Steamship Mutual Underwriting Association Limited

Annual Report and Accounts 2025

Contents

1 Notice of Meeting
2 Directors
3 Strategic Report
6 Report of the Directors
9 Consolidated Income and Expenditure Account
10 Balance Sheet
11 Consolidated Cash Flow Statement
12 Notes on the Accounts
29 Independent Auditor's Report

Notice of Meeting

Notice is hereby given that the One Hundred and Sixteenth Annual General Meeting of the Members of the Company will be held at the The Fairmount Olympic Hotel, 411 University Street, Seattle, WA, 98101, USA on Tuesday, 21 October 2025 at 12:05 hours for the following purposes:

1 To receive and, if thought fit, to adopt the balance sheet and accounts for the year ended 20 February 2025, they having been recommended for adoption by the Board.
2 To fix the total Directors' remuneration with effect from 20 February 2026 at a maximum of US$40,000.
3 To elect Members of the Board.
The Members of the Board retiring by rotation and in accordance with Article 11.2 of the Association are Mr J H D Andrews, Mr B A McAllister, Mr J Roome and Mr A L Tung. Being eligible, they offer themselves for re-election.
4 To consider the appointment of an auditor for the forthcoming year and to authorise the Directors to determine the remuneration of the auditor.
5 To transact any other ordinary business of the Company.

By Order of the Board

A Thawani
Secretary

19 May 2025

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 distributed to Members along with the financial statements and must be deposited with the Secretary at 155 Bishopsgate, Floor 6, London, EC2M 3TP, not less than 48 hours before the time specified for the holding of the Meeting.

Directors

Directors

B A McAllister (Chair)	McAllister Towing and Transportation Co	
C J Ahrenkiel	Blue Squared Shipmanagement AG	(resigned 21 January 2025)
J H D Andrews	Steamship P&I Management LLP	
I Grimaldi	Grimaldi Holdings SpA	
G K Jones	Steamship P&I Management LLP	
C J Madinabeitia	Tradewind Tankers SL	
A Pohan	NY Waterway	
M Rodriguez	Royal Caribbean International	
J Roome		
A L Tung	Island Navigation Corp International Ltd	
R Zagari	Augustea Group	

Secretary

A Thawani — Steamship P&I Management LLP

Managers

Steamship P&I Management LLP
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London
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Registered office

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Floor 6
London
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Telephone: +44 (0)20 7247 5490

Website: www.steamshipmutual.com

Registered company number

00105461

Strategic Report

The Directors present their Strategic Report for Steamship Mutual Underwriting Association Limited ("Association") for the year ended 20 February 2025.

For the year under review, the Directors set a 5% general increase in P&I premium. At the 2024/25 renewal the general increase was set at 5%.

The key performance indicators are entered tonnage, gross premium written, combined ratio and the result for the financial year as detailed below.

The Association's owned entered tonnage increased by 5.5% from 75.7m gross tons ("GT") to 79.9m GT during the year and including renewal. Total entered tonnage at 20 February 2025 for owned and chartered entries stood at 163.2m GT (2024: 144.2m GT).

Gross premium written in the year decreased to US$294.7m from US$295.3m last year, a 0.2% decrease.

The Association's combined ratio, calculated by dividing the sum of net incurred claims, allocated foreign exchange gains/losses and operating expenses by net earned premium, decreased from 99.7% to 99.5%.

The balance on the technical account for general business was a surplus of US$0.3m for the financial year (2024: surplus US$0.2m). Free reserves increased from US$107.8m to US$113.1m due to investment returns.

In 2024, the London operations moved from Aquatical House to a new leased office at 155 Bishopsgate. The lease obligation was undertaken by the Association.

Strategy

Steamship's vision is **'To be the shipping industry's most trusted and valued P&I Club'**, providing the full range of marine Protection and Indemnity and related insurances, on the mutual principle, delivering both first class service and security. Steamship is committed to providing solutions in partnership with its Members. It aims to protect its Members from the risks of maritime trade in a cost effective and sustainable way, to maintain excellent financial strength and resilience, and to develop expert and trusted teams globally.

