulators. The Finance and Nomination Committee of the Boards has responsibility for reviewing the fees paid to the Managers and Directors.

### B.2 Fit and proper requirements

Steamship is committed to ensuring that all members of its Boards, the key control function holders, and other senior individuals within Steamship, behave with integrity, honesty and skill, and this commitment is documented in the Key Person policy. Steamship has processes in place to ensure that appropriate standards of fitness and propriety are met and maintained.

Steamship's fit and proper requirements are:

- Formal qualifications, knowledge and experience within the insurance sector, other financial sectors or other relevant sectors or businesses;
- For control functions within Steamship that require knowledge of accounting, actuarial, corporate management, business strategy, business models, system of governance and regulatory framework have the appropriate skills; and
- Honesty and financial soundness based on evidence regarding character, personal behaviour and business conduct including any criminal, financial and supervisory record.

The Managers maintain a governance map (see Appendix 1) which sets out how governance functions are fulfilled and devolved. This addresses the desires of the BMA, ICCS and EIOPA to ensure proper compliance with the requirement to devolve governance functions under Solvency II and the PRA and FCA's more detailed requirements under the Senior Insurance Managers Regime ("SIMR").

Where a key control function is outsourced, Steamship ensures that the outsourcing firm carries out appropriate assessments of fitness and propriety for those responsible for the provision of the function and provides evidence of this.

In addition, the Boards' 'Finance and Nomination Committee' regularly reviews the structure, size and composition of the Boards, including skills, knowledge and experience, and makes recommendations to the Boards with regard to any changes. When a new appointment is required, the Finance and Nomination Committee evaluates the balance of knowledge, skills and experience of the Board members and uses this evaluation to inform the selection of a suitable candidate.

Records are maintained, and notifications made to the regulators, as and when required.

### B.3 Risk management system (including the GSSA)

The objective of Steamship's risk management system is to ensure that the business is carried out within the overall risk appetite set by the Board. The system is characterised by a holistic, integrated and top-down enterprise risk management system, based on a shared risk culture.

## B. System of Governance

Any consideration of culture at Steamship must begin with the understanding that it is an organisation owned by its members and run for its members. This distinguishes P&I Clubs from non-mutual insurers and is a major factor in Steamship’s strategic thinking and decision-making, in turn reflected in its handling of matters ranging from premium setting and return of capital to the consideration of claims outside the standard rules of cover.

The risk management system is executed through the risk management control cycle, which involves the systematic identification, valuation, monitoring and reporting of existing and emerging risks. The Risk Management function is responsible for monitoring Steamship’s risk management system reporting to the Executive Chairman.

Steamship uses the three lines of defence assurance model which segregates business operations from oversight and monitoring activity to improve independence and assurance over business processes.



The first line of defence is carried out by the operational functions. The second and third lines of defence are independent of the operational functions. Risk Management and compliance, together with the Actuarial & Statistics function jointly constitute the second line of defence.

The third line of defence is Internal Audit. This function is fully independent and appointed by the Board.

Risk owners self-assess risk ratings and the quality of underlying controls before Risk Management undertake independent design and operational effectiveness testing.

Risk profiles are considered on an inherent and residual (after controls) basis and are documented within Steamship’s risk register, with aligned controls and risk categories for capital purposes. Steamship’s risk profile draws on risk tolerance and trigger metrics; risk events; recommendations from internal and external sources; emerging risks & market developments; and current controls and mitigation techniques. There is a high level of expertise and experience on the Board. During Board meetings which generally take place over extended periods of three to four days three times a year, Directors are able to bring their considerable industry knowledge and experience to bear on a range of both strategic and operational issues. Steamship’s Managers are insurance professionals who engage on a day-to-day basis with market and regulatory developments that may affect either the Club’s insurance activity or the wider maritime community whose liability risks it underwrites. Together, Directors and Managers are either members of or attendees at meetings of the Board’s key decision-making bodies whose deliberations inform the current and forward-looking risk profile of the Club.

The strategic business plan, risk strategy, risk appetite statement and tolerance & triggers report are integral components of Steamship’s Risk Management System and are reviewed at least once a year. In this way Steamship ensures that the risk management system is kept up to date.

### Group Solvency Self-Assessment (“GSSA”)

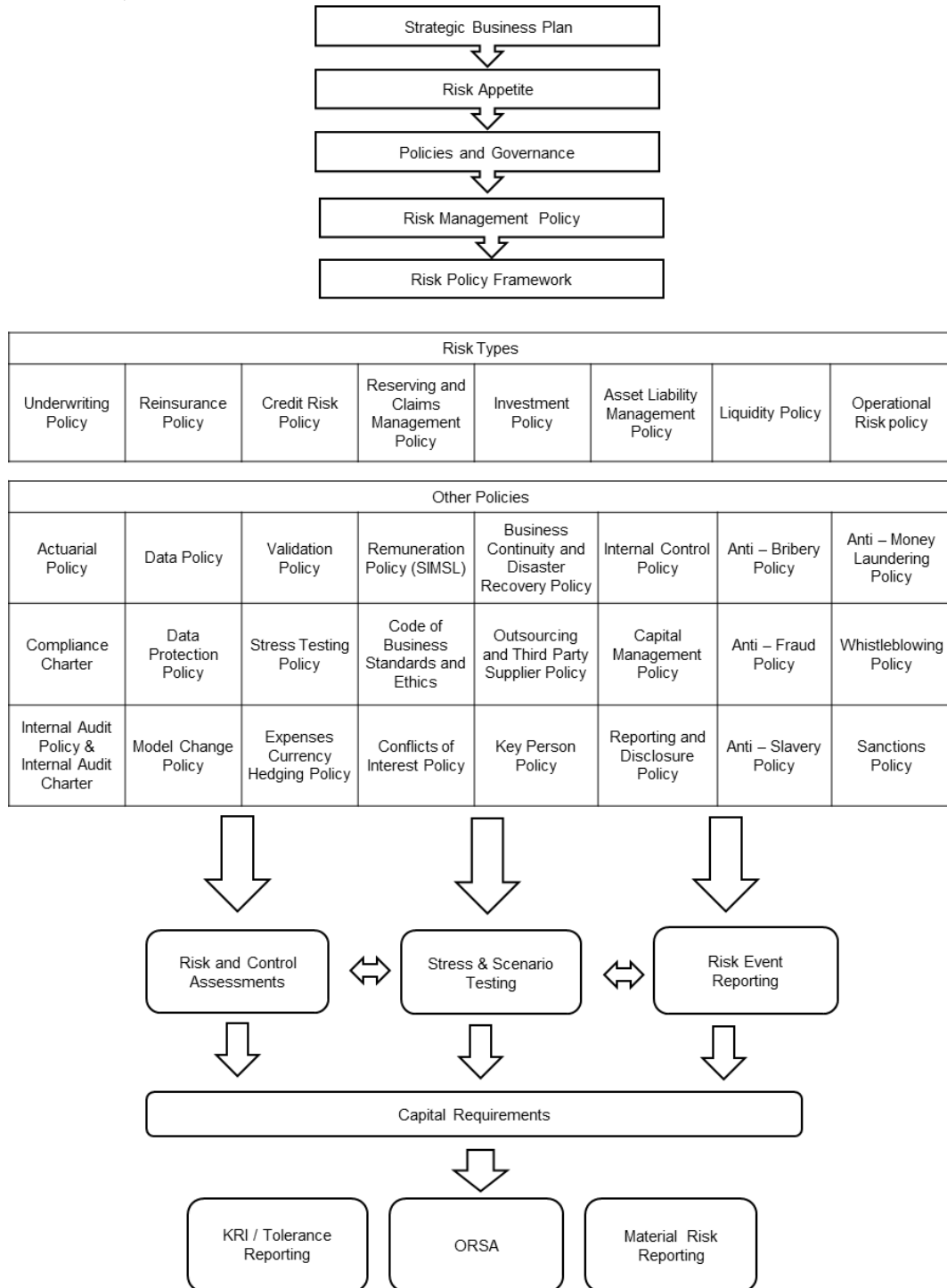
Steamship monitors and manages the risks relating to its operations through its fully documented risk management programme which analyses exposures by degree and magnitude of risks. This is evidenced in the GSSA report.

