

The Steamship Mutual Underwriting Association (Bermuda) Limited

(Incorporated under the laws of Bermuda)
and its subsidiary companies

Annual Report and Accounts 2026

Report of the Directors

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Notice of Meeting

Notice is hereby given that the Fifty-Second Annual General Meeting of the Members of The Steamship Mutual Underwriting Association (Bermuda) Limited ("Association") will be held at The Mandarin Oriental Hotel, Avenida Presidente Kennedy 4601, Las Condes, Santiago, Chile on Tuesday, 3 November 2026 at 12:00 hours for the following purposes:

- 1 To appoint a chair of the meeting.
- 2 To confirm notice and quorum.
- 3 To consider the Minutes of the last Meeting of the Members.
- 4 To receive the Directors' Report and Accounts for the year ended 20 February 2026.
- 5 To fix the number of Directors for the forthcoming year.
- 6 To re-elect Directors retiring in rotation.
Under the Bye-laws of the Company, one-third of the Directors are required to retire annually by rotation. The Directors retiring by rotation are Mr A Albertini, Mr J H D Andrews, Mr J-N Andre, Mr A Chandris, Mr S-M Edye, Mr M G Frith, Ms I Grimaldi, Mr G K Jones, Mr C J Madinabeitia, and Mr J Xiao. Being eligible all these Directors offer themselves for re-election.
- 7 The Director who has been appointed since the last AGM, retiring in accordance with the Bye-Laws of the Company is Mr J Sichieri Moura. Being eligible he offers himself for election.
- 8 To consider the appointment of an auditor for the forthcoming year and to authorise the Directors to determine the remuneration of the auditor.
- 9 To ratify and confirm all and any actions taken by the Directors and Officers of the Company, relative to the business of the Company, up to the date of the meeting.
- 10 To transact any other ordinary business of the Company.

By Order of the Board

Susie Tindall
Secretary

26 May 2026

N.B. A Member who is entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend, speak and vote in their place. The instrument appointing a proxy may be in the form enclosed and must be deposited with the Secretary at Rosebank Centre, 5th Floor, 11 Bermudiana Road, Pembroke, HM 08, Bermuda, not less than 48 hours before the time specified for the holding of the Meeting.

Directors

Directors

D M Ho (Chair)	Magsaysay Maritime Corp	
F Aigner	Vale S.A.	(resigned 14 July 2025)
A Albertini	Marfin Management S.A.M.	
J-N Andre	Suisse-Atlantique Group	
J H D Andrews	Steamship P&I Management LLP	
A Chandris	Chandris UK Limited	
S-M Edye	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	
Y Kim	Namsung Shipping Co. Ltd.	(appointed 11 July 2025)
C Klerides	Independent Non-Executive Director, Cyprus	
L Lloyd	Carnival Corporation	
C J Madinabeitia	Tradewind Tankers SL	
B A McAllister	McAllister Towing and Transportation Co	
M T O'Neil	Columbia Shipmanagement Ltd	
C K Ong	U-Ming Marine Transport Corp	
A Pohan	NY Waterway	
M Rodriguez	Royal Caribbean International	
J Roome	Independent Non-Executive Director, UK	
B K Sheth	The Great Eastern Shipping Co Ltd	
J Sichieri Moura	Vale S.A.	(appointed 26 January 2026)
C Song	China Shipowners Mutual Assurance Association	(resigned 8 February 2026)
D J Thorogood	Fairwater Holdings Inc	
N Tirolgalas	Tufts Group	(appointed 26 July 2025)
A L Tung	Island Navigation Corp International Ltd	
E Veniamis	Golden Union Shipping Co SA	
J Xiao	Orient Overseas Container Line	
A Zacchello	Seaarland Shipping Management BV	
R Zagari	Augustea Group	

Secretary

Susie Tindall, Carey Olsen Services Bermuda Limited

Managers

Steamship Mutual Management (Bermuda) Limited
Cumberland House
6th Floor
1 Victoria Street
P.O. Box HM601
Hamilton, Bermuda HM CX
Telephone: +1 (315) 537 8710

Registered office

Rosebank Centre, 5th Floor
11 Bermudiana Road
Pembroke HM 08
Bermuda

Administrative office

Cumberland House
6th Floor
1 Victoria Street
P.O. Box HM601
Hamilton, Bermuda HM CX
Telephone: +1 (315) 537 8710

Website

www.steamshipmutual.com

Report of the Directors

The Directors have pleasure in presenting their Report and Audited Accounts of The Steamship Mutual Underwriting Association (Bermuda) Limited ("Association") for the year ended 20 February 2026.

Principal activities

The principal activity of the Association during the year was the reinsurance of Protection and Indemnity ("P&I") risks, and of Freight, Demurrage and Defence ("FD&D") risks written by Steamship Mutual Underwriting Association Limited ("Steamship London") and Steamship Mutual Underwriting Association (Europe) Limited ("Steamship Europe").

The Association is a Member of the International Group ("IG") of Protection and Indemnity associations.

Directors

The Directors of the Association are as shown on page 2.

