



# Solvency and Financial Condition Report 2024

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 SFCR for Steamship Mutual Underwriting Association (Europe) Limited (“SMUAE” or the “Club”) for the year ending 20 February 2024.

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
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 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	2024	2023
Non-Life underwriting risk	18,783	22,383
Counterparty default risk	10,068	10,676
Market risk	1,216	1,324
Operational risk	5,035	4,867
Total before diversification between risks	35,102	39,250
Diversification between risk categories	(4,332)	(4,759)
<b>SCR</b>	<b>30,770</b>	<b>34,491</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	2024	2023
Tier 1 capital - Free reserves on Solvency II basis	48,127	39,406
Tier 2 capital		
Allowance for ability to make additional calls	15,385	17,246
<b>Total eligible own funds</b>	<b>63,512</b>	<b>56,652</b>
<b>SCR Ratio</b>	<b>206%</b>	<b>164%</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 solvency capital requirement.

Solvency II requires that free reserves in the financial statements of \$46.5m be restated on an 'economic' basis. The main adjustments required are to the provision for outstanding claims where any IFRS 17 Risk Adjustment is removed, leaving a 'best or most likely estimate' of cost, and finally a 'risk margin' is added using a standard calculation. Also, the Liability for Remaining Coverage and the Loss Component if any, are replaced by the Premium Provision which contrary to IFRS 17 it captures both expected losses and profits on the Bound But Not Incepted Business ("BBNI").

The aim of this adjustment is to make claim provisions and therefore free reserves more comparable across insurers.

## Executive Summary

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 \$30.7m for the year ended 20 Feb 2024, 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 2024/25

The result for the year was a surplus of \$6.1 m (2023 restated under IFRS 17: surplus of \$3.8 m). The Association's net combined ratio, calculated by dividing the insurance service expenses minus amounts recoverable from reinsurers for incurred claims divided with the insurance revenue minus allocation of reinsurance premiums, was 87% (2023: 88%) due to lower than anticipated Pool claims from the International Group for the 2023/24 policy year.

Steamship's Members were faced with a number of challenges during the year ranging from the effect of sanctions and geopolitical fall out on trading patterns and earnings to preparing for various environmental regulations including Energy Efficiency eXisting ship Index (EEXI), Carbon Intensity Indicator (CII) and the European Union Emissions Trading System (EU ETS). On the positive side many shipping sectors enjoyed strong freight earnings as trade grew and the world fleet continued to expand.

With inflationary pressure and the inherent risk of claims volatility in mind the Board set a 5% general increase for the 2024 policy year across all classes of business, which provides confidence in the ability of the Association to weather unfavourable economic developments and achieve a break-even underwriting result.

## Statement of Directors' Responsibilities

### Statement of Directors' Responsibilities

The Directors are responsible for preparing the 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 2024, 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 20 May 2024.

By Order of the Board

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R W Harris  
Director

## Independent Auditor's Report

**To: The Board of Directors 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 2023/895 of 4 April 2023, of Steamship Mutual Underwriting Association (Europe) Limited (the "Association"), prepared as at 20 February 2024.

- 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 20 February 2024 is prepared, in all material respects, in accordance with the Insurance and Reinsurance Services and other Related Issues Law of 2016 as amended, the Commission Delegated Regulation (EU) 2015/35 as amended, 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.

## **Independent Auditor's Report (continued)**

### **To: The Board of Directors of Steamship Mutual Underwriting Association (Europe) Limited**

#### **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.

#### **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 2023/895 of 4 April 2023):

- S.05.01.02 - Premiums, claims and expenses by line of business
- 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.



## **Independent Auditor's Report (continued)**

### **To: The Board of Directors of Steamship Mutual Underwriting Association (Europe) Limited**

#### **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.

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.

## Independent Auditor's Report (continued)

**To: The Board of Directors 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).**

- 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.



**Moore Limassol Limited**  
**Certified Public Accountants and Registered Auditors**

Limassol, 20 May 2024

## 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 twelve 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 \$ 9 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, seven 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 Oktovriou 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, two non-executive directors, one member of SPIM and one member of Steamship Insurance Agency (Europe) Ltd “SIAE”.

### **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, twenty six non-executive directors, and, 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 twelve 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
Rosebank Centre, 5 <sup>th</sup> Floor 11 Bermudiana Road Pembroke HM 08 Bermuda	Hamilton Investment Management Limited Washington Mall II 4th Floor 22 Church Street Hamilton HM 11 Bermuda +1 441 295 4502	Grant Thornton Bermuda Atlantic House, 11 Par La Ville Road, Hamilton, HM 11, Bermuda +1 441 292 7478	Bermuda Monetary Authority BMA House 43 Victoria Street Hamilton HM 12 Bermuda +1 441 295 5278

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

Registered Office	Managers	External Auditors	Supervisory Authority
Rosebank Centre, 5 <sup>th</sup> Floor 11 Bermudiana Road Pembroke HM 08 Bermuda	Steamship Mutual Management (Bermuda) Limited Washington Mall II 4th Floor 22 Church Street Hamilton HM 11 Bermuda +1 441 295 4502	Grant Thornton Bermuda Atlantic House, 11 Par La Ville Road, Hamilton, HM 11, Bermuda +1 441 292 7478	Bermuda Monetary Authority BMA House 43 Victoria Street Hamilton HM 12 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  Managers' Cyprus Representative Steamship Insurance Agency (Europe) Limited Vashiotis Ikos Centrer 28th October Avenue Limassol 3107 Cyprus	Moore Limassol Ltd 196 Arch. Makarios Ave, Ariel Corner, 1st floor, office 102, 3030 Limassol Cyprus +357 25 820280	Insurance Companies Control Service P.O. Box 23364 1682 Nicosia, Cyprus +357 22602990

## 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

BDO LLP  
Hill House  
55 Baker Street  
London  
W1U 7EU  
+44 (0)20 7486 5888

#### 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, representing 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

The Annual Report and Financial Statements for SMUAE for the year ended 20 February 2024, reflect the adoption of IFRS 17 Insurance Contracts and a review of business for the year on an IFRS 17 Basis.

SMUAE's insurance revenue for the year ended 20 February 2024 was \$170.7 m (2023 was \$147 m). The result for the year was a surplus of \$6.1 m (2023 restated under IFRS 17: surplus of \$3.8 m). The net combined ratio for the year was 87% (2023 restated under IFRS 17 was 88%). The key drivers of the surplus were the lower than anticipated Pool claims from the International Group for the 2023/24 policy year and higher investment return.

For the year under review, the Directors set a 7.5% general increase in premium. At the 2024/25 renewal the general increase was set at 5%. The Directors of SMUAB, after considering the strong current and projected capital position of Steamship, declared a capital distribution to all its Members who renewed at 20 February 2024 equivalent to 7.5% of mutual premium paid for the 2023/24 policy year (Class 1–P&I). Accordingly, \$24.2 m has been credited to all Steamship Members since year end.

### The year ahead

With inflationary pressure and the inherent risk of claims volatility in mind the Board set a 5% general increase for the 2024 policy year across all classes of business, which provides confidence in the ability of the Association to weather unfavourable economic developments and achieve a break-even underwriting result.