The GSSA has been carried out in accordance with the ORSA Policy. The Policy states that the GSSA is performed at least annually when the Board considers the future capital requirements, capital levels and the standard increase.

The GSSA will be undertaken more frequently if specific conditions, which are set out in the Policy, are met. The Board has overall responsibility for the GSSA.

## B. System of Governance

The ORSA policy defines the steps that make up the overall ORSA process, which are summarised in the Chart below.



The Risk management and ORSA policies include a description of each process and an explanation as to how each has been completed in order to fulfil the objectives of the ORSA as a whole.

The eighth GSSA was carried out in October 2020 and documents Steamship’s risk and capital management processes employed to identify, assess, manage and report the risks it may face and to determine the capital resources required to ensure that its overall solvency needs are met at all times. The GSSA is an integral part of Steamship’s business strategy,

## B. System of Governance

explaining how the strategy aligns to risk appetite and the current risk profile. A solo ORSA was carried out for the Association in December 2020.

The GSSA includes both the economic capital position of the Group and the entity regulatory capital positions by reference to the SCR and the Minimum Margin of Solvency (MMS) for the next three years.

To assist in this process Steamship has developed its own *fully* integrated financial capital model for the purpose of quantifying its own risks. The internal capital model uses stochastic simulations to generate financial projections which are calibrated to Steamship's own historical outcomes and relevant International Group and external data. Steamship uses an Economic Scenario Generator ("ESG") for the calculation of market risk. The ESG is a simulation model that produces arbitrage-free economic scenarios. These scenarios include a variety of key variables, such as interest rates, credit spreads, equity and property returns and, foreign exchange rates.

### B.4 Internal control system

The internal control system is designed to provide reasonable assurance regarding the proper implementation of Steamship's business strategy and the achievement of operational and financial strategic objectives through:

- monitoring and control of all risks, particularly key risks and the relevant internal controls; and
- robust, proportionate compliance.

The internal controls are documented in Steamship's Internal Control Policy, which sets out the detailed processes for all aspects of the management of Steamship on a day to day basis.

### Compliance function

The compliance function consists of a Group Head of Compliance, Risk and Compliance Director and a compliance executive. The compliance function is responsible for providing general oversight of control effectiveness through the administration of an Internal Controls review programme and the provision of remedial advice and to monitor relevant legislation and changes in existing rules and regulations.

### Risk Management function

The risk management function is responsible for:

- identifying, managing, monitoring and reporting on current and emerging risks;
- setting the overall risk management and strategic framework; and
- monitoring and assisting in the effective operation of Steamship's risk management framework and maintaining an accurate view of Steamship's risk profile.

Steamship's Chief Risk Officer ("CRO") is the Risk & Compliance Director who is assisted by a risk management executive. The CRO manages day to day risk monitoring together with the Chief Finance Officer and the Director of Capital Management, all of whom report to the Board.

### B.5 Internal audit function

Steamship's Internal Audit function is outsourced to PricewaterhouseCoopers LLP. The function independently develops an internal audit plan based on its perception of risks to Steamship after consultation with Directors, Managers and the Risk Register. The scope of the plan is reviewed and approved by the Audit and Risk Committee. The segregation of Internal Audit's activities ensures independence and objectivity in the work that it undertakes.

### B.6 Actuarial function

The actuarial function consists of a team of four including the Statistics Director who fulfills the function for SMUA as Chief Actuary. The Designated Actuary for the Group, SMUAT, SMUAB and SMUAE is fulfilled by Marta Munoz Vilar FIA.

The Actuarial Function resides in the Statistics Department of Steamship Insurance Management Services Limited and is responsible for the calculation of technical provisions (for both financial reporting and solvency calculations), maintaining Steamship's Business Plan, the maintenance of Steamship's internal capital model and aids the effective running of the

## B. System of Governance

risk management system, production of the GSSA, and the opinions on underwriting policy and the adequacy of reinsurance arrangements.

### B.7 Outsourcing

Steamship has an outsourcing policy in place which is approved by the Board. The outsourcing policy ensures that outsourcing of critical or important functions or activities does not lead to any of the following:

- an undue increase in operational risk;
- an impairment in the quality of Steamship's systems of governance;
- difficulties for supervisory authorities in monitoring compliance; and
- a deterioration in service to Members (policyholders)

Management assesses whether a function or activity is critical or important and reports to the Board whenever outsourcing of a critical or important function or activity is considered and also when an agreement has been entered into.

Steamship has identified four functions that are deemed Critical and Important for Solvency II purposes. These are:

1. Management services provided by Steamship P&I Management LLP ("SPIM"), FCA FRN 597046 (SPIM is the management company of the Steamship regulatory group entities covered by this document, which are SPIM's sole clients, so that SPIM's risks and controls are largely synonymous with those of Steamship);
2. Information Technology services provided by Complete IT Ltd;
3. Internal Audit services provided by PricewaterhouseCoopers LLP; and
4. Underwriting activities on the Club's behalf by Post & Co, a Rotterdam-based broker, concerning the European Inland and Short Sea insurance Facility.

### B.8 Other information

There have been no material changes in the system of governance during the year, and Steamship believes it remains appropriate considering the nature, scale and complexity of the risk inherent in the business. In particular, the centralised approach reflects the highly integrated and inter-dependent nature of Steamship's activities.

Steamship monitors and manages the risks relating to its operations through its risk management programme which analyses exposures by degree and magnitude of risk. This is evidenced in the GSSA report.

The GSSA documents the risk and capital management processes employed by Steamship to identify, assess, manage and report the risks it may face and to determine the capital resources required to ensure that its overall solvency needs are met at all times. The GSSA considers the business strategy, how the strategy aligns to risk appetite and the current risk profile.

The principal risks faced by Steamship are insurance risk, market risk, credit risk, liquidity risk and operational risk.

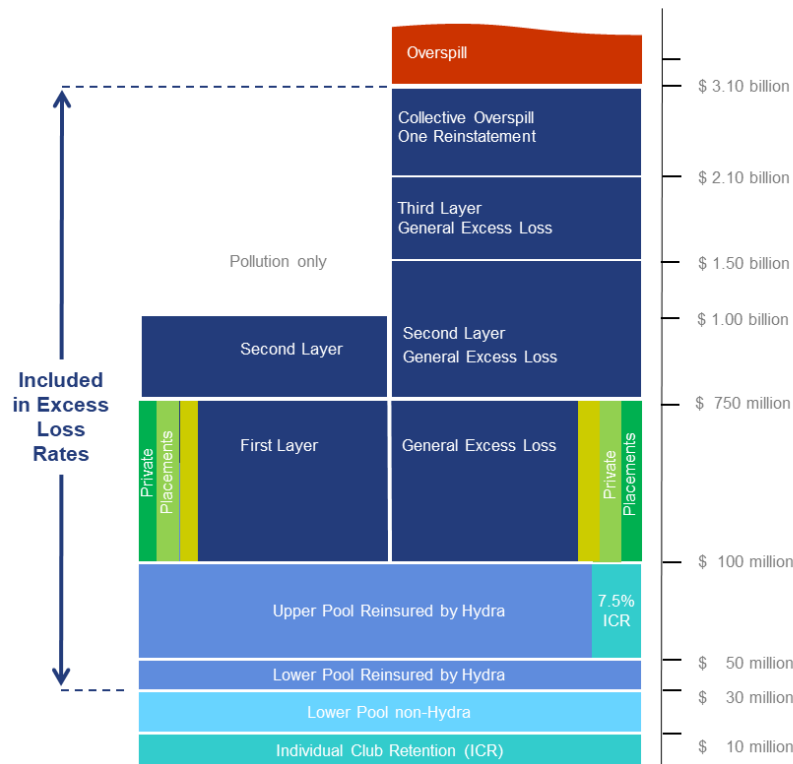
## C. Risk Profile

### C.1 Insurance risk

Insurance risk is comprised of two elements; premium risk and reserving risk. Premium risk refers to the risk that insurance premium written in the current policy year is insufficient to cover claims and other costs arising in that year. It thus relates to the future, whereas reserving risk is the risk that, over the next year, existing technical provisions are insufficient to cover claims arising in previous policy years. Steamship is exposed to the uncertainty surrounding the timing, frequency and severity of claims made under its insurance contracts.