In accordance with the Act of Incorporation, as amended on 18 April 1984, and the Bye-laws, the under mentioned Directors of the Association hold office until the Annual General Meeting to be held in Santiago, Chile on 3 November 2026:

Mr A Albertini, Mr J H D Andrews, Mr J-N Andre, Mr A Chandris, Mr S-M Edye, Mr M G Frith, Ms I Grimaldi, Mr G K Jones, Mr C J Madinabeitia, and Mr J Xiao. Being eligible all these Directors offer themselves for re-election. Mr J Sichieri Moura, appointed to the Board since the last AGM, offers himself for election.

Capital and reserves

Total capital and reserves increased by US\$21.0m (2025: decrease of US\$38.5m). This comprises a surplus in the Hydra cell of US\$20.1m (technical surplus and investment income) and investment income of US\$0.9m in the parent company.

Total capital and reserves amount to US\$102.9 million (2025: US\$82.0m).

Underwriting

Gross premium written was US\$347.3m (2025: US\$286.2m). This includes an additional reinsurance premium of US\$30.0m paid to the Association by Steamship London which was, in turn, ceded to The Steamship Mutual Trust (the "Trust") during the current financial year.

Claims

During the year the Association reviewed with Steamship London and Steamship Europe the development of claims and the terms of its inward reinsurance contracts. The Association is satisfied that Steamship London and Steamship Europe are taking appropriate steps to ensure that a prudent underwriting policy is maintained. The reinsurance arrangements are reviewed annually.

Investments

Total cash and investments held by the Association, increased by 31% to US\$190.7m.

Subsequent events

The conflict in the Middle East has had minimal impact on the Association's underwriting, claims, investments and operations, and all sanctions are being adhered to as always.

Steamship London

For the 2015/16 and subsequent policy years the Association entered into a reinsurance contract with Steamship London under which, in return for a percentage of written premium ceded to the Association, Steamship London is indemnified for 90% of its net underlying liabilities. The historic performance of this contract was reviewed and as a consequence, an additional US\$30m was paid to the Association in the 2025/26 policy year.

Steamship Europe

For the 2020/21 and subsequent policy years the Association entered into a reinsurance contract with Steamship Europe under which, in return for a percentage of written premium ceded to the Association, Steamship Europe is indemnified for 90% of its net underlying liabilities. The Association also indemnifies 90% of the net underlying liabilities transferred to Steamship Europe from Steamship London, relating to the 2015/16 to 2019/20 policy years, by means of a Part VII transfer on 20 December 2020.

All Members of Steamship London and Steamship Europe are automatically Members of the Association.

The Trust

The Association entered into a reinsurance contract with The Steamship Mutual Underwriting Association Trustees (Bermuda) Limited ("Trustees") as Corporate Trustee of the Trust, a duly authorised insurer under the Insurance Act 1978 of Bermuda, to cover all its liabilities in respect of the 2015/16 and subsequent policy years. The Chair of the Association attends the Trustees' Board meetings.

All Members of the Association are automatically beneficiaries of the Trust.

Report of the Directors

Audit and Risk Committee (“ARC”)

The ARC reviews the Association’s financial health and financial statements, its external and internal audit activities and its risk management. In so doing the ARC liaises with Steamship Mutual Management (Bermuda) Limited (“SMMB”, “The Managers”) and auditors in monitoring the quality of all reporting which contains material financial information, assessing the Association’s internal control systems, and advising the Board on the effectiveness and objectivity of the internal and external auditors.

The ARC meets three times a year and is currently comprised of the following Directors: Mr M Rodriguez (Chair), Mr S-M Edey, Mr C Klerides, Mr A Pohan and Mr J Roome. Ms D M Ho is invited to attend the meeting in her capacity as Chair of the Association and representatives of the Managers are also invited to attend.

In discharging its responsibilities, the ARC receives financial and management reports from the Managers including reports from the internal and external auditors. The ARC establishes the scope of the reporting, both to itself and the Board, and continually assesses the quality and adequacy of this information. The ARC monitors the effectiveness of the Managers’ activities with respect to their regulatory, audit and control responsibilities with a specific focus on any issues of enhanced strategic importance or which present a significant risk to the Association. Within the past year the ARC’s work has included the following matters:

- Ongoing impact of, and response to, the political crises and regime changes around the world;
- Ongoing review of ESG impacts;
- Internal audit reports, including reserving, cyber fraud risks and DORA preparedness;
- Stress tests, including sanctions and second Trump administration effects; and
- Capital stress testing and scenarios

Directors’ responsibilities statement

The Directors have prepared financial statements for each financial year in accordance with European Commission Insurance Accounts Directive (91/674/EEC) as adopted in the United Kingdom through Section 396 of the Companies Act 2006 and Schedule 3 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and United Kingdom accounting principles applicable to insurers.

In preparing those financial statements the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association. They are also responsible for the system of internal control, for safeguarding the assets of the Association and hence for taking reasonable steps to prevent and detect fraud and other irregularities.

External auditor

A resolution to reappoint BDO LLP as the Association’s external auditor will be considered at the forthcoming AGM.