### 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 of 20 February 2024, the investment portfolio consists of money market funds of \$49.2 m, short duration bond funds of \$24.6 m and cash at bank of \$3 m, achieving an overall investment income of \$4.1 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 year.

## 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 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 (resigned 9 June 2023)
J G Conyers	S-M Edey, Sloman Neptun, Schiffahrts, AG (resigned 9 June 2023)
S Mehta	R Thompson

#### SMUAB Board

D M Ho, Magsaysay Maritime Corp (Chair)	C J Ahrenkiel, Blue Squared AG
F Aigner, Vale (appointed 19 April 2023)	A Albertini, Marfin Management SAM
P Almeida, Tufton Investment Management (resigned 6 January 2024)	J-N Andre, Suisse-Atlantique
J H D Andrews, Steamship P&I Management LLP	A Chandris, Chandris UK Limited
S-M Edey, Sloman Neptun Schiffahrts AG	D S Farkas, Norwegian Cruise Line
M Frith, Independent Non-Executive Director, Bermuda	I Grimaldi, Grimaldi Holdings SpA
E V Ide, Naviera Ultrana Ltd	G K Jones, Steamship P&I Management LLP
C Klerides, Independent Non-Executive Director, Cyprus	S Kruse, Carnival Corporation & plc
C J Madinabeitia, Tradewind Tankers SL	B A McAllister, McAllister Towing
M T O'Neil, Columbia Shipmanagement (appointed 31 August 2023)	C K Ong, U-Ming Marine Transport Corp
A Pohan, NY Waterway	M Rodriguez, Royal Caribbean International
J Roome, Independent Non-Executive Director, UK	R G Shaw, STH Commercial Management LLC (resigned 23 October 2023)
B K Sheth, The Great Eastern Shipping Co Ltd	C Sommerhage, Columbia Shipmanagement (Germany) GmbH (resigned 1 June 2023)
Song, Chunfeng, China Shipowners Mutual Assurance Association	A L Tung, Island Navigation Corp International Ltd
E Veniamis, Golden Union Shipping Co SA	J Xiao, Orient Overseas Container Line
A Zacchello, Seearland Shipping Management BV	R Zagari, Augustea Group
S Zagury, Vale (resigned 6 March 2023)	

#### SMUAE Board

C J Madinabeitia, Tradewind Tankers SL (Chairman)	C Klerides
C Sommerhage, Columbia Shipmanagement (Germany) GmbH (ex – Chairman – resigned 01 June 2023)	R W Harris, Steamship P&I Management LLP
F Vrettos, Steamship Insurance Agency Europe Ltd	J Roome



## B. System of Governance

### SMUA Board

B A McAllister, McAllister Towing (Chair)	C B Adams, Steamship P&I Management LLP (resigned 21 February 2023)
C J Ahrenkiel, C J Ahrenkiel Consulting Switzerland	J H D Andrews, Steamship P&I Management LLP (appointed 4 April 2023)
I Grimaldi, Grimaldi Holdings SpA	G K Jones, Steamship P&I Management LLP (appointed 21 February 2023)
C J Madinabeitia, Tradewind Tankers SL	S J Martin, Steamship P&I Management LLP (resigned 4 April 2023)
A Pohan, NY Waterway	M Rodriguez, Royal Caribbean International (appointed 31 July 2023)
J Roome	A L Tung, Island Navigation Corp International Ltd
R Zagari, Augustea Group	

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 Business Strategy 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 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 Business 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")

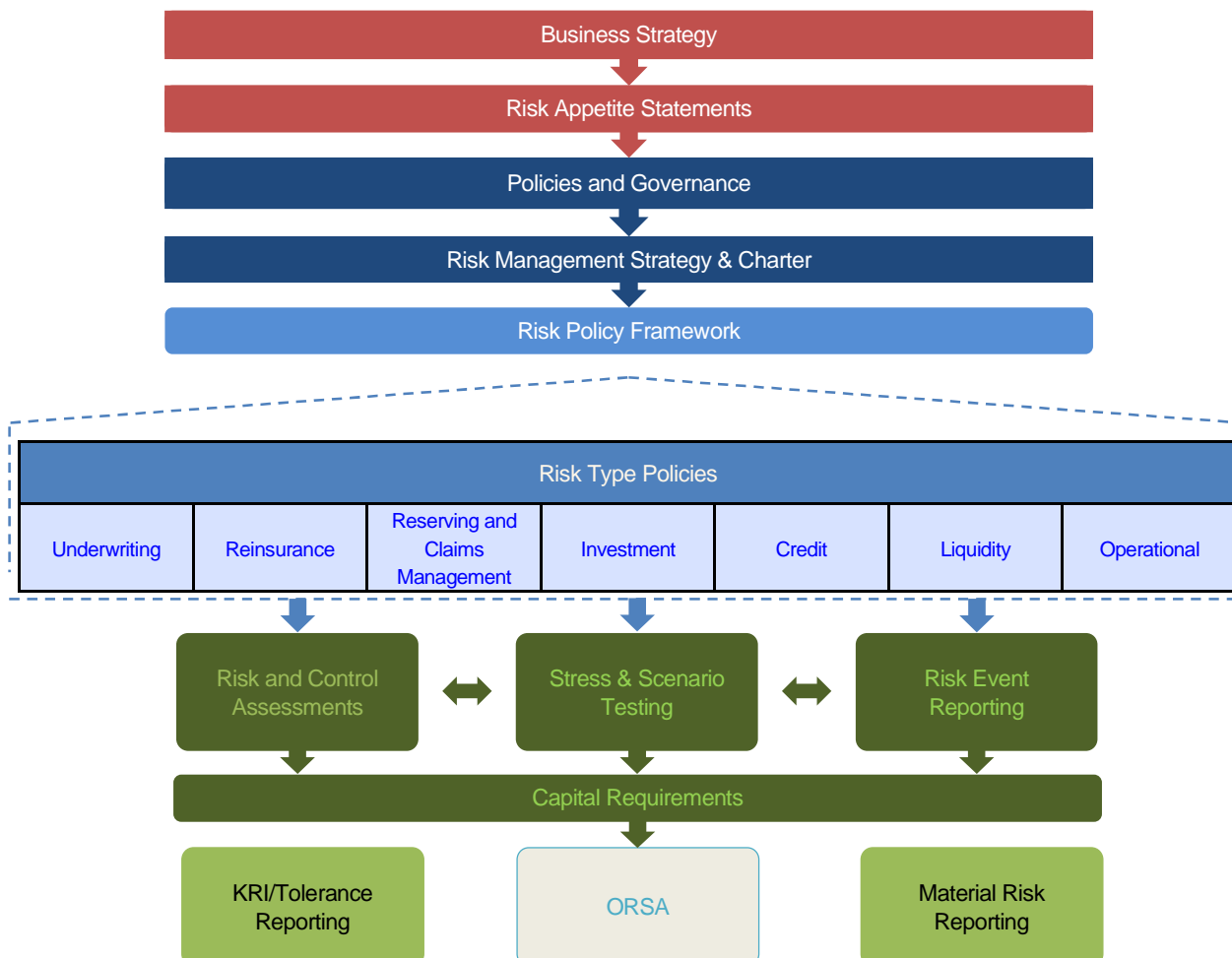
Steamship monitors and manages the risks relating to its operations through its fully documented risk management programme which analyses exposures by degree and magnitude of risks. This is evidenced in the GSSA report.