Premium is set using assumptions which have regard to trends and the past experience of a specific Member. Premium risk is mitigated by diversification across a variety of ship types and geographical areas, and by careful selection and implementation of underwriting strategy guidelines including the screening of new Members.

Steamship transfers a substantial portion of its risk to its reinsurers through the provisions of the reinsurance arrangements and its membership of the International Group (Layers of the 2021/22 Reinsurance Programme).



The key methods used to estimate claims liabilities are Bornhuetter-Ferguson for the most recent policy year reported and the Development Factor Method for all other policy years. Reserves for both reported and unreported claims are calculated using detailed statistical analysis of past experience as to frequency and average cost of claims. The Audit and Risk Committee compares the proposed claim reserves with an independent calculation performed by qualified actuaries at year end.

Steamship aims to reduce reserving risk by setting claims reserves at a prudent level that provides between 70% and 80% confidence that they will be sufficient to cover actual settlement costs. Actual experience will differ from the expected outcome but this prudent basis is expected to result in releases of prior year claim reserves.

## C. Risk Profile

### C.2 Market risk

Market risk is the risk of financial loss as a consequence of movements in the prices of equities and bonds, interest rates, currency exchange rates and other price changes. Market risk arises primarily from investment activities.

Steamship's exposure to changes in interest rates and market prices is concentrated in the investment portfolio. The risk appetite, asset allocation and tolerance ranges are set by the SMUAT Board having consulted with the Boards of SMUAB, SMUAE and SMUA. Exposures and compliance with Board policies are monitored and reported by the Managers assisted by independent investment consultants.

The Association receives the majority of its premium income in US dollars and an significant amount in Euro. Claims liabilities arise in a number of currencies but predominantly in US dollars, Euro and UK Sterling. This exposure is mitigated by holding cash in these currencies. To minimise currency translation costs operational bank balances in local currencies are maintained to fund expected short-term claim payments in those currencies.

### C.3 Credit risk

Credit risk is the risk that a counterparty owing money to Steamship may default causing a debt to be written off. The extensive reinsurance protection arranged by Steamship effectively transforms a proportion of insurance risk into credit risk as the exposure becomes the risk of reinsurer default. External reinsurers are generally only used if their financial strength rating is at Standard & Poor's A- or an equivalent rating from another rating agency except in the case of some Members of the International Group and participants on reinsurance contracts placed through the International Group.

The credit risk arising from the reinsurance contracts with SMUAB and SMUAT is mitigated through the operation of a collateral agreement.

Credit risk in respect of amounts due from Members is spread across diverse industries and geographical areas. Cover can be cancelled and claims set off against unpaid premium and there are other strong incentives for Members to keep their insurance cover in place. In practice therefore the prompt payment of premium means bad debt is immaterial.

Credit risk arises on operational balances and deposits held with banks. The Club limits individual exposures to US\$15 m for banks rated AA by S&P, or an equivalent rating from another agency, US\$10 m for banks rated A by S&P, or an equivalent rating from another agency, US\$5 m for banks rated BBB or worse by S&P, or an equivalent rating from another agency and US\$10 m for not rated banks if the bank is a member of a Deposit Protection Fund that will guarantee protection of at least US\$10 m.

SMUAE's principal counterparty exposure derived from amounts recoverable from its reinsurers. At the 20 February 2021 the provision for reinsurance recoveries on a Solvency II basis is \$144.2 m, of which \$10.7 m was from external reinsurers, and \$118.4 m was from SMUAB and \$15.1m from SMUAT.

### C.4 Liquidity risk

Liquidity risk is the risk that Steamship cannot meet its financial obligations as they fall due. Steamship maintains a highly liquid portfolio of cash, government and corporate bonds with a maturity equivalent to the expected settlement period of claim liabilities. Most of the remaining assets in the surplus portfolio could be converted into cash in less than one month.

### C.5 Operational risk

Operational risk includes fraud, interruptions in service due to external or internal disruption and procedural or systems errors. Steamship has identified its operational risks in a risk register and has in place appropriate controls to manage and mitigate such risks, consistent with good practice, regulatory guidance and legislation relating to human resources, financial crime, business continuity and information security. Appropriate controls are also in place to monitor the outsourcing of operations to the Managers and, through them, other service providers.

### C.6 Other material risks

SMUAE relies on the strength of the overall Steamship balance sheet to support its credit rating which represents a key marketing tool, and reinsurers 90% of its retained risk with SMUAB.

The risk for SMUAE is limited as there are consistent policies and procedure across the Group. A loss is more likely to manifest in all entities at once and hence arise from one of the other risks.



## C. Risk Profile

### Group Risk

Group risk is the risk of loss resulting from risk events arising within a related entity. Under Solvency II Steamship is considered to be a regulatory group and has to monitor the individual Steamship companies to ensure that capital resources are more than sufficient to meet the requirements set by local regulators.

### C.7 Other information - Stress and sensitivity tests

Steamship has developed a suite of stress and sensitivity tests, including reverse stress tests, which are used to measure the robustness of the capital position.

During 2020/21 the following stress tests were carried out:

Scenario	Issues / Assumptions	Impact	Observations/Actions
Climate Change	<ul style="list-style-type: none"> <li>Physical effects of climate change</li> <li>Possible effects on failure of US maize and soya bean crops</li> <li>Transitional effects of climate change</li> <li>Climate change exposure of the investment portfolio</li> </ul>	<ul style="list-style-type: none"> <li>Capitalisation is sufficient to absorb any likely short-term claims impact associated with climate change</li> <li>Unlikely to be any significant impact related to the US crop failure</li> <li>Investment portfolio, limited exposure and inherently well managed</li> </ul>	<ul style="list-style-type: none"> <li>It is too early to predict the risk impact of the technological changes that will be required in the shipping industry to transition away from the use of fossil fuels, but in the long term a reduction in oil pollution risk can be anticipated.</li> </ul>
Pandemic	<ul style="list-style-type: none"> <li>Another pandemic on a similar scale to the Covid-19, combined with a market risk loss similar to that of the 2008 global financial crisis</li> </ul>	<ul style="list-style-type: none"> <li>Higher capital charges due to increased levels of outstanding claims</li> <li>Reduction in capital charges related to the investment portfolio as a result of the market risk loss</li> <li>Maximum decrease in overall SCR ratio of 5pp for SMUAE</li> </ul>	<ul style="list-style-type: none"> <li>SCR ratio remains within risk appetite limits</li> <li>Any increase in claims costs will be reflected in Members' records and, if required rating action may be required</li> </ul>
Coincidence of worst performing years	<ul style="list-style-type: none"> <li>Coincidence of worst performing years in each claim category and type of business</li> <li>Increase in net loss ratios by 40-50pp</li> <li>Estimated to represent a 1 in 300 year's event</li> </ul>	<ul style="list-style-type: none"> <li>Higher capital charges due to increased levels of outstanding claims</li> <li>Maximum decrease in overall SCR ratio of 9pp for SMUAE</li> </ul>	<ul style="list-style-type: none"> <li>SCR ratio remains within risk appetite limits</li> <li>Corrective rating action would be required</li> </ul>
Reinsurance failure	<ul style="list-style-type: none"> <li>Reverse Stress Test</li> <li>Numerous major catastrophes from natural and/or man-made causes, leading to the insolvency and total failure of reinsurers</li> <li>Multiple Marine catastrophes of \$2bn each</li> </ul>	<ul style="list-style-type: none"> <li>Scenario would impact all International Group clubs</li> <li>Reverse Stress Test designed to cause Steamship to fail</li> <li>Highly improbable catastrophic events contemplated</li> </ul>	<ul style="list-style-type: none"> <li>Managing the risk of reinsurance failure</li> <li>Informs individual reinsurer concentration limits</li> <li>Options post-apocalyptic world</li> </ul>

The Steamship Group also carried out the following stress tests during 2020/21:

- 40% decline in equity prices
- 40% decline in alternative investments and real estate
- Extreme US Yield Curve Widening
- Widening of credit spreads
- Foreign currency shocks
- Inflation and Monetary Policy risk



## C. Risk Profile

The following sensitivity tests were also carried out in 2020/21 principally to help identify and test the suitable level of buffer above the 'AAA' Standard & Poor's requirement.