D M Ho
Chair

26 May 2026

Consolidated Income and Expenditure Account

for the year ended 20 February 2026

	Note	2026 US\$000	2025 US\$000
Technical Account			
Earned premium, net of reinsurance			
Gross premium written		347,254	286,231
Outward reinsurance premium	2	(293,627)	(229,098)
Earned premium, net of reinsurance		53,627	57,133
Allocated investment return transferred from the non-technical account		136	5
Claims incurred, net of reinsurance			
Claims paid			
Gross amount	3	310,138	265,007
Reinsurers' share	3	(276,341)	(231,298)
Net claims paid		33,797	33,709
Change in the provision for claims			
Gross amount	4	49,729	73,364
Reinsurers' share	4	(41,064)	(49,139)
Change in the net provision for claims		8,665	24,225
Claims incurred, net of reinsurance		42,462	57,934
Net operating expenses	5	2,249	2,174
Balance on the technical account for general business		9,052	(2,970)
Non-Technical Account			
Balance on the general business technical account		9,052	(2,970)
Investment income	6	5,891	5,527
Unrealised gains	7	6,340	2,333
Investment management expenses		(191)	(193)
Allocated investment return transferred to the technical account		(136)	(5)
Other charges	9	—	(306)
Surplus for the financial year		20,956	4,386

The results for both years are in respect of continuing operations.

The accompanying notes to these accounts form an integral part of this income and expenditure account.

Consolidated Statement of Changes in Equity

for the year ended 20 February 2026

	Free reserves US\$000	Total US\$000
As at 20 February 2024	120,441	120,441
Surplus for the financial year	4,386	4,386
Capital distribution	(42,843)	(42,843)
As at 20 February 2025	81,984	81,984
Surplus for the financial year	20,956	20,956
Capital distribution	—	—
As at 20 February 2026	102,940	102,940

The accompanying notes to these accounts form an integral part of this statement of changes in equity.

Consolidated Balance Sheet

as at 20 February 2026

	Note	2026 US\$000	2025 US\$000
Assets			
Investments			
Other financial investments	9	189,010	145,100
Reinsurers' share of technical provisions			
Claims outstanding	4	657,739	616,675
Debtors			
Debtors arising out of reinsurance operations	10	33,393	97,861
Other debtors		1,884	1,889
Other assets			
Cash at bank and in hand		1,669	438
Other prepayments and accrued income		1,371	1,038
Total assets		885,066	863,001
Liabilities			
Capital and reserves			
Free reserves		102,940	81,984
Technical provisions			
Claims outstanding	4	781,933	732,204
Creditors			
Creditors arising out of reinsurance operations	11	—	5,774
Other creditors	12	193	43,039
Total liabilities		885,066	863,001

The parent company made a surplus for the year ended 20 February 2026 of US\$790,000 (2025: US\$61,095,000). The Association has taken exemption from presenting a parent income and expenditure statement and balance sheet under section 408 of Companies Act 2006.

The accompanying notes to these accounts form an integral part of this balance sheet.

These financial statements were approved by the Board of Directors on 26 May 2026.

D M Ho
Chair

B A McAllister
Director

Managers:
Steamship Mutual Management (Bermuda)
Limited

Consolidated Cash Flow Statement

for the year ended 20 February 2026

	2026 US\$000	2025 US\$000
Cash flows from operating activities		
Operating surplus before taxation after interest	20,956	4,386
Increase in general insurance technical provisions	8,665	24,225
Unrealised gains on investments	(6,340)	(2,333)
Unrealised losses on revaluation of property	–	306
Decrease/(increase) in debtors	64,139	(80,084)
Decrease in creditors	(48,620)	(18,473)
	17,844	(76,359)
Net cash inflow/(outflow) from operating activities	38,800	(71,973)
Cash flow from investment activities		
Net portfolio investment		
(Purchase)/sale of bonds and loans	(25,697)	47,454
(Purchase)/sale of money market instruments	(12,556)	12,053
Decrease/(increase) in cash on short term deposit	684	(27)
Net proceeds from sale of land and buildings	–	10,925
Cash (used in)/generated by investing activities	(37,569)	70,405
Movement in opening and closing cash and cash equivalents		
Net cash inflow/(outflow) for the year	1,231	(1,568)
Cash and cash equivalents at 20 February 2025	438	2,006
Cash and cash equivalents at 20 February 2026	1,669	438

Notes on the Accounts

1. Accounting policies

(a) Accounting convention

The consolidated accounts have been prepared in accordance with the European Commission Insurance Accounts Directive (91 /674/EEC) as adopted in the United Kingdom through Section 396 of the Companies Act 2006 and Schedule 3 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and applicable United Kingdom Financial Reporting Standards ("FRS") 102 and 103. The financial statements are prepared under the historical cost convention, as modified for fair valuation of financial assets at fair value through profit and loss.

The Association has taken exemption from presenting a parent income and expenditure statement and balance sheet under section 408 of Companies Act 2006. The Association has taken exemption from presenting a parent Statement of Cash Flows under section 1.12 (b) of FRS 102.

(b) Going concern assessment

At year end, the solvency ratio of the Association was comfortably above the threshold set by the Bermuda Monetary Authority.

Based on the above, the Directors believe that the Association is taking all necessary measures to maintain its viability and the development of its business in the current economic environment. Based on the projections of the Association, it is expected that the Association will maintain compliance with its regulatory capital requirements for the going concern assessment period of one year from date of signing.