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 general 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 most recent GSSA was carried out in October 2023 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, explaining how the strategy aligns to risk appetite and the current risk profile.

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. System of Governance

### 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 and Risk Management functions

These functions consist of a Cyprus-based Senior Risk and Compliance Officer dedicated to SMUAE. For Steamship regulatory group purposes his work is coordinated through London, the base of the Chief Risk Officer (CRO). The CRO is assisted by London-based managers responsible for Risk Management and Compliance.

The Compliance function is responsible for providing general oversight of control effectiveness through the administration of a program of thematic internal controls reviews, the provision of remedial advice and the monitoring of relevant legislative and regulatory changes.

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; monitoring and assisting in the effective operation of Steamship's risk management framework; and maintaining an accurate view of Steamship's risk profile. The CRO oversees day to day risk management activity throughout the Steamship regulatory group, with actuarial support from the Director of Capital Management.

### 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 SIMSL's Actuary.

## B. System of Governance

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 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.

The below functions are deemed Critical and Important for Solvency II purposes:

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 Sharp IT Services;
3. Internal Audit services provided by PricewaterhouseCoopers LLP;
4. Underwriting activities on the Club's behalf by Post & Co, a Rotterdam-based broker, concerning the European Inland and Short Sea insurance Facility, and;
5. Microsoft Ireland Operations Limited in relation to the provision of Office 365 software which hosts much of Steamship's business data on external cloud servers.
6. The service provider 11:11 has been engaged to provide data centre hosting as a service;
7. Oracle Cloud Infrastructure (OCI) has been engaged for hosting and automated management of Steamship's Oracle Database.

### 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.

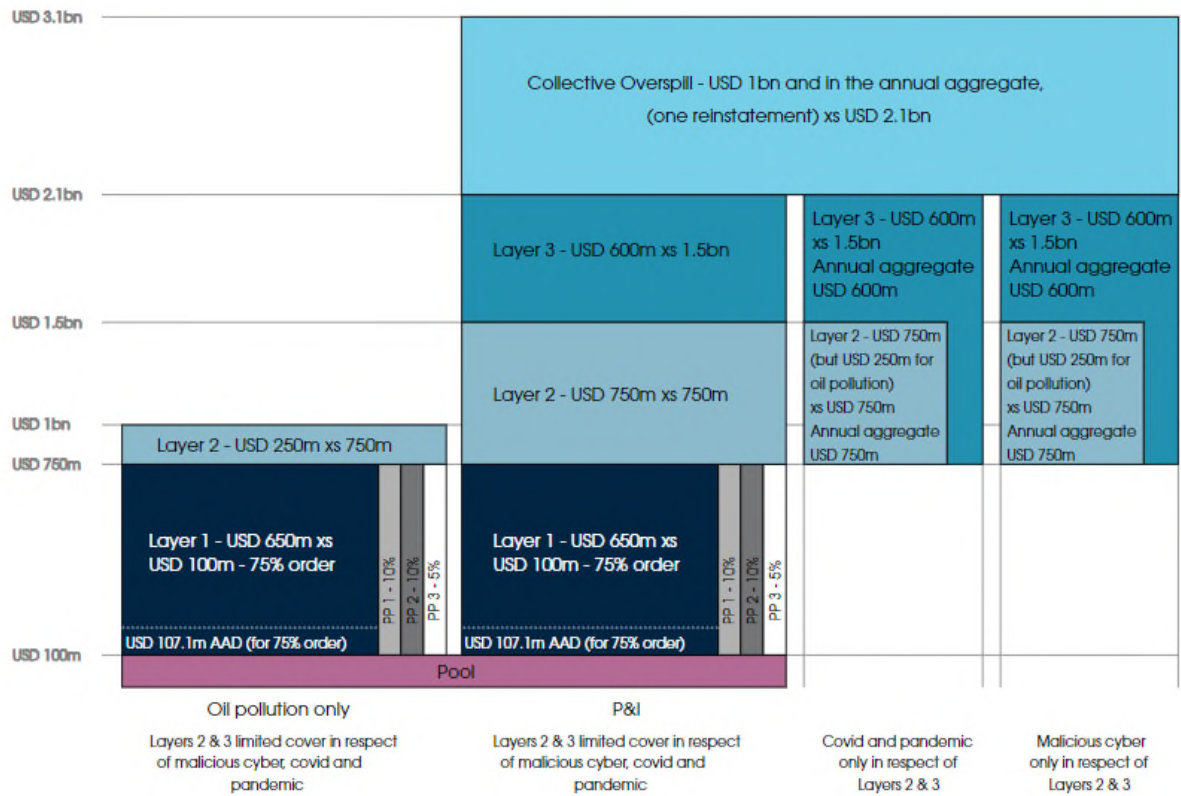
## C. Risk Profile

### 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 2024/25 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.

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 estimates, but this prudent reserving 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 a significant amount in Euro. Claims liabilities arise in a number of currencies but predominantly in US dollars and Euro. 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 Association limits individual exposures to \$25m for banks rated AA by S&P Global, or an equivalent rating from another agency, \$15m for banks rated A by S&P Global, or an equivalent rating from another agency, \$10m for banks rated BBB or worse by S&P Global, or an equivalent rating from another agency or has a Tier 1 capital ratio above 11.5% or \$5m if the capital ratio is above 10%. Loans and receivables from members, agents and intermediaries generally do not have a credit rating.

SMUAE's principal counterparty exposure derived from amounts recoverable from its reinsurers. At the 20 February 2024 the provision for reinsurance recoveries on a Solvency II basis is \$152.8 m, of which \$33.3 m was from external reinsurers, and \$112.3 m was from SMUAB and \$7.2 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 reinsures 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 2023/24 the following stress tests were carried out:

Scenario	Issues / Assumptions	Impact	Observations/Actions
Financial Resilience	<ul style="list-style-type: none"> <li>This test is similar to previous year's financial resilience test but applies a more extreme inflationary investment shock, with addition of higher claims activity</li> </ul>	<ul style="list-style-type: none"> <li>Higher capital charges due to increased outstanding claims</li> <li>SMUAE Regulatory Capital ratio reduces by 23%, no impact on liquidity given the types of assets held by SMUAE and minimal impact on collateral assets provided by SMUAT relating to reinsurance liabilities</li> </ul>	<ul style="list-style-type: none"> <li>Steamship's current capital position means that it would be able to withstand the shock of each of these potential scenarios without the need to make additional (unbudgeted) calls</li> </ul>
Break down in Chine/US relations resulting in sanctions and blocking retaliatory blocking regulations	<ul style="list-style-type: none"> <li>This stress test is premised on the Club being faced with the consequences of conflicting legal obligations, imposed by, the US and China and Hong Kong, as a result of a dispute regarding issues of trade and /or territorial ambition</li> </ul>	<ul style="list-style-type: none"> <li>Risk of breaching US actions against China with risk of being designated a Specially Designated National.</li> <li>Risk of breaching of Chinese/Hong Kong blocking regulations</li> </ul>	<ul style="list-style-type: none"> <li>Overall, Steamship as a whole and not necessarily SMUAE will be materially affected due to loss of tonnage and premium</li> </ul>
IT Outsourcing Failure	<ul style="list-style-type: none"> <li>Should the primary physical datacenter that hosts Steamship's systems externally become unavailable the Business Continuity/Disaster Recovery Plan process will be invoked</li> </ul>	<ul style="list-style-type: none"> <li>Availability of many key business facing systems could be compromised</li> <li>Steamship can run largely unaffected for the prescribed scenario period of 72 hours</li> </ul>	<ul style="list-style-type: none"> <li>The result of this stress test indicate that IT outsourcing risk is offset by using high caliber providers</li> </ul>
Sanctions Russia/Ukraine[ Reverse] Stress Test	<ul style="list-style-type: none"> <li>This stress test is premised on a very serious failure on the Part of the Club to conduct levels of due diligence expected by the UK Office of Financial Sanctions Implementation (OFSI)</li> <li>A fleet of vessels entered with the Club are found to be beneficially owned by Russian companies subject to UK asset freeze</li> <li>A significant failure of screening is assumed</li> </ul>	<ul style="list-style-type: none"> <li>Monetary penalties are limited of the greater of:  GB£ 1m  50% of the estimated value of the resources, which in the case of Steamship is up to \$650m</li> </ul>	<ul style="list-style-type: none"> <li>A serious breach would be likely come to the Managers' attention in time for a comprehensive mitigation strategy to be implemented so as to attempt to rectify and/or mitigate the impact of the breach and therefore the adverse publicity and consequent penalties</li> </ul>

The Steamship Group also carried out the following stress tests during 2023/24 in accordance with the BMA Group requirement,

- 40% decline in equity prices
- 40% decline in alternative investments and real estate



## C. Risk Profile

- Extreme US Yield Curve Widening
- Widening of credit spreads
- Foreign currency shocks
- Inflation and Monetary Policy risk
- Rating Downgrade
- Underwriting loss scenarios - Realistic disaster scenarios, New latent liability worst-case aggregated loss
- Terrorism
- Technology risk
- Failure of two largest Reinsurers

The following sensitivity tests were also carried out in 2023/24 principally to help identify and test the suitable level of buffer above the 99.99% confidence level of Standard & Poor's requirement.

- Current policy year claims upturn
- Reserve deterioration
- Investment loss
- Combination of current policy year claims upturn and investment loss.

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 audited financial statements, the Solvency II adjustments made and the Solvency II Balance Sheet for SMUAE.

	<b>2024</b>		<b>2024</b>
	<b>IFRS</b>	<b>Adjustments</b>	<b>Solvency II</b>
	<b>\$000</b>		<b>\$000</b>
<b>Assets</b>			
Investments	73,823	-	73,823
Reinsurers' share of technical provisions	144,001	8,775	152,776
Receivables	920	10,803	11,723
Cash and cash equivalents	3,048	-	3,048
<b>Total assets</b>	<b>221,792</b>	<b>19,578</b>	<b>241,370</b>
<b>Liabilities</b>			
Technical provisions	174,375	(2,305)	172,070
Trade and other payables	958	20,215	21,173
<b>Total liabilities</b>	<b>175,333</b>	<b>17,910</b>	<b>193,243</b>
<b>Free reserves</b>	<b>46,459</b>	<b>1,668</b>	<b>48,127</b>

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

The reinsurance recoverable have, for Solvency II purposes, been discounted using the risk-free rate term structure. Under IFRS 17, reinsurance payables are classified in "Reinsurers' share of technical provisions".

### D.2 Technical Provisions

Under Solvency II the economic valuation of technical provisions, is comprising by the following:

- 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 both expected profitable and expected loss making (even if not yet inception); 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 insurance liabilities reported in the audited financial statements and the technical provisions on Solvency II basis for SMUAE.

	Gross	Reinsurers' share	Net
<b>Published Technical Provisions, \$000</b>			
IFRS 17 insurance liabilities	174,375	144,001	30,374
<b>Adjustments</b>			
Remove discounting under IFRS 17	13,454	12,081	1,373
Reclassification Insurance/Reinsurance receivables/payables	30,804	44,703	(13,899)
Remove risk adjustment under IFRS 17	(9,488)	(8,520)	(968)
Add bound but not incepted	(16,546)	(16,204)	(342)
Add events not in data	3,600	3,240	360
Add provision for reinsurer default	-	(418)	418
Discount cash flows	(28,920)	(26,107)	(2,813)
Add risk margin	4,791	-	4,791
<b>Total adjustments</b>	<b>(2,305)</b>	<b>8,775</b>	<b>(11,080)</b>
<b>Regulatory technical provisions</b>	<b>172,070</b>	<b>152,776</b>	<b>19,294</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 insurance liabilities are valued under IFRS 17. The Liability for remaining coverage increases with premiums received, decreases with insurance acquisition cash outflows, decreases with insurance revenue and increases with amortization of insurance acquisition costs recognized in the Profit or Loss. Measurement of the liability for incurred claims (previously claims outstanding and incurred-but-not reported (IBNR) claims on a prudent basis) is determined on a discounted probability-weighted expected value basis and includes an explicit risk adjustment for non-financial risk. Under IFRS 17, the Part VII book is treated as an in-force policy hence it's recognized as part of LRC.

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

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' 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 2024. 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.

#### Own funds by Tiers

\$000	2024	2023
Tier 1 Basic Own funds (Unrestricted)	48,127	39,406
Tier 2 Ancillary own funds	15,385	17,246
<b>Total eligible own funds to meet the SCR</b>	<b>63,512</b>	<b>56,652</b>

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.

For the year ended 20 February 2024, SMUAE also has approved Tier 2 AOF of \$30.7m 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 2026. 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.

## E. Capital Management

The following tables show the breakdown of eligible Own Funds to meet the Minimum Capital Requirement (“MCR”) as at 20 February 2024 and 20 February 2023.

\$000	2024	2023
Tier 1 Basic Own funds (Unrestricted)	48,127	39,406
Tier 2 Ancillary own funds	-	-
<b>Total eligible own funds to meet the MCR</b>	<b>48,127</b>	<b>39,406</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.