Steamship embodies these values in delivering this vision:

- **Mutuality** - ensuring fairness amongst Club Members
- **Integrity** - upholding high ethical, legal and regulatory standards
- **Safety and Sustainability** - commitment to safety of life at sea and the preservation of the environment
- **Transparency** - building strong relationships based on trust and open communication
- **Excellence** - enabling our people to realise their full potential as team members, industry experts, leaders and managers
- **Collaborative** - embracing flexibility, diversity, and inclusivity

Underwriting

The 2021/22 policy year was closed in May 2024. The Directors will review release call levels as part of Steamship's Group Solvency Self-Assessment. In the meantime release calls for both P&I and Freight, Demurrage and Defence ("FD&D") were set at 10% for the 2025/26 and 2024/25 policy years, and 0% for the 2023/24 policy year.

Claims

Gross incurred claims arising in respect of the 2024/25 policy year, including incurred but not reported ("IBNR") provisions, are projected to be US$319.1m, an increase of 8.0% over the 2023/24 policy year (US$294.4m). Claims incurred net of reinsurance recoveries amounted to US$24.1m, a decrease of 1.4% compared to the 2023/24 policy year (US$24.5m).

Overall, the 2024/25 policy year has experienced higher frequency and severity of large loss claims compared to the previous four policy years. This has been partly offset by lower attritional claims, in terms of both value and numbers over a similar period.

The Association experienced one Pool claim for the 2024/25 policy year. The 2024/25 policy year for the overall Pool is the largest on record at the 12-month stage. 14 Pool claims across the International Group of P&I Clubs have been reported at US$562.4m, compared to twelve for the 2023/24 policy year reported at US$136.4m at the same point last year. Releases have been experienced on the older Pool years, most notably on the 2020/21 and 2023/24 policy years.

The Association has continued to collaborate closely with Mental Health Support Solutions ("MHSS") on several projects, including with one Member the development of a pre-deployment mental well-being training course. The course informs and educates seafarers on some of the key challenges that they may face when pursuing a seagoing career, with an objective, in addition to caring for the mental well-being of the seafarer, of reducing instances of mental well-being repatriation of seafarers.

Strategic Report

The Association continues to explore opportunities to highlight to the seafarers of all Members, the availability of the free 24/7 mental well-being helpline, with promotional posters now available in English and seven other languages.

We can report that in partnership with Marine Media Enterprises ("MME") the "Donate and Train Scheme" was officially launched in June 2024. With 25% of a subscriber's subscription fees being donated to a charity of their choice, this serves to demonstrate both the Members' and Association's commitment to the important goals of Environmental, Social and Governance ("ESG"). In support of the scheme, the Association has been able to launch two, free to view, programmes. With the continuing security concerns of transiting the Red Sea, the first of these programmes, "Maritime Security", provides guidance to seafarers in preparing them both mentally and physically for entering this and other high risk areas. The second, "Drug Smuggling at Sea", was made available in support of an important information note "Colombia – Precautionary Anti-Narcotics Guidelines". Work on and the review of 8 new personal safety programmes continues, in preparation for their release.

The release of high quality articles, risk alerts and other loss prevention material, attendance and support of Member and industry seminars and conferences, together with technical and operational advice for Members is ongoing.

Pooling and reinsurance

The Association's reinsurance programme for the 2025/26 policy year was arranged in conjunction with other members of the International Group ("IG"). The programme provides a limit of US$3.1bn in excess of US$10m, except in relation to oil pollution claims, which are subject to an overall limit of US$1.0bn.

Pooling

For 2025/26 policy year, the individual club retention, before Pooling with other members of the IG, remains at US$10m, with an upper limit of US$100m for each event. A club bringing a claim to the Pool bears a 7.5% retention within the layer of US$50m to US$100m, with the balance being divided amongst all clubs in accordance with the Pooling Agreement.