(c) Basis of consolidation

The accounts consolidate the accounts of The Steamship Mutual Underwriting Association (Bermuda) Limited, its subsidiary undertaking Steamship Mutual Property Holdings Limited ("SMPH") which was liquidated and closed during the financial year, and its share of Hydra Insurance Company Limited ("Hydra") at 20 February 2026.

(d) Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for income and expenditure during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The key accounting estimate is the calculation of claims outstanding which is described in further detail as reserving risk under note 16.

(e) Calls and premiums written

Calls and premiums, less returns, comprise the total premiums receivable for the whole period of cover under the reinsurance contracts with Steamship London and Steamship Europe.

(f) Claims and related expenses

Claims and related expenses are charged to the income and expenditure account when they have been authorised for settlement. A provision is made on a claim by claim basis for the estimated cost of claims notified but not settled by the balance sheet date. A provision for claims incurred but not reported is established on a statistical basis having regard to past experience as to the frequency and average cost of claims reported after previous balance sheet dates. The reinsurers' share of technical provisions is calculated consistently with the amounts associated with the underlying insurance contract and the terms of the reinsurance contract.

(g) Reinsurance premiums and recoveries

Reinsurance premiums are recognised on an accruals basis. Reinsurance recoveries represent recoveries made and due from the Trust, in respect of claims paid to Steamship London and Steamship Europe, as part of the reinsurance contracts mentioned in note 2.

Notes on the Accounts

(continued)

1. Accounting policies (continued)

(h) Other financial investments

Investments, unless otherwise stated, have been valued as at the end of the reporting period and at fair value through profit or loss. Investment income consists of interest, dividends and realised gains and losses on fair value through profit or loss assets. Unrealised gains and losses reflect the movement in the fair value of investments compared to their cost. Fair value is calculated using the bid price at the close of business on the last working day of the financial year.

The allocated investment return transferred from the non-technical account to the technical account is comprised of realised and unrealised exchange differences arising on the conversion of transactions on non-dollar denominated assets.

(i) Debtors

Receivables arising from reinsurance operations are reviewed for impairment throughout the financial year and as at the balance sheet date.

(j) Foreign currencies

The functional currency is US dollars. All assets and liabilities, including land and buildings, are converted to US dollars at the exchange rate at the balance sheet date. Income and expenditure items are translated to US dollars at the exchange rate at the date of the transaction. All exchange differences are included in the income and expenditure account.

The exchange rates on the balance sheet date and used for the purpose of preparing the accounts were as follows:

		2026	2025
Euro	€	0.850	0.959
UK sterling	£	0.743	0.794

2. Reinsurance contracts

- (a) From the commencement of the 2015/16 policy year the Association entered into a reinsurance contract with related party Steamship London under which, in return for 90% of written premium, Steamship London is indemnified for 90% of its underlying insurance liabilities net of external reinsurance arrangements. The same arrangement is in place with related party Steamship Europe from the commencement of the 2020/21 policy year.

For the financial year to 20 February 2026 premium received from Steamship London amounted to US\$234.2m (2025: US\$184.2m) which included a one-off reinsurance premium of US\$30m for the 2025/26 policy year following a review of historical performance. Claims paid to Steamship London during the financial year amounted to US\$174.1m (2025: US\$166.1m). Gross outstanding claims in relation to the contract with Steamship London as at 20 February 2026 amounted to US\$559.0m (2025: US\$525.5m).

For the financial year to 20 February 2026 premium received from Steamship Europe amounted to US\$113.0m (2025: US\$102.1m). Claims paid to Steamship Europe during the financial year amounted to US\$135.0m (2025: US\$85.0m). Gross outstanding claims in relation to the contract with Steamship Europe as at 20 February 2026 amounted to US\$222.9m (2025: US\$206.7m).

- (b) Under a contract dated 27 January 2015, the Association reinsured with related party, the Trust, all of its underlying insurance liabilities net of external reinsurance arrangements for the 2015/16 and subsequent policy years. For the financial year to 20 February 2026 premium ceded to the Trust amounted to US\$293.6m (2025: US\$229.1m). Reinsurers' share of claims paid recovered from the Trust during the financial year is disclosed in Note 3. The Trust's share of outstanding claims as at 20 February 2026 is disclosed in Note 4.

Notes on the Accounts

(continued)

3. Claims paid – gross amount

Claims and related expenses

Claims administration expenses

Less reinsurers' share

Other reinsurers

The Trust

Net claims paid

2026 US\$000	2025 US\$000
309,101	264,057
1,037	950
310,138	265,007
4	(9)
276,337	231,307
276,341	231,298
33,797	33,709

4. Change in net provision for claims

Gross outstanding claims

Provision brought forward

Claims paid in the year

Changes to reserves

Provision carried forward

The Trust's share of outstanding claims

Provision brought forward

Reinsurance recoveries made in the year

Changes to reserves

Provision carried forward

Other reinsurers' share of outstanding claims

Provision brought forward

Reinsurance recoveries made in the year

Changes to reserves

Provision carried forward

Total net outstanding claims

2026 US\$000	2025 US\$000
732,204	658,840
(310,138)	(265,007)
359,867	338,371
781,933	732,204
616,311	567,146
(276,337)	(231,307)
317,405	280,472
657,379	616,311
364	390
(4)	9
–	(35)
360	364
124,194	115,529

The estimates for known outstanding claims are based on the estimates and judgement of the Managers of the final cost of individual cases based on current information. Provision is also made for claims incurred but not reported ("IBNR") by the balance sheet date using detailed statistical analysis having regard to past experience as to the frequency and average cost of claims reported after previous balance sheet dates.