Rick Category - \$000	2024	2023
Non-Life underwriting risk	<b>18,783</b>	22,383
Counterparty default risk	<b>10,068</b>	10,676
Market risk	<b>1,216</b>	1,324
Operational risk	<b>5,035</b>	4,867
Total before diversification between risks	<b>35,102</b>	39,250
Diversification between risk categories	<b>(4,332)</b>	(4,759)
<b>SCR</b>	<b>30,770</b>	34,491
MCR	7,693	8,623
Ratio of eligible own funds to SCR	<b>206%</b>	164%

### 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. Capital Management

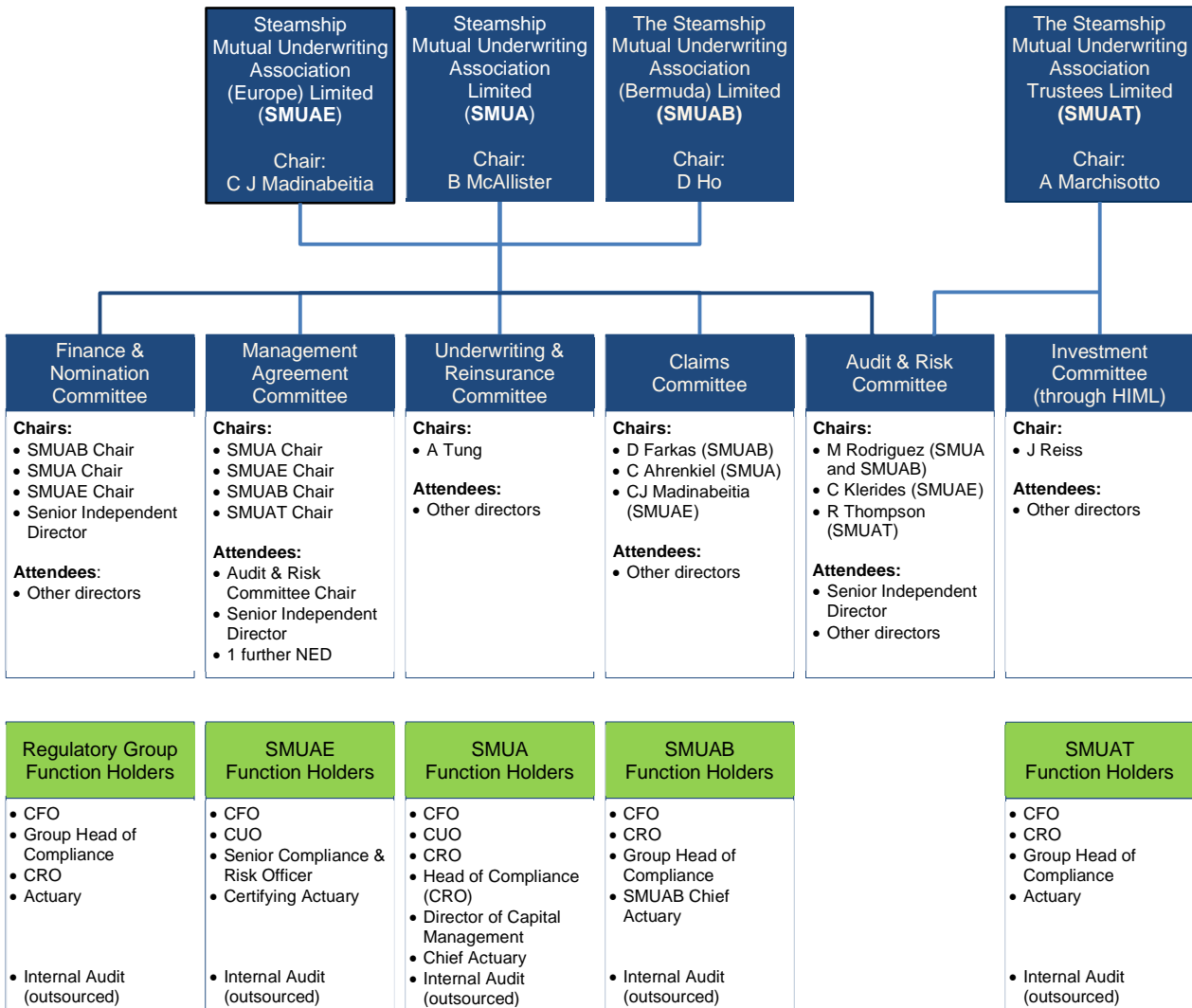
### **E.6 Other information**

Steamship has an interactive Standard & Poor's rating of A.

### **Subsequent events**

No events after the reporting period affected the understanding of the users of this report.

## 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.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**

**Balance sheet**

	<b>Solvency II value</b>
	C0010
<b>Assets</b>	
Goodwill	
Deferred acquisition costs	
Intangible assets	
Deferred tax assets	
Pension benefit surplus	
Property, plant & equipment held for own use	
Investments (other than assets held for index-linked and unit-linked contracts)	73,822,934
<i>Property (other than for own use)</i>	
<i>Holdings in related undertakings, including participations</i>	
<i>Equities</i>	-
<i>Equities - listed</i>	
<i>Equities - unlisted</i>	
<i>Bonds</i>	-
<i>Government Bonds</i>	
<i>Corporate Bonds</i>	
<i>Structured notes</i>	
<i>Collateralised securities</i>	
<i>Collective Investments Undertakings</i>	73,822,934
<i>Derivatives</i>	
<i>Deposits other than cash equivalents</i>	
<i>Other investments</i>	
Assets held for index-linked and unit-linked contracts	
Loans and mortgages	-
<i>Loans on policies</i>	
<i>Loans and mortgages to individuals</i>	
<i>Other loans and mortgages</i>	
Reinsurance recoverables from:	152,776,116
<i>Non-life and health similar to non-life</i>	152,776,116
<i>Non-life excluding health</i>	152,776,116
<i>Health similar to non-life</i>	
<i>Life and health similar to life, excluding index-linked and unit-linked</i>	-
<i>Health similar to life</i>	
<i>Life excluding health and index-linked and unit-linked</i>	
<i>Life index-linked and unit-linked</i>	
Deposits to cedants	
Insurance and intermediaries receivables	8,839,280
Reinsurance receivables	175,229
Receivables (trade, not insurance)	
Own shares (held directly)	
Amounts due in respect of own fund items or initial fund called up but not yet paid in	
Cash and cash equivalents	3,047,827
Any other assets, not elsewhere shown	2,708,423
<b>Total assets</b>	<b>241,369,807</b>

	<b>Solvency II value</b>
	C0010
<b>Liabilities</b>	
Technical provisions - non-life	172,069,690
<i>Technical provisions - non-life (excluding health)</i>	172,069,690
<i>TP calculated as a whole</i>	
<i>Best Estimate</i>	167,278,690
<i>Risk margin</i>	4,791,000
<i>Technical provisions - health (similar to non-life)</i>	-
<i>TP calculated as a whole</i>	
<i>Best Estimate</i>	
<i>Risk margin</i>	
Technical provisions - life (excluding index-linked and unit-linked)	-
<i>Technical provisions - health (similar to life)</i>	-
<i>TP calculated as a whole</i>	
<i>Best Estimate</i>	
<i>Risk margin</i>	
<i>Technical provisions - life (excluding health and index-linked and unit-linked)</i>	-
<i>TP calculated as a whole</i>	
<i>Best Estimate</i>	
<i>Risk margin</i>	
Technical provisions - index-linked and unit-linked	-
<i>TP calculated as a whole</i>	
<i>Best Estimate</i>	
<i>Risk margin</i>	
Other technical provisions	
Contingent liabilities	
Provisions other than technical provisions	
Pension benefit obligations	
Deposits from reinsurers	
Deferred tax liabilities	
Derivatives	
Debts owed to credit institutions	
<i>Debts owed to credit institutions resident domestically</i>	
<i>Debts owed to credit institutions resident in the euro area other than domestic</i>	
<i>Debts owed to credit institutions resident in rest of the world</i>	
Financial liabilities other than debts owed to credit institutions	
<i>Debts owed to non-credit institutions</i>	-
<i>Debts owed to non-credit institutions resident domestically</i>	
<i>Debts owed to non-credit institutions resident in the euro area other than domestic</i>	
<i>Debts owed to non-credit institutions resident in rest of the world</i>	
<i>Other financial liabilities (debt securities issued)</i>	
Insurance & intermediaries payables	6,619,669
Reinsurance payables	14,553,077
Payables (trade, not insurance)	
Subordinated liabilities	-
<i>Subordinated liabilities not in BOF</i>	
<i>Subordinated liabilities in BOF</i>	
Any other liabilities, not elsewhere shown	
<b>Total liabilities</b>	<b>193,242,436</b>
<b>Excess of assets over liabilities</b>	<b>48,127,371</b>