Excess Loss cover

The IG's Excess of Loss programme was renewed with an unamended, free and unlimited coverage for all risks except malicious cyber, Covid-19 and other pandemic risks which have certain limitations noted below.

The main programme is placed in three layers with the first layer providing cover from US$100m to US$750m, the second layer from US$750m to US$1.5bn, and the third layer from US$1.5bn to US$2.1bn. There are three private placements for the 2025/26 policy year providing 25% of the first layer, with the remaining 75% placed in the broader market. There is no change to the Collective Overspill layer of US$1bn excess US$2.1bn.

For malicious cyber, Covid-19 and other pandemic risks there is free and unlimited cover in first layer only. In the second and third layers, there is up to US$1.35bn of annual aggregated cover in respect of these three risks – excess of that the IG continues to Pool between itself the un-reinsured risks.

Hydra Insurance Company Limited ("Hydra")

Hydra is a cell captive set up by the IG in Bermuda under the Segregated Account Companies Act 2000.

For 2025/26 policy year, Hydra will continue to retain 100% of the Pool layer from US$30m to US$50m, and 92.5% of the Pool layer from US$50m to US$100m. In addition, Hydra will retain a US$107.1m annual aggregate deductible in the 75% share placed in the market of the first layer of the Excess Loss programme as detailed above.

Charterers' cover

The Association provides cover for P&I and other risks for charterers, reinsured outside the Pool. Combined single limits up to US$1.0bn are provided for P&I and other risks for charterers.

Non-Poolable covers

The Association continues to provide P&I cover for a range of additional risks which are ancillary to Members' core operations, reinsured outside the Pool with limits up to US$1.0bn.

Risk management

The Association's primary risk exposure is to underwriting losses that may arise from the insurance of its Members. Such losses could arise through adverse development of claims on prior policy years ('reserving risk') or through adverse claims experience in the current policy year ('underwriting risk'). The Association transfers a substantial portion of these risks to its reinsurers resulting in its principal risk exposure becoming reinsurer default ('credit risk'). The Board manages this risk through the operation of collateral agreements and a review of investment risk in its key reinsurers.

The Association's exposure to liquidity, or cash flow, risk is limited given the terms of its reinsurance arrangements and that its investments are cash, money market instruments, and medium-term bond funds.

The external auditor identified the estimation and judgement of IBNR as a significant risk. The Directors are aware of the volatility and the risks associated with it, and that they are embedded within the reserving process. Further information on financial risk management is set out in note 18.

Section 172 ("s172") statement

The Board of Directors, in line with its duties under s172(1) of the Companies Act 2006, act in a way they consider, in good faith, would be most likely to promote the success of the Association for the benefit of its Members as a whole as set out in this report under Strategy.

Key decisions and matters that are of strategic importance to the Association include s172 examples such as:

Strategic Report

Consequences of decisions in the long-term

The Board took account of elevated Pool claims, amongst other factors, and, acknowledging the need to achieve underwriting balance, ordered a 5% general increase for the 2025/26 policy year.

Need to foster the Association's relationships with Members, suppliers and others

The Association's Members comprise the majority of its Board as evidenced on page 3. Decisions are taken with the impact on Members in mind. The relationships with key suppliers are monitored by the Board in accordance with the Association's Outsourcing and Third Party Supplier Policy. An open relationship is maintained with all regulators in the jurisdictions in which licences are held.

Impact of the Association's activities on the community and the environment

The Association actively promotes quality and safety in maritime operations through its evaluation of risk presented by the Members it insures and provides practical support for the mental well-being of seafarers and its loss prevention initiatives. These measures have the objective of improving ship safety and the safety of life at sea, thereby reducing the risk of adverse environmental and community impact. Through the cover that is provided for the liabilities arising from shipping casualties, the Association's response to such incidents has a focus upon minimising environmental impact.