- Single claim of \$2 billion in current policy year
- 5% increase in claims incurred on current policy year

The stress and sensitivity testing results show that Steamship is most vulnerable to high claims experience. However, Steamship benefits from significant reinsurance cover for incidents greater than \$10 m and is expected to continue to meet its Solvency requirements in all scenarios.

## D. Valuation for Solvency Purposes

### D.1 Assets

In accordance with the Solvency II Directive, SMUAE's assets and liabilities (other than technical provisions) are measured in accordance with principles of an arm's-length transaction between knowledgeable willing parties using market consistent valuation methods.

The following tables display the IFRS Balance Sheet as reported within the published report and accounts, the Solvency II adjustments made and the Solvency II valuation for SMUAE.

	<b>2021</b>	Adjustments	<b>2021</b>
	<b>IFRS</b>		<b>Solvency II</b>
	<b>\$000</b>		<b>\$000</b>
<b>Assets</b>			
Investments	46,467	-	46,467
Deferred Acquisition Costs	272	(272)	-
Reinsurers' share of technical provisions	144,444	(201)	144,243
Receivables	4,267	-	4,267
Cash and cash equivalents	8,831	-	8,831
<b>Total assets</b>	<b>204,281</b>	<b>(473)</b>	<b>203,808</b>
<b>Liabilities</b>			
Technical provisions	158,603	5,485	164,088
Insurance & intermediaries payables	5,275	-	5,275
Reinsurance payables	3,653	-	3,653
Payables	3,449	-	3,449
<b>Total liabilities</b>	<b>170,980</b>	<b>5,485</b>	<b>176,465</b>
<b>Free reserves</b>	<b>33,301</b>	<b>(5,958)</b>	<b>27,343</b>

The investments are valued for Solvency II purposes on the same basis as the annual financial statements, which follow IFRS.

The reinsurance recoverables have, for Solvency II purposes, been discounted using the risk-free rate term structure.

### D.2 Technical Provisions

The key change under Solvency II is the economic valuation of technical provisions, comprising:

- the best estimate of all cashflows, positive and negative, discounted to reflect the time value of money;
- provisions at market value (hence, a risk margin must be added reflecting the cost of the capital tied up in running the liabilities);
- inclusion of legally bound contracts (even if not yet incepted); and
- all future outcomes (including events not in [historical] data - or ENIDs - have to be considered).

## D. Valuation for Solvency Purposes

### Reconciliation of Technical Provisions

Below is a reconciliation of technical provisions reported in the published report and accounts and on a Solvency II basis for SMUAE.

	Gross	Reinsurers' share	Net
<b>Published Technical Provisions, \$000</b>			
IFRS insurance liabilities	<b>158,603</b>	<b>144,444</b>	<b>14,159</b>
<b>Adjustments</b>			
Remove unearned premium	(1,089)	-	(1,089)
Remove prudent margin	(11,380)	(10,387)	(993)
Add bound but not incepted	12,976	10,525	2,451
Add events not in data	3,600	3,240	360
Add provision for reinsurer default	-	(449)	449
Discount cash flows	(3,390)	(3,130)	(260)
Add risk margin	4,768	-	4,768
<b>Total adjustments</b>	<b>5,485</b>	<b>(201)</b>	<b>5,686</b>
<b>Regulatory technical provisions</b>	<b>164,088</b>	<b>144,243</b>	<b>19,845</b>

Steamship values technical provisions using the methodology prescribed by the Solvency II Directive. This methodology is documented in Steamship's paper *Solvency II - Basis of Preparation*.

For IFRS the technical provisions are valued using undiscounted values.

For Solvency II purposes the technical provisions are the sum of the best estimate and the risk margin. The technical provisions are calculated separately for the premium provision and for the claims provision, both using a best estimate basis.

The best estimate is the probability weighted average of future cashflows discounted with the risk-free term structure for US dollars provided by EIOPA. The probability-weighted average future cashflows are calculated according to actuarial best practice, using several methods and techniques such as the Development Factor Method (DFM) and the Bornhuetter-Ferguson technique for immature policy years.

As a monoline Protection & Indemnity insurer, Steamship currently uses one homogeneous risk group for the calculation of technical provisions.

The risk margin is the cost of holding the SCR to run off, determined by multiplying each year's projected SCR by the current prescribed cost of capital of 6% per annum.

The key source of uncertainty in the technical provisions is the randomness of claims both in terms of size and timing, and the impact on the ultimate cost of the unpaid claims.

### D.3 Other information

There are no other differences between the valuation bases, methods and main assumptions used for solvency purposes and financial statements purposes.

No other material information is applicable.

## E. Capital Management

### E. Capital Management

Steamship is committed to maintaining a strong capital position in order to be a robust insurer for its Members (policyholders). The objective is to maintain a solvency level in line with the risk appetite statement. Sensitivity tests for the principal risks are performed periodically and annual stress tests are performed to test Steamship's robustness to withstand moderate to severe scenarios. A key objective is to maintain a capital position and a risk profile that supports a Standard & Poor's 'A' (Stable) rating.

Steamship's risk appetite statement requires that each regulated entity should hold Own Funds at least equal to 120% of the regulatory requirement.

Steamship undertakes a GSSA annually and when the risk profile or business model changes. The GSSA incorporates the business planning process which is typically considered over a three-year time horizon. Solvency ratios are regularly monitored by the Audit and Risk Committee and Boards.

#### E.1 Own funds

The tables below detail the capital position of SMUAE as at 20 February 2021. With respect to the capital position, the Solvency II regulations require insurers to categorise own funds into the following two tiers with differing qualifications as eligible available regulatory capital:

- Tier 1 capital consists of Free Reserves of the entities on a Solvency II economic basis (Basic Own funds 'Unrestricted'); and
- Tier 2 capital consists of ancillary own funds ("AOF").

Ancillary own funds consist of items other than basic own funds which can be used to absorb losses. AOF items require the prior approval of the supervisory authority. Steamship has approved AOF items.

The rules impose limits on the amount of each tier that can be held to cover capital requirements with the aim of ensuring that the items will be available if needed to absorb any losses that might arise.

The following tables show the breakdown of eligible Own Funds to meet the SCR.

#### As at 20 February 2021

Own Funds by Tiers	<b>\$000</b>
Tier 1 Basic Own funds (Unrestricted)	27,343
Tier 2 Ancillary own funds	13,438
<b>Total Eligible own funds to meet the SCR</b>	<b>40,781</b>

#### As at 20 February 2020

Own Funds by Tiers	<b>\$000</b>
Tier 1 Basic Own funds (Unrestricted)	24,519
Tier 2 Ancillary own funds	8,358
<b>Total Eligible own funds to meet the SCR</b>	<b>32,877</b>

## E. Capital Management

SMUAE's Tier 1 Own Funds are made up 100% of free reserves. As such all capital is Tier 1 and there are no restrictions on the availability of SMUAE's Tier 1 own funds to support the MCR or SCR.

SMUAE also has approved Tier 2 AOF of \$14.8m for the ability to make an additional premium call on Mutual Members. The ICCS recognises that SMUAE can increase own funds by making additional premium (also known as unbudgeted supplementary calls) under its Rules in extreme circumstances. The ICCS has granted approval for a method of calculation of AOF and, subject to an annual confirmation by SMUAE that key factors remain valid, the method is approved until 20 April 2023. Under Solvency II regulations, up to 50% of the SCR may be supported by approved AOF.

The future risk profile of Steamship is anticipated to remain relatively stable.

The following tables show the breakdown of eligible Own Funds to meet the Minimum Capital Requirement ("MCR").

### As at 20 February 2021

Own Funds by Tiers	<b>\$000</b>
Tier 1 Basic Own funds (Unrestricted)	27,343
Tier 2 Ancillary own funds	-
<b>Total Eligible own funds to meet the MCR</b>	<b>27,343</b>

### As at 20 February 2020

Own Funds by Tiers	<b>\$000</b>
Tier 1 Basic Own funds (Unrestricted)	24,519
Tier 2 Ancillary own funds	-
<b>Total Eligible own funds to meet the MCR</b>	<b>24,519</b>

### E.2 Solvency Capital Requirement and Minimum Capital Requirement

The SCR and MCR have been determined using the 'Standard Formula' approach as set out in the Solvency II regulations. No material simplified methods or undertaking-specific parameters have been used in this assessment.