S.19.01.01

Non-Life Insurance Claims Information

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	Development year															C0170 In Current year	C0180 Sum of years (cumulative)		
	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150			C0160	15 & +
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 & +			
Prior																	633,993	633,993	
N-14	-	-	-	-	-	-	-	-	-	-	-	-	19,856	3,141,899	9,033	53,486	-	53,486	3,224,274
N-13	-	-	-	-	-	-	-	-	-	-	-	-	1,039,613	19,182	236,934	-	-	236,934	1,295,729
N-12	-	-	-	-	-	-	-	-	-	1,405	98,983	187,085	-	109,850	-	-	-	109,850	177,623
N-11	-	-	-	-	-	-	-	-	5,417	13,764	28,277	-	-	-	-	-	-	8,722	374
N-10	-	-	-	-	-	-	-	36,394	211,869	36,494	6,320	-	-	-	-	-	-	6,320	132,661
N-9	-	-	-	-	-	20,557	81,970	42,365	5,311	-	-	-	-	-	-	-	-	5,311	54,851
N-8	-	-	-	-	61,299	245,580	55,881	215,614	-	-	-	-	-	-	-	-	-	215,614	466,612
N-7	-	-	-	286,700	861,564	157,885	-	-	-	-	-	-	-	-	-	-	-	157,885	1,987,659
N-6	-	-	361,585	2,680,086	2,739,534	1,929,374	-	-	-	-	-	-	-	-	-	-	-	1,929,374	7,710,579
N-5	-	963,949	6,435,687	2,887,434	4,696,798	-	-	-	-	-	-	-	-	-	-	-	-	4,696,798	14,983,868
N-4	-	3,407,588	7,876,454	4,449,302	4,632,013	-	-	-	-	-	-	-	-	-	-	-	-	4,632,013	20,365,357
N-3	15,613,667	18,118,991	5,354,303	11,978,952	-	-	-	-	-	-	-	-	-	-	-	-	-	11,978,952	51,065,913
N-2	16,000,555	19,517,358	14,215,621	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,215,621	49,733,534
N-1	9,877,295	16,183,986	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16,183,986	26,061,281
N	8,142,794	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,142,794	8,142,794
<b>Total</b>																	<b>62,880,981</b>	<b>179,212,782</b>	

Reinsurance Recoveries received (non-cumulative)  
(absolute amount)

Year	Development year															C0760 In Current year	C0770 Sum of years (cumulative)		
	C0600	C0610	C0620	C0630	C0640	C0650	C0660	C0670	C0680	C0690	C0700	C0710	C0720	C0730	C0740			C0750	15 & +
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 & +			
Prior																	633,993	633,993	
N-14	-	-	-	-	-	-	-	-	-	-	-	-	19,856	3,141,899	9,033	53,486	-	53,486	3,224,274
N-13	-	-	-	-	-	-	-	-	-	-	-	-	1,039,613	19,182	236,934	-	-	236,934	1,295,729
N-12	-	-	-	-	-	-	-	-	-	1,405	98,983	187,085	-	109,850	-	-	-	109,850	177,623
N-11	-	-	-	-	-	-	-	-	5,417	13,764	28,277	-	-	-	-	-	-	8,722	374
N-10	-	-	-	-	-	-	-	36,394	211,869	36,494	6,320	-	-	-	-	-	-	6,320	132,661
N-9	-	-	-	-	-	20,557	81,970	42,365	5,311	-	-	-	-	-	-	-	-	5,311	54,851
N-8	-	-	-	-	55,169	231,252	47,660	196,386	-	-	-	-	-	-	-	-	-	196,386	435,147
N-7	-	-	-	258,030	775,408	142,097	-	-	-	-	-	-	-	-	-	-	-	142,097	1,788,894
N-6	-	-	867,554	3,254,226	2,412,078	2,465,580	1,755,861	-	-	-	-	-	-	-	-	-	-	1,755,861	6,958,945
N-5	-	3,066,829	7,295,869	5,792,119	2,688,367	4,319,208	-	-	-	-	-	-	-	-	-	-	-	4,319,208	13,667,248
N-4	-	3,066,829	7,295,869	3,918,425	4,167,827	-	-	-	-	-	-	-	-	-	-	-	-	4,167,827	18,448,950
N-3	14,065,376	16,307,312	4,818,872	10,781,056	-	-	-	-	-	-	-	-	-	-	-	-	-	10,781,056	45,972,616
N-2	14,400,500	17,565,622	12,794,059	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,794,059	44,760,181
N-1	8,889,565	14,565,587	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,565,587	23,455,152
N	7,328,515	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,328,515	7,328,515
<b>Total</b>																	<b>56,778,540</b>	<b>161,510,833</b>	

Net Claims Paid (non-cumulative)  
(absolute amount)

Year	Development year															C1360 In Current year	C1370 Sum of years (cumulative)		
	C1200	C1210	C1220	C1230	C1240	C1250	C1260	C1270	C1280	C1290	C1300	C1310	C1320	C1330	C1340			C1350	15 & +
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 & +			
Prior																0.00	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	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	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	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	0.00
N-10	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
N-9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
N-8	-	-	-	-	28,670	6,130	14,328	8,221	19,228	-	-	-	-	-	-	-	-	19,228	31,465
N-7	-	-	-	-	86,156	68,151	15,788	-	-	-	-	-	-	-	-	-	-	15,788	198,765
N-6	-	-	-	36,159	268,008	273,954	173,513	-	-	-	-	-	-	-	-	-	-	173,513	751,634
N-5	-	-	96,395	643,568	199,067	377,590	-	-	-	-	-	-	-	-	-	-	-	377,590	1,316,620
N-4	-	340,759	580,585	530,877	464,186	-	-	-	-	-	-	-	-	-	-	-	-	464,186	1,916,407
N-3	1,548,291	1,811,679	535,431	1,197,896	-	-	-	-	-	-	-	-	-	-	-	-	-	1,197,896	5,093,297
N-2	1,600,055	1,951,736	1,421,562	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,421,562	4,973,353
N-1	987,730	1,618,399	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,618,399	2,606,129
N	814,279	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	814,279	814,279
<b>Total</b>																	<b>6,102,441</b>	<b>17,701,949</b>	