The Association is committed to integrating ESG principles throughout the organisation. The key priorities are to minimise greenhouse gas emissions, minimise waste, foster a safe, diverse, inclusive and healthy work environment, support local communities and promote being a responsible business.

ESG Corporate governance and reporting history

Environmental risk management, including climate risk, has been a feature of the Association's corporate thinking and governance structure for many years, and is included within the terms of reference for several committees of the Association and the Managers. During the year, the Association continued to develop its Sustainability Strategy and reporting.

Maintain a reputation for high standards of business conduct

The Board monitors compliance with sanctions legislation to avoid the consequences of breaching such requirements. It also monitors the numbers of complaints received and whether they are resolved satisfactorily.

Need to act fairly between Members of the Association

In addition to any general increase, the Board expects the rating for individual Members to be corrected where appropriate to ensure fairness. As set out in the section on Underwriting the Board assesses the level of release calls for open years to protect its current Members.

The Steamship Mutual Underwriting Association (Bermuda) Limited ("SMUAB")

The Association is entered into a reinsurance contract with SMUAB under which, in return for a percentage of written premium ceded to SMUAB, the Association is covered for 90% of its net underlying liabilities in respect of the 2015/16 and subsequent policy years. All Members of the Association are automatically Members of SMUAB.

The Steamship Mutual Trust ("Trust")

The reinsurance contract with The Steamship Mutual Underwriting Association Trustees (Bermuda) Limited ("SMUAT"), as Corporate Trustee of The Trust, covers 100% of the Association's net underlying liabilities in respect of all years up to and including the 2014/15 policy year. All Members of the Association are automatically beneficiaries of The Steamship Mutual Trust.

The Chair of the Association also attends the Board meetings of SMUAT.

B A McAllister
Chair

Managers
Steamship P&I Management LLP
19 May 2025

Report of the Directors

The Directors have pleasure in presenting their Report and the Audited Accounts of the Association for the year ended 20 February 2025.

Principal activities

The Association is a company limited by guarantee incorporated in the United Kingdom. The principal activity of the Association is the insurance and reinsurance of P&I, and of FD&D risks, on behalf of Members.

The Association is a member of the International Group of Protection and Indemnity Associations and is reinsured by The Steamship Mutual Underwriting Association (Bermuda) Limited for the 2015/16 and subsequent policy years and by The Steamship Mutual Trust for all earlier policy years.

Directors

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

In accordance with Article 11.2 of the Articles of Association, one-third of the Directors retire from office at each Annual General Meeting. The Directors retiring by rotation are Mr J H D Andrews, Mr B A McAllister, Mr J Roome and Mr A L Tung.

Audit and Risk Committee ("ARC")

The ARC acts in conjunction with the Board in considering the Association's financial statements, its external and internal audit activities and its risk management. In so doing the ARC liaises with 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 A Pohan, Mr C J Madinabeitia, Mr J Roome and Mr R Zagari. Mr B A McAllister is invited to attend the meeting in his 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 external auditor meets with both the Managers and ARC, and review their audit approach and the key risks identified. The audit plan and subsequent findings are submitted to and reviewed by the ARC and Board.

The ARC monitors the effectiveness of the Managers' activities with respect to their regulatory and control responsibilities with a specific focus on any issues of enhanced strategic importance or which present a significant risk to the Association. The ARC reviews the judgement and control exercised by the Managers in the estimation of technical provisions and ensures that provisions are set in accordance with the Board's reserving risk appetite. The ARC's work in this area includes receiving and discussing the actuarial function's reports on reserving methodologies, estimates and key judgements throughout the year and at year end. The ARC receives reports on the Solvency II Technical Provisions and the bridge to those reported in the annual financial statements.

Within the past year the ARC's work has included a review of the following matters:

- Ongoing impact of, and response to, the political crises around the world;
- Ongoing review of ESG impacts;
- First year implementation of IFRS 17 for the Singapore branch;
- Consideration of reserving risk appetite;
- Internal audit reports, including sanctions and business continuity;
- Stress tests, including sanctions, reinsurance and alternative fuels; and
- Business recovery and resolution planning in response to regulatory requirements.