The following table show the breakdown of the SCR and MCR.

### As at 20 February 2021

Risk Category	<b>\$000</b>
Non-life underwriting risk	15,143
Counterparty default risk	9,971
Market risk	572
Operational risk	4,803
Total before diversification between risk	30,489
Diversification between risk categories	(3,612)
<b>SCR</b>	<b>26,877</b>
MCR	6,719
Ratio of eligible own funds to SCR	<b>152%</b>

## E. Capital Management

### As at 20 February 2020

Risk Category	<b>\$000</b>
Non-life underwriting risk	11,189
Counterparty default risk	7,276
Market risk	294
Operational risk	519
Total before diversification between risk	19,278
Diversification between risk categories	(2,562)
<b>SCR</b>	<b>16,716</b>
 MCR	 4,179
 Ratio of eligible own funds to SCR:	 197%

### E.3 Use of Duration based equity risk sub-module in the calculation of SCR

The duration-based equity risk sub-module has not been used in the calculation of the SCR.

### E.4 Difference between Standard Formula and any Internal Model used

No internal or partial internal model has been used in the calculation of the SCR.

### E.5 Non-compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement

SMUAE has set out to be fully compliant with the Standard Formula calculation of MCR and SCR and is not aware of any non-compliance.

SMUAE have maintained Own Funds (Free Reserves) in excess of the MCR and SCR throughout the period.

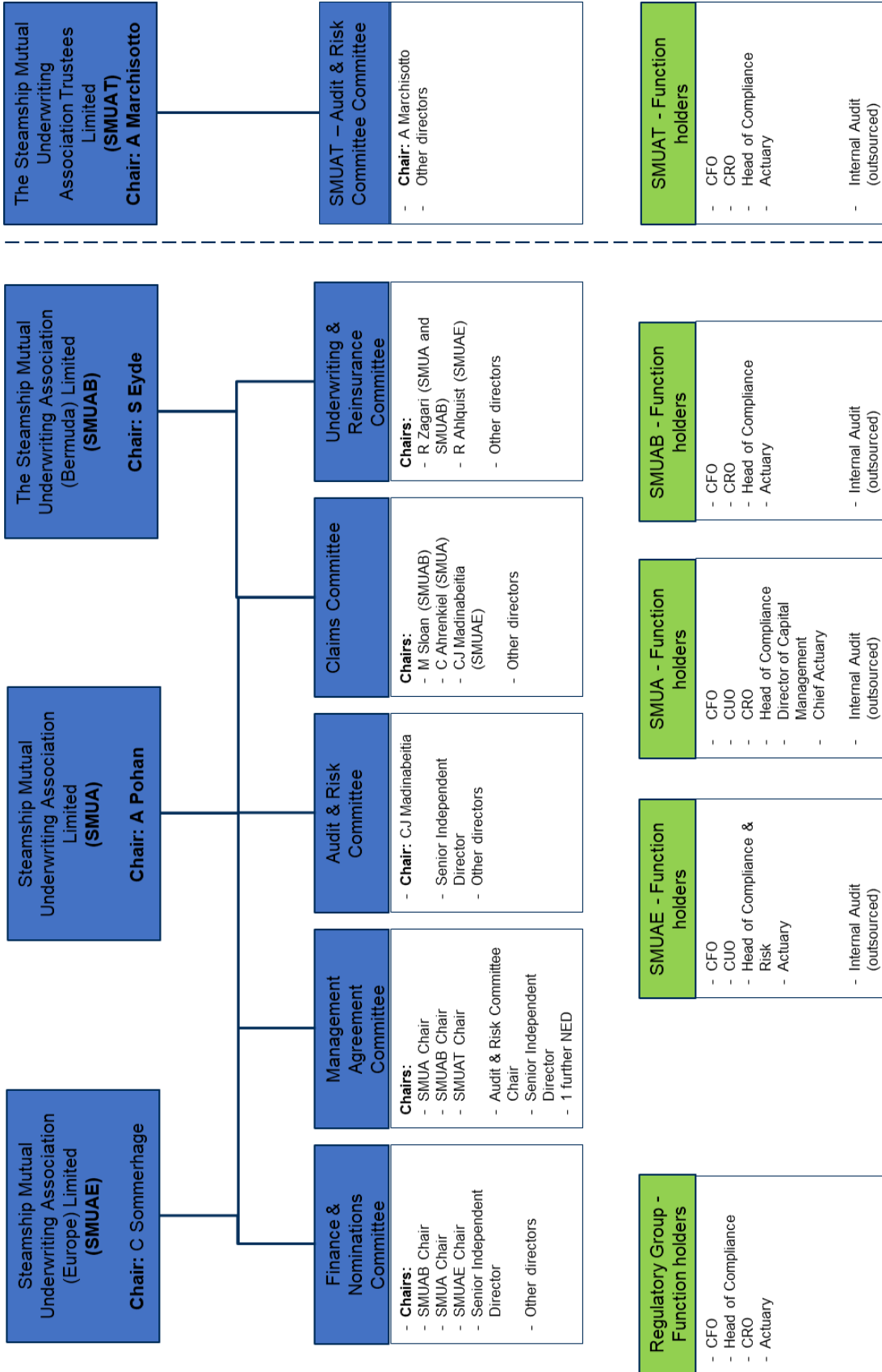
### E.6 Other information

Steamship has an interactive Standard & Poor's rating of 'A' with a stable outlook.

### Subsequent events

There were no material subsequent events.

## Appendix 1 – Steamship Regulatory Group Governance Map



**List of reported templates**

S.02.01.02 – Balance Sheet

S.05.01.02 – Premium, claims and expenses by line of business

S.05.02.01 – Premium, claims and expenses by country

S.17.01.02 – Non-Life Technical Provisions

S.19.01.21 – Non-Life insurance claims

S.23.01.01 – Own Funds

S.25.01.21 – Solvency Capital Requirement – for undertakings on standard formula

S.28.01.01 – Minimum Capital Requirement – Only life or only non-life insurance or reinsurance activity



**S.02.01.02 – Balance Sheet**

		Solvency II value	Statutory accounts value	Reclassification adjustments
		C0010	C0020	EC0021
<b>Assets</b>				
R0010	Goodwill		-	
R0020	Deferred acquisition costs		271,544	
R0030	Intangible assets	-	-	-
R0040	Deferred tax assets	-	-	-
R0050	Pension benefit surplus	-	-	-
R0060	Property, plant & equipment held for own use	-	-	-
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	46,467,648	46,467,648	-
R0080	<i>Property (other than for own use)</i>	-	-	-
R0090	<i>Holdings in related undertakings, including participations</i>	-	-	-
R0100	<i>Equities</i>	-	-	-
R0110	<i>Equities - listed</i>	-	-	-
R0120	<i>Equities - unlisted</i>	-	-	-
R0130	<i>Bonds</i>	-	-	-
R0140	<i>Government Bonds</i>	-	-	-
R0150	<i>Corporate Bonds</i>	-	-	-
R0160	<i>Structured notes</i>	-	-	-
R0170	<i>Collateralised securities</i>	-	-	-
R0180	<i>Collective Investments Undertakings</i>	46,467,648	46,467,648	-
R0190	<i>Derivatives</i>	-	-	-
R0200	<i>Deposits other than cash equivalents</i>	-	-	-
R0210	<i>Other investments</i>	-	-	-
R0220	Assets held for index-linked and unit-linked contracts	-	-	-
R0230	Loans and mortgages	-	-	-
R0240	<i>Loans on policies</i>	-	-	-
R0250	<i>Loans and mortgages to individuals</i>	-	-	-
R0260	<i>Other loans and mortgages</i>	-	-	-
R0270	Reinsurance recoverables from:	144,243,234	144,443,560	-
R0280	<i>Non-life and health similar to non-life</i>	144,243,234	144,443,560	-
R0290	<i>Non-life excluding health</i>	144,243,234	144,443,560	-
R0300	<i>Health similar to non-life</i>	-	-	-
R0310	<i>Life and health similar to life, excluding index-linked and unit-linked</i>	-	-	-
R0320	<i>Health similar to life</i>	-	-	-
R0330	<i>Life excluding health and index-linked and unit-linked</i>	-	-	-
R0340	<i>Life index-linked and unit-linked</i>	-	-	-
R0350	Deposits to cedants	-	-	-
R0360	Insurance and intermediaries receivables	3,856,111	3,856,111	-
R0370	Reinsurance receivables	78,196	78,196	-
R0380	Receivables (trade, not insurance)	333,186	333,186	-
R0390	Own shares (held directly)	-	-	-
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	-	-	-
R0410	Cash and cash equivalents	8,831,172	8,831,172	0
R0420	Any other assets, not elsewhere shown	-	-	-
R0500	<b>Total assets</b>	<b>203,809,547</b>	<b>204,281,416</b>	<b>0</b>