Gross undiscounted Best Estimate Claims Provisions (absolute amount)																	C0360		
Year	C0200	C0210	C0220	C0230	C0240	C0250	C0260	Development year				C0290	C0300	C0310	C0320	C0330	C0340	C0350	Year end (discounted data)
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 & +			
Prior																			3,999,450
N-14	-	-	-	-	-	-	-	-	-	-	-	-	1,322,906.00	644,860.08	614,762.89	604,384.29			565,034
N-13	-	-	-	-	-	-	-	-	-	-	2,735,119.00	546,538.00	470,042.30	112,745.33					104,453
N-12	-	-	-	-	-	-	-	-	-	1,754,491.00	1,545,064.00	1,319,834.00	1,239,016.00						1,134,125
N-11	-	-	-	-	-	-	-	-	516,677.00	198,691.00	231,205.00	226,722.00							197,866
N-10	-	-	-	-	-	-	-	743,693.00	762,976.00	539,913.00	532,321.00								463,933
N-9	-	-	-	-	-	1,046,688.00	1,046,688.00	583,221.00	501,557.00	245,895.00									211,645
N-8	-	-	-	-	2,375,574.00	1,863,309.00	1,888,413.00	2,149,290.00											1,928,979
N-7	-	-	-	-	8,184,874.00	5,296,779.00	4,210,875.00	3,473,976.00											3,108,108
N-6	-	-	-	13,849,271.00	11,694,987.00	9,716,460.00	8,413,894.00												7,604,924
N-5	-	-	19,925,744.00	18,942,919.00	16,616,397.00	17,611,539.00													16,073,042
N-4	-	25,400,820.00	15,819,439.00	12,742,300.00	12,989,762.00														11,975,819
N-3	61,720,222.00	42,259,521.00	28,661,900.00	13,427,944.00															12,442,991
N-2	73,690,156.00	41,060,350.00	27,294,196.00																25,202,189
N-1	81,603,108.00	62,858,057.00																	58,107,679
N	53,208,371.00																		48,876,048
<b>Total</b>																			<b>191,996,285</b>

Undiscounted Best Estimate Claims Provisions - Reinsurance recoverable (absolute amount)																	C0960		
Year	C0800	C0810	C0820	C0830	C0840	C0850	C0860	Development year				C0890	C0900	C0910	C0920	C0930	C0940	C0950	Year end (discounted data)
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 & +			
Prior																			3,944,399
N-14	-	-	-	-	-	-	-	-	-	-	-	1,317,532	642,365.32	612,653.48	602,633.89				563,284
N-13	-	-	-	-	-	-	-	-	-	-	2,724,010	544,424	468,429.47	112,418.80					104,126
N-12	-	-	-	-	-	-	-	-	-	1,747,365	1,539,087	1,315,305	1,235,428						1,130,537
N-11	-	-	-	-	-	-	-	-	514,578	197,923	230,412	226,065							197,209
N-10	-	-	-	-	-	-	-	740,672	760,024	538,061	530,780								462,391
N-9	-	-	-	-	-	1,042,436	1,042,436	580,965	499,836	245,183									210,933
N-8	-	-	-	-	2,171,645	1,724,229	1,743,817	1,975,932											1,772,803
N-7	-	-	-	-	7,370,188	4,759,565	3,787,041	3,127,758											2,797,396
N-6	-	-	-	12,459,977	10,568,965	8,736,412	7,545,376												6,817,805
N-5	-	-	17,892,371	17,264,734	14,977,040	16,319,088													14,889,355
N-4	-	23,282,649	14,247,951	11,559,751	11,678,402														10,764,173
N-3	55,812,494	38,758,204	25,707,198	12,050,149															11,163,691
N-2	66,533,980	36,852,101	24,497,910																22,614,774
N-1	75,916,468	59,200,657																	54,713,684
N	47,797,269																		43,894,225
<b>Total</b>																			<b>176,040,785</b>

Net Undiscounted Best Estimate Claims Provisions (absolute amount)																	C1560		
Year	C1400	C1410	C1420	C1430	C1440	C1450	C1460	Development year				C1490	C1500	C1510	C1520	C1530	C1540	C1550	Year end (discounted data)
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 & +			
Prior																			55,051.00
N-14	-	-	-	-	-	-	-	-	-	-	-	5,374.00	2,494.75	2,109.41	1,750.40				1,750.00
N-13	-	-	-	-	-	-	-	-	-	-	11,109.00	2,114.00	1,612.84	326.53					327.00
N-12	-	-	-	-	-	-	-	-	-	7,126.00	5,977.00	4,529.00	3,588.00						3,588.00
N-11	-	-	-	-	-	-	-	-	2,099.00	768.00	793.00	657.00							657.00
N-10	-	-	-	-	-	-	-	3,021.00	2,952.00	1,852.00	1,541.00								1,542.00
N-9	-	-	-	-	-	4,252.00	4,252.00	2,256.00	1,721.00	712.00									712.00
N-8	-	-	-	-	203,929.00	139,080.00	144,596.00	173,358.00											156,176.00
N-7	-	-	-	-	814,686.00	537,214.00	423,834.00	346,218.00											310,712.00
N-6	-	-	-	1,389,294.00	1,126,022.00	980,048.00	868,518.00												787,119.00
N-5	-	-	2,033,373.00	1,678,185.00	1,639,357.00	1,292,451.00													1,183,687.00
N-4	-	2,118,171.00	1,571,488.00	1,182,549.00	1,311,360.00														1,211,646.00
N-3	5,907,728.00	3,501,317.00	2,954,702.00	1,377,795.00															1,279,300.00
N-2	7,156,176.00	4,208,249.00	2,796,286.00																2,587,415.00
N-1	5,686,640.00	3,657,400.00																	3,393,995.00
N	5,411,102.00																		4,981,823.00
<b>Total</b>																			<b>15,955,500.00</b>

Gross Reported but not Settled Claims (RBNS)																				
(absolute amount)																				
Year	C0400	C0410	C0420	C0430	C0440	C0450	C0460	Development year			C0480	C0490	C0500	C0510	C0520	C0530	C0540	C0550	C0560	
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 & +	Year end			
Prior																			4054231.00	4,054,231
N-14													1,256,407.00	615,396.00	587,342.00	575,081.00				575,081
N-13													2,597,596.00	521,567.00	449,077.00	107,279.00				107,279
N-12												1,605,859.00	1,418,682.00	1,208,660.00	1,178,942.00					1,178,942
N-11										485,912.00		189,613.00	195,889.00	215,729.00						215,729
N-10										501,177.00	366,245.00	264,627.00	257,927.00							257,927
N-9										882,217.00	500,482.00	456,138.00	233,973.00							233,973
N-8										2,017,854.00	1,716,408.00	1,770,909.00	2,045,081.00							2,045,081
N-7										6,324,674.00	4,265,503.00	3,214,103.00	2,556,419.00							2,556,419
N-6										7,162,203.00	5,444,078.00	3,643,771.00	2,411,898.00							2,411,898
N-5										17,421,222.00	17,704,053.00	15,672,514.00	16,712,228.00							16,712,228
N-4										18,830,670.00	13,821,776.00	11,849,971.00	12,296,122.00							12,296,122
N-3										33,463,196.00	34,279,045.00	21,999,163.00	12,107,685.00							12,107,685
N-2										42,408,821.00	34,127,860.00	21,280,593.00								21,280,593
N-1										49,779,404.00	53,039,894.00									53,039,894
N										15,783,128.00										15,783,128
<b>Total</b>																				<b>144,856,210</b>