Notes on the Accounts

(continued)

5. Net operating expenses

Administration expenses
Directors' remuneration
Auditor's remuneration

2026 US\$000	2025 US\$000
1,689	1,518
463	530
97	126
2,249	2,174

Operational structure and transactions with related parties

The Association, which is limited by guarantee, has no share capital and is controlled by the Members who are also the insureds. The insurance transactions are deemed to be between related parties but these are the only transactions between the Association and the Members. The aggregate of these transactions is disclosed in these financial statements.

The Trust is a reinsurer to the Association, with their own separate ownership structures, and Steamship London and Steamship Europe are reinsured by the Association. All Members of Steamship London and Steamship Europe are automatically Members of the Association. All Members of the Association are also automatically beneficiaries of the Trust, together with other beneficiaries. The transactions between the Association and these companies are described in notes 2, 3 and 4 and are disclosed as related party transactions.

SMMB provides management and administrative services to the Association. Under the terms of its management contract SMMB receives as remuneration for its services, reimbursement of its local office and administration expenses. At 20 February 2026 the Association was owed US\$0.2m by SMMB (2025: US\$0.3m).

The Association provided SMMB with an unsecured, indefinite loan of £1.3m in 2000. The amount outstanding, revalued at the year end exchange rate was US\$1.7m (2025: US\$1.6m). There were no other related party transactions requiring disclosure under FRS 102 s33.

6. Investment income

Dividends and interest
Realised (losses)/gains:
Investments
Foreign exchange

2026 US\$000	2025 US\$000
5,929	5,604
(159)	(85)
121	8
5,891	5,527

7. Unrealised gains/(losses)

Investments
Foreign exchange

2026 US\$000	2025 US\$000
6,325	2,338
15	(5)
6,340	2,333

8. Taxation

Following the OECD's Global Minimum Tax rules, the Bermuda Government enacted the Corporate Income Tax Act (the "Act") on 27 December 2023. Although the Association had previously received an undertaking from the Bermuda Government exempting it from tax on income, profit, capital or capital gains until 31 March 2035, the Act specifies that a 15% corporate income tax shall apply notwithstanding any such prior assurances.

The Act, effective from 1 January 2025, will be applicable to Bermuda tax-resident entities and permanent establishments that are part of multinational enterprise ("MNE") groups with annual revenue of at least €750m. Accordingly, no provision for such taxes has been recorded by the Association.

Notes on the Accounts

(continued)

9. Other financial investments

Fair value or amortised cost

	2026 US\$000	2025 US\$000
Bonds and loans	170,689	138,666
Equities	131	116
Money market instruments	17,683	5,127
Cash accounts	507	1,191
	189,010	145,100

Cost

Bonds and loans	160,776	135,079
Equities	485	485
Money market instruments	17,683	5,127
Cash accounts	507	1,191
	179,451	141,882

Fair value determination

The fair value of financial instruments has been estimated using the following fair value hierarchy:

Level 1 The unadjusted quoted price for an identical asset in an active market at the reporting date.

Level 2 Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3 Market data is unavailable for the asset.

The Association's investment assets (excluding cash accounts) have been fair valued using the above hierarchy categories as follows:

As at 20 February 2026

US\$000

	Level 1	Level 2	Level 3	Total
Bonds and loans	170,689	–	–	170,689
Equities	–	–	131	131
Money market instruments	17,683	–	–	17,683
	188,372	–	131	188,503

As at 20 February 2025

US\$000

	Level 1	Level 2	Level 3	Total
Bonds and loans	138,666	–	–	138,666
Equities	–	–	116	116
Money market instruments	5,127	–	–	5,127
	143,793	–	116	143,909

Notes on the Accounts

(continued)

10. Debtors arising out of reinsurance operations

	2026 US\$000	2025 US\$000
The Trust	25,799	96,595
Steamship Europe	25	1,260
Steamship London	7,557	–
Other reinsurers	12	6
	33,393	97,861

11. Creditors arising out of reinsurance operations

	2026 US\$000	2025 US\$000
Steamship London	–	5,774

12. Other creditors

	2026 US\$000	2025 US\$000
Capital distribution payable to Members	–	42,843
Accruals and other payables	193	196
	193	43,039

13. Wholly-owned subsidiary companies

SMPH a wholly-owned subsidiary of the Association, was liquidated and closed during the financial year.

14. Hydra Insurance Company Limited (“Hydra”)

Hydra is a reinsurance captive created by the Members of the IG. Each Member has its own cell which is legally separate from the liabilities of the other cells. Under the provisions of FRS 102 and 103 Steamship’s cell has been classified as a quasi-subsiary and has been consolidated.