Rules

With the support of advice from the Association's lawyers, the Directors have approved Rule changes to clarify, and in some cases broaden, the scope of existing cover, as explained below:

Class 1 – Protection and Indemnity

Coverage for liabilities arising from the use of Electronic Trading Systems – an amendment to permit cover for liabilities arising from the use of electronic trading systems which are governed by a law which allows for their legal recognition, subject to meeting specific criteria.

Exclusion of coverage for passenger liabilities arising while on shore excursions – an amendment to clarify that the exclusion is intended to apply insofar as liabilities arise under a separate excursion contract as opposed to the passage contract.

Overspill Calls – a technical amendment pertaining to the calculation of Overspill Calls.

Report of the Directors

Streamlined Energy and Carbon reporting ("SECR")

The Association has recorded and reported below its emissions in accordance with the mandatory requirement of SECR and have used the appropriate Government emissions conversion factors for greenhouse gas ("GHG") company reporting.

Following the move to the new London office in October 2024, the Association now meets the SECR qualification criteria in the UK. No comparatives for the prior financial year have been provided, as in the prior year the Association consumed less than 40,000 kWh of energy and was therefore exempt from the SECR disclosure requirements. The sustainability credentials of any new leased office were important considerations during the selection process.

Included within the reporting requirements are Scope 1 and 2 emissions from the use of gas and electricity. Scope 3 emissions in relation to business travel is not applicable as the Association has no employees in the UK, given the management of the Association is outsourced.

The SECR reporting included in this report covers the energy usage within the new office up to 20 February 2025.

Energy consumption used to calculate emissions (kWh):

Gas	-
Electricity	51,888
Total	**51,888**

Carbon emissions scope 1 (tCO2e):

Emissions from gas	-
Emissions from transport fuel for fleet cars	-
Emissions from refrigerant gas	-

Carbon emissions scope 2 (tCO2e):

Emissions from purchased electricity	11.26

The Association has taken the following steps towards reducing its carbon footprint:

- Moving to a new leased office with a very good BREEAM (Building Research Establishment Environmental Assessment Methodology) level and EPC rating C which is a vast improvement on the EPC rating G at Aquatical House. The landlord also has a dedicated sustainability team and a clear policy to achieve net zero carbon emissions across its property portfolio by 2030;
- Reducing energy consumption through energy efficient practices and technologies, such as moving IT databases to the cloud, thus reducing the need for chilling of a comms/server room. This is also achieved by all staff using laptops rather than PCs which were constantly running;
- All lighting is LED and have sensors, with plant running during office opening hours of 8am to 7pm;
- Waste in the new office is minimised through recycling, composting and responsible disposal methods, along with the removal of the use of single use plastics;
- All desks purchased for the new office are re-used and the carpets are made out of recycled material; and
- Plants have been installed to improve the mental health and well-being of employees along with improving air quality.

Future developments

Please refer to the Strategic report on pages 3-5 which describes the Association's continued financial strength, its strategy to be the best provider of P&I insurances, ongoing developments in claims management, its focus on fostering relationships with its Members and suppliers, and its commitment to protecting the community and environment. A specific mention is also made to the general increase (second paragraph - page 3) and the reinsurance programme for the 2025/26 policy year (page 4).

Financial instruments

Please refer to the risk management note in the Strategic report on page 4.

Management Highlights

The Management Highlights will be published shortly after the May 2025 Board meeting.

Directors' responsibilities statement

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". The financial statements are required by law to give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period.