Reinsurance RBNS Claims																				
(absolute amount)																				
Year	C1000	C1010	C1020	C1030	C1040	C1050	C1060	Development year			C1080	C1090	C1100	C1110	C1120	C1130	C1140	C1150	C1160	
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 & +	Year end			
Prior																			4054231	4,054,231
N-14																				575,081
N-13																				107,279
N-12																				1,178,942
N-11																				215,729
N-10																				257,927
N-9																				233,973
N-8																				1,883,362
N-7																				2,310,543
N-6																				2,165,714
N-5																				15,532,005
N-4																				11,087,004
N-3																				10,896,037
N-2																				19,152,533
N-1																				50,362,174
N																				14,204,815
<b>Total</b>																				<b>134,217,349</b>

Net RBNS Claims																				
(absolute amount)																				
Year	C1600	C1610	C1620	C1630	C1640	C1650	C1660	Development year			C1680	C1690	C1700	C1710	C1720	C1730	C1740	C1750	C1760	
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 & +	Year end			
Prior																			0.00	0.00
N-14																				0.00
N-13																				0.00
N-12																				0.00
N-11																				0.00
N-10																				-
N-9																				-
N-8																				161,719
N-7																				245,876
N-6																				246,184
N-5																				1,180,223
N-4																				1,209,118
N-3																				1,211,648
N-2																				2,128,060
N-1																				2,677,720
N																				1,578,313
<b>Total</b>																				<b>10,638,861</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**

Ordinary share capital (gross of own shares)  
Share premium account related to ordinary share capital  
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings  
Subordinated mutual member accounts  
Surplus funds  
Preference shares  
Share premium account related to preference shares  
Reconciliation reserve  
Subordinated liabilities  
An amount equal to the value of net deferred tax assets  
Other own fund items approved by the supervisory authority as basic own funds not specified above

Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
C0010	C0020	C0030	C0040	C0050
-				
-				
42,500,000	42,500,000			
-				
-				
-				
5,627,371	5,627,371			
-				
-				-
-				

**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**

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**

Deductions for participations in financial and credit institutions

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**Total basic own funds after deductions**

48,127,371	48,127,371	-	-	-
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**Ancillary own funds**

Unpaid and uncalled ordinary share capital callable on demand  
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand  
Unpaid and uncalled preference shares callable on demand  
A legally binding commitment to subscribe and pay for subordinated liabilities on demand  
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC  
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC  
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC  
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC  
Other ancillary own funds  
**Total ancillary own funds**

-				
-				
-				
-				
-				
30,677,452			30,677,452	
-				
-				
30,677,452			30,677,452	-

**Available and eligible own funds**

Total available own funds to meet the SCR  
Total available own funds to meet the MCR  
Total eligible own funds to meet the SCR  
Total eligible own funds to meet the MCR

78,804,823	48,127,371	-	30,677,452	-
48,127,371	48,127,371	-	-	
63,512,401	48,127,371	-	15,385,029	-
48,127,371	48,127,371	-	-	

**SCR**
**MCR**

Ratio of Eligible own funds to SCR

Ratio of Eligible own funds to MCR

30,770,059
7,692,515
206.41%
625.64%

**Reconciliation reserve**

Excess of assets over liabilities  
Own shares (held directly and indirectly)  
Foreseeable dividends, distributions and charges  
Other basic own fund items  
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds  
**Reconciliation reserve**

C0060
48,127,371
42,500,000
5,627,371

**Expected profits**

Expected profits included in future premiums (EPIFP) - Life business  
Expected profits included in future premiums (EPIFP) - Non- life business  
**Total Expected profits included in future premiums (EPIFP)**

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S.25.01.01

Solvency Capital Requirement - for undertakings on Standard Formula

Article 112

	C0030	C0040	C0050
	Net solvency capital requirement	Gross solvency capital requirement	Allocation from adjustments due to RFF and Matching adjustment portfolios
Market risk	1,216,139	1,216,139	0.00
Counterparty default risk	10,068,209	10,068,209	0.00
Life underwriting risk			0.00
Health underwriting risk			0.00
Non-life underwriting risk	18,782,660	18,782,660	0.00
Diversification	- 4,332,066	- 4,332,066	
Intangible asset risk		-	
<b>Basic Solvency Capital Requirement</b>	<b>25,734,942</b>	<b>25,734,942</b>	
<b>Calculation of Solvency Capital Requirement</b>	<b>C0100</b>		
Adjustment due to RFF/MAP nSCR aggregation			
Operational risk	5,035,117		
Loss-absorbing capacity of technical provisions	-		
Loss-absorbing capacity of deferred taxes			
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC			
<b>Solvency Capital Requirement excluding capital add-on</b>	<b>30,770,059</b>		
Capital add-ons already set			
<b>Solvency capital requirement</b>	<b>30,770,059</b>		
<b>Other information on SCR</b>			
Capital requirement for duration-based equity risk sub-module			
Total amount of Notional Solvency Capital Requirements for remaining part			
Total amount of Notional Solvency Capital Requirements for ring fenced funds			
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios			
Diversification effects due to RFF nSCR aggregation for article 304			
Method used to calculate the adjustment due to RFF/MAP nSCR aggregation			
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

MCR<sub>NL</sub> Result

C0010
6,795,454

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

Medical expense insurance and proportional reinsurance  
Income protection insurance and proportional reinsurance  
Workers' compensation insurance and proportional reinsurance  
Motor vehicle liability insurance and proportional reinsurance  
Other motor insurance and proportional reinsurance  
Marine, aviation and transport insurance and proportional reinsurance  
Fire and other damage to property insurance and proportional reinsurance  
General liability insurance and proportional reinsurance  
Credit and suretyship insurance and proportional reinsurance  
Legal expenses insurance and proportional reinsurance  
Assistance and proportional reinsurance  
Miscellaneous financial loss insurance and proportional reinsurance  
Non-proportional health reinsurance  
Non-proportional casualty reinsurance  
Non-proportional marine, aviation and transport reinsurance  
Non-proportional property reinsurance

14,502,574	37,869,205

Linear formula component for life insurance and reinsurance obligations

MCR<sub>L</sub> Result

C0040
-

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

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


Overall MCR calculation

Linear MCR  
SCR  
MCR cap  
MCR floor  
Combined MCR  
Absolute floor of the MCR

C0070
6,795,454
30,770,059
13,846,527
7,692,515
7,692,515
4,320,800

Minimum Capital Requirement

7,692,515
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