# STEAMSHIP MUTUAL

		Solvency II value	Statutory accounts value	Reclassification adjustments
		C0010	C0020	EC0021
<b>Liabilities</b>				
R0510	Technical provisions - non-life	164,088,496	158,602,887	-
R0520	<i>Technical provisions - non-life (excluding health)</i>	164,088,496	158,602,887	
R0530	<i>TP calculated as a whole</i>	-		
R0540	<i>Best Estimate</i>	159,320,607		
R0550	<i>Risk margin</i>	4,767,890		
R0560	<i>Technical provisions - health (similar to non-life)</i>	-	-	
R0570	<i>TP calculated as a whole</i>	-		
R0580	<i>Best Estimate</i>	-		
R0590	<i>Risk margin</i>	-		
R0600	Technical provisions - life (excluding index-linked and unit-linked)	-	-	-
R0610	<i>Technical provisions - health (similar to life)</i>	-	-	
R0620	<i>TP calculated as a whole</i>	-		
R0630	<i>Best Estimate</i>	-		
R0640	<i>Risk margin</i>	-		
R0650	<i>Technical provisions - life (excluding health and index-linked and unit-linked)</i>	-	-	
R0660	<i>TP calculated as a whole</i>	-		
R0670	<i>Best Estimate</i>	-		
R0680	<i>Risk margin</i>	-		
R0690	Technical provisions - index-linked and unit-linked	-	-	-
R0700	<i>TP calculated as a whole</i>	-		
R0710	<i>Best Estimate</i>	-		
R0720	<i>Risk margin</i>	-		
R0730	Other technical provisions	-	-	-
R0740	Contingent liabilities	-	-	-
R0750	Provisions other than technical provisions	-	-	-
R0760	Pension benefit obligations	-	-	-
R0770	Deposits from reinsurers	-	-	-
R0780	Deferred tax liabilities	-	-	-
R0790	Derivatives	-	-	-
R0800	Debts owed to credit institutions	-	-	-
R0810	Financial liabilities other than debts owed to credit institutions	-	-	-
R0820	Insurance & intermediaries payables	8,723,723	8,723,723	-
R0830	Reinsurance payables	3,653,339	3,653,339	-
R0840	Payables (trade, not insurance)	-	-	-
R0850	Subordinated liabilities	-	-	-
R0860	<i>Subordinated liabilities not in BOF</i>	-	-	-
R0870	<i>Subordinated liabilities in BOF</i>	-	-	-
R0880	Any other liabilities, not elsewhere shown	-	-	-
R0900	<b>Total liabilities</b>	<b>176,465,558</b>	<b>170,979,949</b>	<b>-</b>
R1000	<b>Excess of assets over liabilities</b>	<b>27,343,989</b>	<b>33,301,467</b>	



S.05.02.01 – Premium, claims and expenses by country

		C0010	C0020	C0030	C0040	C0050	C0060	C0070	
Non-life		Top 5 countries (by amount of gross premiums written) - non-life obligations						Total Top 5 and home	
Home Country		NL	FR	GR	DE	IT			
		C0080	C0090	C0100	C0110	C0120	C0130	C0140	
<b>Premiums written</b>									
R0110	Gross - Direct Business	35,194,877	15,195,015	6,733,182	6,602,492	5,853,000	5,265,309	74,843,875	
R0120	Gross - Proportional reinsurance accepted	-	-	-	-	-	-	-	
R0130	Gross - Non-proportional reinsurance accepted	-	-	-	-	-	-	-	
R0140	Reinsurers' share	24,746,616	10,681,564	4,733,191	4,641,320	4,114,454	3,701,328	52,618,473	
R0200	Net	10,448,261	4,513,452	1,999,991	1,961,171	1,738,546	1,563,981	22,225,402	
<b>Premiums earned</b>									
R0210	Gross - Direct Business	35,669,956	14,990,142	6,642,399	6,513,471	5,774,084	5,194,317	74,784,369	
R0220	Gross - Proportional reinsurance accepted	-	-	-	-	-	-	-	
R0230	Gross - Non-proportional reinsurance accepted	-	-	-	-	-	-	-	
R0240	Reinsurers' share	24,746,616	10,681,564	4,733,191	4,641,320	4,114,454	3,701,328	52,618,473	
R0300	Net	10,923,340	4,308,578	1,909,208	1,872,150	1,659,630	1,492,989	22,165,896	
<b>Claims incurred</b>									
R0310	Gross - Direct Business	12,168,371	9,146,836	34,850,084	3,365,626	26,569,102	1,902,456	88,002,475	
R0320	Gross - Proportional reinsurance accepted	-	-	-	-	-	-	-	
R0330	Gross - Non-proportional reinsurance accepted	-	-	-	-	-	-	-	
R0340	Reinsurers' share	6,329,515	8,014,870	32,901,656	2,456,015	25,156,404	787,016	75,645,476	
R0400	Net	5,838,856	1,131,966	1,948,427	909,611	1,412,698	1,115,440	12,356,998	
<b>Changes in other technical provisions</b>									
R0410	Gross - Direct Business	-	-	-	-	-	-	-	
R0420	Gross - Proportional reinsurance accepted	-	-	-	-	-	-	-	
R0430	Gross - Non-proportional reinsurance accepted	-	-	-	-	-	-	-	
R0440	Reinsurers' share	-	-	-	-	-	-	-	
R0500	Net	-	-	-	-	-	-	-	
R0550	<b>Expenses incurred</b>	5,884,135	6,658,534	1,270,829	1,022,507	976,989	1,108,299	16,921,292	
R1200	<b>Other expenses</b>								-
R1300	<b>Total expenses</b>								16,921,292

**S.17.01.02 – Non-Life Technical Provisions**

	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
	Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				Total Non-Life obligation
	Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
<b>R0010 Technical provisions calculated as a whole</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
R0020 Direct business																	-
R0030 Accepted proportional reinsurance business																	-
R0040 Accepted non-proportional reinsurance																	-
R0050 Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole																	-
<b>Technical provisions calculated as a sum of BE and RM</b>																	
<b>Best estimate</b>																	
<b>Premium provisions</b>																	
R0060 <b>Gross - Total</b>	-	-	-	-	-	15,226,427	-	-	-	-	-	-	-	-	-	-	15,226,427
R0070 Gross - direct business						15,226,427											15,226,427
R0080 Gross - accepted proportional reinsurance business																	-
R0090 Gross - accepted non-proportional reinsurance business						15,226,427											-
R0100 Total recoverable from reinsurance/SPV and Finite Re before the adjustment for expected losses due to counterparty default	-	-	-	-	-	12,518,041	-	-	-	-	-	-	-	-	-	-	12,518,041
R0110 Recoverables from reinsurance (except SPV and Finite Reinsurance) before adjustment for expected losses						12,518,041											12,518,041
R0120 Recoverables from SPV before adjustment for expected losses																	-
R0130 Recoverables from Finite Reinsurance before adjustment for expected losses																	-
R0140 Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default						12,518,041											12,518,041
R0150 <b>Net Best Estimate of Premium Provisions</b>	-	-	-	-	-	2,708,386	-	-	-	-	-	-	-	-	-	-	2,708,386
<b>Claims provisions</b>																	
R0160 <b>Gross - Total</b>	-	-	-	-	-	144,094,180	-	-	-	-	-	-	-	-	-	-	144,094,180
R0170 Gross - direct business						144,094,180											144,094,180
R0180 Gross - accepted proportional reinsurance business																	-
R0190 Gross - accepted non-proportional reinsurance business																	-
R0200 Total recoverable from reinsurance/SPV and Finite Re before the adjustment for expected losses due to counterparty default	-	-	-	-	-	131,725,193	-	-	-	-	-	-	-	-	-	-	131,725,193
R0210 Recoverables from reinsurance (except SPV and Finite Reinsurance) before adjustment for expected losses						131,725,193											131,725,193
R0220 Recoverables from SPV before adjustment for expected losses																	-
R0230 Recoverables from Finite Reinsurance before adjustment for expected losses																	-
R0240 Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default						131,725,193											131,725,193
R0250 <b>Net Best Estimate of Claims Provisions</b>	-	-	-	-	-	12,368,987	-	-	-	-	-	-	-	-	-	-	12,368,987
R0260 <b>Total best estimate - gross</b>	-	-	-	-	-	159,320,607	-	-	-	-	-	-	-	-	-	-	159,320,607
R0270 <b>Total best estimate - net</b>	-	-	-	-	-	15,077,373	-	-	-	-	-	-	-	-	-	-	15,077,373
R0280 <b>Risk margin</b>						4,767,890											4,767,890