15. Mental Health Support Solutions GmbH (“MHSS”)

On 30 November 2022 the Association was allotted, at no cost, 2,500 shares with a nominal value of €1, representing 10% of the share capital of MHSS, a company which provides mental health consultancy services for the maritime industry. The shares carry voting rights and an entitlement to dividend distributions.

16. Capital management

The Association aims to maintain capital resources at a level which provides a comfortable margin above the requirement of the Bermuda Monetary Authority (“BMA”) as a Class 3A insurer. Capital resources for regulatory purposes consist of free reserves on a regulatory economic basis. The Association was in compliance with the applicable regulatory capital requirements throughout the financial year.

Notes on the Accounts

(continued)

17. Risk management

The Association monitors and manages the risks relating to its operations through its risk management programme which analyses exposures by degree and magnitude of risks.

The Group Solvency Self-Assessment ("GSSA") documents Steamship's and the Association's risk and capital management policies employed to identify, assess, manage and report the risks it may face and to determine the funds necessary 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 the Association are insurance risk, credit risk, market risk, liquidity risk and operational risk.

Insurance risk

Insurance risk is comprised of two elements; premium risk and reserving risk. Premium risk refers to the risk that insurance premium received from Steamship London and Steamship Europe in the current policy year is insufficient to cover claims and other costs arising in that year. The Association's premium risk is calculated on net premiums written and is purely in relation to its exposure to Hydra claims as it bears no net liability on Steamship London or Steamship Europe claims, as described under note 3 on the accounts.

Reserving risk is the risk that, over the next year, existing technical provisions are insufficient to cover claims arising in previous policy years. The Association is exposed to the uncertainty surrounding the timing, frequency and severity of claims under its net claims exposure through Hydra. Premium and reserving risk are calculated by reference to risk factors prescribed by the BMA and then combined taking account of dependencies and diversification effects.

The key methods used by the Managers for the ceded claims to the Association and the Hydra claims 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 the past experience as to frequency and average cost of claims having regard to variations in the nature of current business accepted and its underlying terms and conditions.

Inflation is one of many factors that are considered by claims handlers when setting an appropriate claims reserve prior to settling a claim. The Association uses standard actuarial techniques which, amongst other things, incorporate inflation when calculating appropriate technical provisions. Together, these should accommodate potential increased costs arising from current levels of inflation.

The Board 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 potential settlement costs. Actual experience will differ from the expected outcome but this prudent basis is expected to result in there being releases of prior year claim reserves. This prudence is expected to cover increased costs that might arise should inflation remain above the long-term average.

The sensitivity of the overall surplus to two factors, other assumptions being unchanged, is shown below.

		2026 US\$000	2025 US\$000
5% increase in claims incurred on current policy year			
Overall surplus	gross of reinsurance	(18,640)	(17,256)
	net of reinsurance	(3,006)	(2,531)
Single claim of US\$2.35billion in current policy year (US\$2billion in prior policy year) in Steamship London or Steamship Europe			
Overall surplus	gross of reinsurance	(31,012)	(32,814)
	net of reinsurance	(18,541)	(20,667)

Notes on the Accounts

(continued)

17. Risk management (continued)

Insurance risk (continued)

The following tables show the development of claims over ten years on both a gross and net of reinsurance basis. The top half of each table shows how the estimates of total claims for each policy year develop over time. The lower half of each table reconciles cumulative claims to the amount appearing in the balance sheet.

Insurance claims - gross

Policy year US\$000	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
End of reporting year	181,109	227,965	231,523	215,790	220,364	236,671	218,083	288,946	345,124	372,791
One year later	172,409	212,674	214,952	224,175	211,179	221,311	201,423	279,940	364,951	
Two years later	178,014	200,221	200,973	220,048	211,307	212,689	206,350	270,493		
Three years later	179,347	199,391	196,924	226,708	201,449	221,782	205,115			
Four years later	179,398	197,263	194,728	232,680	193,702	213,957				
Five years later	176,942	201,766	193,470	229,763	190,609					
Six years later	177,521	202,990	187,506	225,523						
Seven years later	174,926	209,970	184,130							
Eight years later	173,351	210,295								
Nine years later	170,750									
Current estimate of ultimate claims	170,750	210,295	184,130	225,523	190,609	213,957	205,115	270,493	364,951	372,791
Cumulative payments to date	163,632	183,093	169,954	207,367	167,302	165,644	148,435	158,507	190,131	78,545
Claims outstanding	7,118	27,202	14,176	18,156	23,307	48,313	56,680	111,986	174,820	294,246
Claims outstanding relating to last ten reporting years										776,004
Provision in respect of 2015/16 policy year and prior										5,929
Total gross claims outstanding										781,933

Insurance claims - net

Policy year US\$000	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
End of reporting year	15,344	29,562	33,874	33,517	43,688	44,942	8,921	9,503	50,625	38,428
One year later	7,891	24,475	32,805	35,974	41,544	51,686	10,419	13,700	60,113	
Two years later	4,385	22,283	29,709	33,982	49,521	47,897	14,619	12,093		
Three years later	3,501	22,790	21,946	39,600	48,128	48,357	15,833			
Four years later	2,915	24,116	22,323	41,761	46,062	47,447				
Five years later	2,735	30,134	20,537	42,860	44,428					
Six years later	3,558	31,813	19,692	42,345						
Seven years later	3,394	32,348	17,464							
Eight years later	3,394	32,620								
Nine years later	3,394									
Current estimate of ultimate claims	3,394	32,620	17,464	42,345	44,428	47,447	15,833	12,093	60,113	38,428
Cumulative payments to date	2,819	23,554	15,051	35,173	37,831	37,949	9,895	1,938	25,289	3,482
Claims outstanding	575	9,066	2,413	7,172	6,597	9,498	5,938	10,155	34,824	34,946
Claims outstanding relating to last ten reporting years										121,184
Provision in respect of 2015/16 policy year and prior										3,010
Total net claims outstanding										124,194

Notes on the Accounts

(continued)

17. Risk management (continued)

Credit risk

Credit risk is the risk that a counterparty owing money to the Association may default and the debt has to be written off. The extensive reinsurance protection arranged by the Association effectively transforms a large proportion of insurance risk into credit risk as the risk exposure becomes reinsurer default. The credit risk arising from the reinsurance contract with The Trust is mitigated through the operation of a collateral agreement. External reinsurers are generally only used if at the time of contracting with them their financial strength rating is at least A- from S&P Global, or an equivalent rating from another rating agency, except in the case of some Members of the IG. The key areas of exposure to credit risk for Steamship are in relation to its reinsurance recoverables and bonds in the investment portfolio.

Credit risk also arises on operational balances and deposits held with banks. This is controlled by using a variety of banks and limiting exposure to each individual bank based on its credit rating and/or capital strength.

The following tables show the aggregated credit risk exposure for those assets with external credit ratings. Other debtors and land and buildings generally do not have a credit rating and are therefore included within Other assets.

As at 20 February 2026

US\$000

	AAA	AA	A	BBB	Not rated	Total
Bonds and loans	–	98,569	65,048	7,072	–	170,689
Money market instruments	–	17,683	–	–	–	17,683
Cash accounts	–	–	507	–	–	507
Cash at bank and in hand	–	1,669	–	–	–	1,669
Reinsurers' share of technical provisions	–	220	657,519	–	–	657,739
Debtors arising out of reinsurance operations	–	–	33,393	–	–	33,393
Accrued interest	–	279	690	67	–	1,036
Other assets	–	–	–	–	2,350	2,350
Total financial assets	–	118,419	757,157	7,139	2,350	885,066
Non-financial assets						–
Total assets						885,066

As at 20 February 2025

US\$000s

	AAA	AA	A	BBB	Not rated	Total
Bonds and loans	–	90,807	44,840	3,019	–	138,666
Money market instruments	–	5,127	–	–	–	5,127
Cash accounts	–	–	1,191	–	–	1,191
Cash at bank and in hand	–	–	438	–	–	438
Reinsurers' share of technical provisions	–	224	616,451	–	–	616,675
Debtors arising out of reinsurance operations	–	–	97,861	–	–	97,861
Accrued interest	–	191	466	32	–	689
Other assets	–	–	–	–	2,354	2,354
Total financial assets	–	96,349	761,247	3,051	2,354	863,001
Non-financial assets						–
Total assets						863,001

Notes on the Accounts

(continued)

17. Risk management (continued)

Credit risk (continued)

The Association's exposure to liquidity risk is minimal given that the majority of its investments are cash, money market instruments and US government bonds, and the terms of its reinsurance agreements provide for prompt payment.

Market risk

Market risk is the risk of financial loss as a consequence of movements in prices of equities and bonds, interest rates and currency exchange rates.

The Association'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 Board. Compliance with Board policies are monitored and reported by the Managers assisted by the investment managers.

The Association's exposure to currency risk is minimal since any currency exposure in claims from Steamship London and Steamship Europe is passed on to the Trust.

The following tables show the Association's foreign currency denominated assets and liabilities:

As at 20 February 2026

US\$000

	US dollar	Euro	UK sterling	Other	Total
Assets	797,250	40,815	25,690	21,311	885,066
Liabilities	(696,153)	(40,544)	(24,118)	(21,311)	(782,126)
	101,097	271	1,572	–	102,940

As at 20 February 2025

US\$000

	US dollar	Euro	UK sterling	Other	Total
Assets	758,038	46,721	32,104	26,138	863,001
Liabilities	(677,969)	(46,605)	(30,305)	(26,138)	(781,017)
	80,069	116	1,799	–	81,984

IBNR and reinsurers' share of IBNR are classified as US dollar.

The Association's interest rate risk is in relation to the fluctuation in the fair value of bonds due to changes in interest rates. The table below shows the change in fair value of bonds assuming a 100 basis points increase in interest rates:

	Effect on investment valuation US\$000
As at 20 February 2026	(7,271)
As at 20 February 2025	(5,935)

Notes on the Accounts

(continued)

17. Risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Association cannot meet its financial obligations as they fall due. The Association maintains a high quality portfolio of cash, government and corporate bonds with medium to long-term maturity. The terms of its reinsurance agreements provide for prompt payment. In the absence of a material market event, investment grade assets can be converted into cash in less than one week.

The following table shows the expected maturity/liquidity of the Association's assets.