5.19.01.21 – Non-Life insurance claims

Line of business	Marine, aviation and transport insurance
Accident year / underwriting year	Underwriting year
Currency	USD
Currency conversion	Reporting currency

Gross Claims Paid (non-cumulative)																		
(absolute amount)																		
Year	C0010	C0020	C0030	C0040	C0050	C0060	Development year					C0120	C0130	C0140	C0150	C0160	C0170	C0180
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 & +	In Current year	Sum of years (cumulative)
Prior																	-	-
N-14																	-	-
N-13																	19,345	19,345
N-12																	30,201	30,201
N-11																	19,856	19,856
N-10																	-	-
N-9																	1,405	1,405
N-8																	5,417	5,417
N-7																	36,394	36,394
N-6																	20,557	20,557
N-5																	61,299	61,299
N-4																	286,700	286,700
N-3																	361,585	361,585
N-2																	963,949	963,949
N-1																	3,407,588	3,407,588
N	15,613,667.00	3,407,588.00	963,949.00	361,585.00	286,700.00	61,299.00	20,557.00	36,394.00	5,417.00	1,405.00						15,613,667	20,747,137	
<b>Total</b>																	<b>20,747,137</b>	<b>20,747,137</b>

Gross Undiscounted Best Estimate Claims Provision																		
(absolute amount)																		
Year	C0600	C0610	C0620	C0630	C0640	C0650	Development year					C0720	C0730	C0740	C0750	C0760	C0770	
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 & +	In Current year	Sum of years (cumulative)
Prior																	-	-
N-14																	-	-
N-13																	19,345	19,345
N-12																	30,201	30,201
N-11																	19,856	19,856
N-10																	-	-
N-9																	1,405	1,405
N-8																	5,417	5,417
N-7																	36,394	36,394
N-6																	20,557	20,557
N-5																	55,169	55,169
N-4																	258,030	258,030
N-3																	325,426	325,426
N-2																	867,554	867,554
N-1																	3,066,829	3,066,829
N	14,065,376.00	3,066,829.00	867,554.00	325,426.00	258,030.00	55,169.00	20,557.00	36,394.00	5,417.00	1,405.00						14,065,376	18,690,733	
<b>Total</b>																	<b>18,690,733</b>	<b>18,690,733</b>

Net Claims Paid (non-cumulative)																		
(absolute amount)																		
Year	C1200	C1210	C1220	C1230	C1240	C1250	Development year					C1320	C1330	C1340	C1350	C1360	C1370	
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 & +	In Current year	Sum of years (cumulative)
Prior																	0.00	0.00
N-14	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
N-13	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
N-12	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
N-11	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
N-10																	-	-
N-9																	-	-
N-8																	-	-
N-7																	-	-
N-6																	-	-
N-5																	6,130	6,130
N-4																	28,670	28,670
N-3																	36,159	36,159
N-2																	96,395	96,395
N-1																	340,759	340,759
N	1,548,291	340,759	96,395	36,159	28,670	6,130										1,548,291	2,056,404	
<b>Total</b>																	<b>2,056,404</b>	<b>2,056,404</b>

Gross undiscounted Best Estimate Claims Provisions																	C0360	
(absolute amount)																	Year end	
Year	C0200	C0210	C0220	C0230	C0240	C0250	C0260	Development year				C0300	C0310	C0320	C0330	C0340	C0350	(discounted data)
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 & +	0.00	
Prior																		0.00
N-14																		0.00
N-13																		5,394,117
N-12														5,437,234				3,667,798
N-11													3,766,673					1,322,736
N-10											2,735,119	1,322,906						2,645,978
N-9										1,754,491								1,691,838
N-8									516,677									497,156
N-7									743,693									714,834
N-6							1,046,688											1,023,405
N-5						2,375,574												2,334,829
N-4					8,184,874													8,063,732
N-3				13,849,271														13,672,851
N-2			19,925,744															19,680,588
N-1		25,400,820																25,093,198
N	61,720,222																	60,936,592
<b>Total</b>																		<b>144,094,180</b>

Undiscounted Best Estimate Claims Provisions - Reinsurance recoverable																	C0960	
(absolute amount)																	Year end	
Year	C0800	C0810	C0820	C0830	C0840	C0850	C0860	Development year				C0900	C0910	C0920	C0930	C0940	C0950	(discounted data)
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 & +	0.00	
Prior																		0.00
N-14																		0.00
N-13																		537,203.00
N-12														541,514,64				3,652,498
N-11													3,751,374					1,317,363
N-10											2,724,010	1,317,532						2,634,868
N-9													1,747,365					1,684,711
N-8											514,578							495,058
N-7											740,672							711,813
N-6							1,042,436											1,019,153
N-5						2,171,645												2,134,247
N-4					7,370,188													7,260,659
N-3				12,459,977														12,300,607
N-2			17,892,371															17,671,334
N-1		23,282,649																22,999,529
N	55,812,494																	55,100,983
<b>Total</b>																		<b>131,720,128</b>

Net Undiscounted Best Estimate Claims Provisions																	C1560			
(absolute amount)																	Year end			
Year	C1400	C1410	C1420	C1430	C1440	C1450	C1460	Development year				C1480	C1490	C1500	C1510	C1520	C1530	C1540	C1550	(discounted data)
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 & +	0.00			
Prior																			0.00	
N-14	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
N-13	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	22,084.84	22,085.00	
N-12	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	15,299.00	15,300.00	
N-11	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5,373	5,373	
N-10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11,109	11,110	
N-9	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7,126	7,127	
N-8	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,099	2,098	
N-7	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,021	3,021	
N-6	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4,252	4,252	
N-5	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	203,929	200,582	
N-4	0.00	0.00	0.00	0.00	814,686														803,073	
N-3	0.00	0.00	0.00	1,389,294															1,372,244	
N-2	0.00	0.00	2,033,373																2,009,254	
N-1	0.00	2,118,171																	2,093,669	
N	5,907,728																		5,835,610	
<b>Total</b>																			<b>12,374,052</b>	



Gross Reported but not Settled Claims (RBNS)																	
(absolute amount)																	
Year	CO400	CO410	CO420	CO430	CO440	CO450	CO460	Development year							CO560		
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 & +	Year end
Prior																0.00	-
N-14																	-
N-13																	4,688,970
N-12													3,496,450	4,688,970			3,496,450
N-11												1,256,407					1,256,407
N-10											2,597,596						2,597,596
N-9										1,605,859							1,605,859
N-8									485,912								485,912
N-7									501,177								501,177
N-6								882,217									882,217
N-5									2,017,854								2,017,854
N-4					6,324,674												6,324,674
N-3				7,162,203													7,162,203
N-2			17,421,222														17,421,222
N-1		18,830,670															18,830,670
N	33,463,196																33,463,196
<b>Total</b>																	<b>98,221,593</b>

Reinsurance RBNS Claims																	
(absolute amount)																	
Year	C1000	C1010	C1020	C1030	C1040	C1050	C1060	Development year							C1160		
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 & +	Year end
Prior																0.00	-
N-14																	-
N-13																	4,688,970
N-12													3,496,450	4,688,970			3,496,450
N-11												1,256,407					1,256,407
N-10											2,597,596						2,597,596
N-9										1,605,859							1,605,859
N-8										485,912							485,912
N-7										501,177							501,177
N-6										882,217							882,217
N-5										1,845,142							1,845,142
N-4					5,709,741												5,709,741
N-3				6,475,440													6,475,440
N-2			15,679,100														15,679,100
N-1		17,254,024															17,254,024
N	30,329,199																30,329,199
<b>Total</b>																	<b>90,294,420</b>

Net RBNS Claims																	
(absolute amount)																	
Year	C1600	C1610	C1620	C1630	C1640	C1650	C1660	Development year							C1760		
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 & +	Year end
Prior																0.00	-
N-14	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
N-13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
N-12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
N-11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
N-10	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
N-9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
N-8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
N-7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
N-6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
N-5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
N-4	-	-	-	-	614,933												172,712
N-3	-	-	-	686,763													614,933
N-2	-	-	1,742,122														686,763
N-1	-	1,576,646															1,742,122
N	3,133,997																1,576,646
<b>Total</b>																	<b>7,927,173</b>

**S.23.01.01 – Own Funds**
**Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35**

	Total C0010	Tier 1 unrestricted C0020	Tier 1 restricted C0030	Tier 2 C0040	Tier 3 C0050
R0010 Ordinary share capital (gross of own shares)					
R0030 Share premium account related to ordinary share capital					
R0040 Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	35,000,000	35,000,000			
R0050 Subordinated mutual member accounts					
R0070 Surplus funds					
R0090 Preference shares					
R0110 Share premium account related to preference shares					
R0130 Reconciliation reserve	- 7,656,011	- 7,656,011			
R0140 Subordinated liabilities					
R0160 An amount equal to the value of net deferred tax assets					
R0180 Other own fund items approved by the supervisory authority as basic own funds not specified above					

**Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds**

R0220 Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds

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**Deductions**

R0230 Deductions for participations in financial and credit institutions

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R0290 **Total basic own funds after deductions**

27,343,989	27,343,989	-	-	-
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**Ancillary own funds**

R0300 Unpaid and uncalled ordinary share capital callable on demand

R0310 Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand

R0320 Unpaid and uncalled preference shares callable on demand

R0330 A legally binding commitment to subscribe and pay for subordinated liabilities on demand

R0340 Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC

R0350 Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC

R0360 Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC

R0370 Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC

R0390 Other ancillary own funds

R0400 **Total ancillary own funds**

-				
-				
-				
-				
-				
14,777,618			14,777,618	
-				
-				
14,777,618			14,777,618	-

**Available and eligible own funds**

R0500 Total available own funds to meet the SCR

R0510 Total available own funds to meet the MCR

R0540 Total eligible own funds to meet the SCR

R0550 Total eligible own funds to meet the MCR

42,121,607	27,343,989	-	14,777,618	-
27,343,989	27,343,989	-	-	-
40,782,242	27,343,989	-	13,438,253	-
27,343,989	27,343,989	-	-	-

R0580 **SCR**

R0600 **MCR**

R0620 **Ratio of Eligible own funds to SCR**

R0640 **Ratio of Eligible own funds to MCR**

26,876,506
6,719,127
152%
407%

**Reconciliation reserve**

R0700 Excess of assets over liabilities

R0710 Own shares (held directly and indirectly)

R0720 Foreseeable dividends, distributions and charges

R0730 Other basic own fund items

R0740 Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds

R0760 **Reconciliation reserve**

C0060	
27,343,989	
35,000,000	
- 7,656,011	

**Expected profits**

R0770 Expected profits included in future premiums (EPIFP) - Life business

R0780 Expected profits included in future premiums (EPIFP) - Non- life business

R0790 **Total Expected profits included in future premiums (EPIFP)**

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**S.25.01.21 – Solvency Capital Requirement – for undertakings on standard formula**

Z0010

	C0030	C0040	C0050
	Net solvency capital requirement	Gross solvency capital requirement	Allocation from adjustments due to RFF and Matching adjustments portfolios
R0010 Market risk	572,370	572,370	-
R0020 Counterparty default risk	9,971,461	9,971,461	-
R0030 Life underwriting risk			-
R0040 Health underwriting risk			-
R0050 Non-life underwriting risk	15,142,680	15,142,680	-
R0060 Diversification	- 3,612,990	- 3,612,990	-
R0070 Intangible asset risk		-	
<b>R0100 Basic Solvency Capital Requirement</b>	<b>22,073,521</b>	<b>22,073,521</b>	
<b>Calculation of Solvency Capital Requirement</b>			
R0120 Adjustment due to RFF/MAP nSCR aggregation			C0100
R0130 Operational risk	4,802,985		
R0140 Loss-absorbing capacity of technical provisions	-		
R0150 Loss-absorbing capacity of deferred taxes			
R0160 Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC			
R0200 <b>Solvency Capital Requirement excluding capital add-on</b>	<b>26,876,506</b>		
R0210 Capital add-ons already set			
R0220 <b>Solvency capital requirement</b>	<b>26,876,506</b>		
<b>Other information on SCR</b>			
R0400 Capital requirement for duration-based equity risk sub-module			
R0410 Total amount of Notional Solvency Capital Requirements for remaining part			
R0420 Total amount of Notional Solvency Capital Requirements for ring fenced funds			
R0430 Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios			
R0440 Diversification effects due to RFF nSCR aggregation for article 304			
R0450 Method used to calculate the adjustment due to RFF/MAP nSCR aggregation			
R0460 Net future discretionary benefits			

**S.28.01.01 – Minimum Capital Requirement – Only life or only non-life insurance or reinsurance activity**
**Linear formula component for non-life insurance and reinsurance obligations**

 R0010 MCR<sub>NL</sub> Result

C0010
4,908,520

C0020	C0030
<b>Net (of reinsurance/SPV) best estimate and TP calculated as a whole</b>	<b>Net (of reinsurance) written premiums in the last 12 months</b>

- R0020 Medical expense insurance and proportional reinsurance
- R0030 Income protection insurance and proportional reinsurance
- R0040 Workers' compensation insurance and proportional reinsurance
- R0050 Motor vehicle liability insurance and proportional reinsurance
- R0060 Other motor insurance and proportional reinsurance
- R0070 Marine, aviation and transport insurance and proportional reinsurance
- R0080 Fire and other damage to property insurance and proportional reinsurance
- R0090 General liability insurance and proportional reinsurance
- R0100 Credit and suretyship insurance and proportional reinsurance
- R0110 Legal expenses insurance and proportional reinsurance
- R0120 Assistance and proportional reinsurance
- R0130 Miscellaneous financial loss insurance and proportional reinsurance
- R0140 Non-proportional health reinsurance
- R0150 Non-proportional casualty reinsurance
- R0160 Non-proportional marine, aviation and transport reinsurance
- R0170 Non-proportional property reinsurance

15,077,373	23,968,222

**Linear formula component for life insurance and reinsurance obligations**

 R0200 MCR<sub>L</sub> Result

C0040
-

C0050	C0060
<b>Net (of reinsurance/SPV) best estimate and TP calculated as a whole</b>	<b>Net (of reinsurance/SPV) total capital at risk</b>

- R0210 Obligations with profit participation - guaranteed benefits
- R0220 Obligations with profit participation - future discretionary benefits
- R0230 Index-linked and unit-linked insurance obligations
- R0240 Other life (re)insurance and health (re)insurance obligations
- R0250 Total capital at risk for all life (re)insurance obligations


**Overall MCR calculation**

- R0300 Linear MCR
- R0310 SCR
- R0320 MCR cap
- R0330 MCR floor
- R0340 Combined MCR
- R0350 Absolute floor of the MCR
- R0400 **Minimum Capital Requirement**

C0070
4,908,520
26,876,506
12,094,428
6,719,127
6,719,127
4,126,980
6,719,127