As at 20 February 2026

US\$000

	0-1 years	1-2 years	2-5 years	Over 5 years	Total
Investments	31,716	22,384	50,792	84,118	189,010
Reinsurers' share of technical provisions	246,226	148,686	176,501	86,326	657,739
Other assets	36,606	1,711	–	–	38,317
Total financial assets	314,548	172,781	227,293	170,444	885,066
Non-financial assets					–
Total assets					885,066

As at 20 February 2025

US\$000

	0-1 years	1-2 years	2-5 years	Over 5 years	Total
Investments	30,838	7,719	40,818	65,725	145,100
Reinsurers' share of technical provisions	238,647	146,565	172,674	58,789	616,675
Other assets	99,625	1,601	–	–	101,226
Total financial assets	369,110	155,885	213,492	124,514	863,001
Non-financial assets					–
Total assets					863,001

The following table shows the expected maturity profile of the Association's undiscounted obligations with respect to its insurance contract liabilities and other liabilities.

As at 20 February 2026

US\$000

	0-1 years	1-2 years	2-5 years	Over 5 years	Total
Claims outstanding	287,020	174,471	210,534	109,908	781,933
Other liabilities	193	–	–	–	193
Total financial liabilities excluding capital and reserves	287,213	174,471	210,534	109,908	782,126

As at 20 February 2025

US\$000

	0-1 years	1-2 years	2-5 years	Over 5 years	Total
Claims outstanding	278,331	175,892	204,863	73,118	732,204
Other liabilities	48,813	–	–	–	48,813
Total financial liabilities excluding capital and reserves	327,144	175,892	204,863	73,118	781,017

Notes on the Accounts

(continued)

17. Risk management (continued)

Operational risk

Operational risk includes fraud, interruptions in service due to external or internal disruption and procedural or systems errors. The Association 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.

18. Subsequent events

The Association is closely monitoring developments in relation to the escalation of the conflict in the Middle East. The conflict has had minimal impact on the Association's reinsurance, investments and operations.

Independent Auditor's Report

To the members of The Steamship Mutual Underwriting Association (Bermuda) Limited

Opinion on the non-statutory financial statements

In our opinion the non-statutory financial statements:

- give a true and fair view of the state of Group's and of the Parent Company's affairs as at 20 February 2026 and of the Group's surplus for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

We have audited the non-statutory financial statements of The Steamship Mutual Underwriting Association (Bermuda) Limited (the 'parent company') and its subsidiaries ('the Group') for the year ended 20 February 2026, which comprises the Consolidated Income and Expenditure Account, Consolidated Statement of Changes in Equity, Consolidated Balance Sheet and Consolidated Cash Flow Statement and notes 1 to 18 to the non-statutory financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard in the United Kingdom and Republic of Ireland and Financial Reporting Standard 103 Insurance Contracts (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the non-statutory financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Parent Company in accordance with the ethical requirements that are relevant to our audit of the non-statutory financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the non-statutory financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the non-statutory financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group or parent Company's ability to continue as a going concern for a period of at least twelve months from when the non-statutory financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report other than the non-statutory financial statements and our auditor's report thereon. Our opinion on the non-statutory financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Independent Auditor's Report

(continued)

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the non-statutory financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the non-statutory financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the non-statutory financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of non-statutory financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-statutory financial statements, the Directors are responsible for assessing the Group and the Parent Company'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 Directors either intend to liquidate the group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the non-statutory financial statements

Our objectives are to obtain reasonable assurance about whether the non-statutory financial statements as a whole 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 is not a guarantee that an audit conducted in accordance with ISAs (UK) 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 these non-statutory financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance, including the Head of Compliance, regarding the Group's policies and procedures relating to compliance with laws and regulations;
- Obtaining an understanding of the Group's policies and procedures regarding compliance with laws and regulations; and
- Our understanding of the legal and regulatory framework applicable to the Group's operations.

We considered the significant laws and regulations to be the applicable accounting framework, UK tax legislation and the Bermuda Companies Act 1981.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the non-statutory financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the Bermuda Monetary Authority (BMA).

Independent Auditor's Report

(continued)

Our procedures in respect of the above included:

- Agreement of the Group and Parent Company non-statutory financial statement disclosures to underlying supporting documentation;
- Review of legal expenditure accounts to understand the nature of expenditure incurred;
- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations; and
- Review of correspondence with regulatory (BMA) and tax authorities for any instances of non-compliance with laws and regulations.

Fraud

We assessed the susceptibility of the non-statutory financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management, Audit and Risk Committee and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the non-statutory financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the area most susceptible to fraud to be management override of controls.

Our procedures in respect of the above included:

- In response to the risk of management override of controls – testing a sample of journal entries made throughout the year to supporting documentation and reviewing for evidence of management bias that might reasonably represent a risk of material misstatement due to fraud.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the non-statutory financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the non-statutory financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Independent Auditor's Report

(continued)

Use of our report

This report is made solely for the exclusive use of the Directors and solely for the purpose of providing the Directors with an audit opinion on the non-statutory financial statements of the Company that will be used as the basis of the non-statutory financial statements for the Company. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Alexander Barnes
For and on behalf of BDO LLP, Statutory Auditor
London, UK

26 May 2026

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).