In preparing those financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed; and

Report of the Directors

- 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 and to enable them to ensure that the financial statements comply with the Companies Act 2006 and are prepared in accordance with applicable United Kingdom law and accounting standards. They are also responsible for the system of internal control, for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to the external auditor

Each Director at the date of approval of this report confirms that:

- So far as the Director is aware, there is no relevant audit information of which the Association's auditor is unaware; and
- The Director has taken all steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Association's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

External auditor

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

B A McAllister
Chair

Managers
Steamship P&I Management LLP

19 May 2025

Consolidated Income and Expenditure Account

for the year ended 20 February 2025

Technical Account	Note	2025 US$000	2024 US$000
Earned premium, net of reinsurance			
Gross premium written	2	**294,675**	295,264
Outward reinsurance premium	3	**(232,946)**	(237,408)
Earned premium, net of reinsurance		**61,729**	57,856
Allocated investment return transferred from the non-technical account		**(242)**	214
Claims incurred, net of reinsurance			
Claims paid			
Gross amount	4	**217,670**	176,691
Reinsurers' share	4	**(199,215)**	(161,180)
Net claims paid		**18,455**	15,511
Change in the provision for claims			
Gross amount	5	**176,448**	12,447
Reinsurers' share	5	**(171,608)**	(7,164)
Change in the net provision for claims	5	**4,840**	5,283
Claims incurred, net of reinsurance		**23,295**	20,794
Net operating expenses	6	**37,912**	37,091
Balance on the technical account for general business		**280**	185

Non-Technical Account			
Balance on the general business technical account		**280**	185
Investment income	7	**2,441**	4,702
Unrealised gains	8	**5,201**	3,160
Allocated investment return transferred to the technical account		**242**	(214)
Other income		**7**	32
Surplus before taxation		**8,171**	7,865
Taxation	9	**2,862**	1,205
Surplus for the financial year		**5,309**	6,660
Free reserves brought forward		**107,800**	101,140
Free reserves		**113,109**	107,800

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

There are no recognised gains or losses in either year other than the transactions reported in the above income and expenditure account.

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

Balance Sheet

as at 20 February 2025

Assets	Note	2025 Consolidated US$000	2025 Company US$000	2024 Consolidated US$000	2024 Company US$000
Investments					
Other financial investments	10	**159,901**	**159,901**	150,712	150,712
Investment in group undertaking	11	**–**	**25**	–	26
Reinsurers' share of technical provisions					
Claims outstanding	5	**937,763**	**937,763**	766,155	766,155
Debtors					
Debtors arising out of direct insurance operations - policyholders		**9,828**	**9,828**	8,396	8,396
Debtors arising out of reinsurance operations	12	**7,609**	**7,609**	7,190	7,190
Other debtors		**2,463**	**2,581**	4,000	4,054
Other assets					
Cash at bank and in hand		**14,165**	**13,997**	16,988	16,892
Tangible assets	14	**6,058**	**6,058**	–	–
Prepayments and accrued income					
Deferred acquisition costs		**285**	**285**	374	374
Other prepayments and accrued income		**836**	**836**	378	378
Total assets		**1,138,908**	**1,138,883**	954,193	954,177
Liabilities					
Capital and reserves					
Free reserves	15	**113,109**	**113,107**	107,800	107,798
Technical provisions					
Provision for unearned premium		**2,171**	**2,171**	2,657	2,657
Claims outstanding	5	**993,190**	**993,190**	816,742	816,742
Provisions for other risks and charges					
Provision for taxation		**605**	**600**	371	367
Creditors					
Creditors arising out of direct insurance operations - policyholders		**14,901**	**14,901**	9,869	9,869
Creditors arising out of reinsurance operations	13	**9,039**	**9,039**	12,142	12,142
Other creditors including taxation and social security		**5,893**	**5,875**	4,612	4,602
Total liabilities		**1,138,908**	**1,138,883**	954,193	954,177

The parent company made a surplus for the year end 20 February 2025 of US$5,309,000 (2024: US$6,660,000). The Association has taken exemption under Section 408 of the Companies' Act from preparing a parent company statement of income and expenditure.

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 19 May 2025.

B A McAllister
Chair

A Pohan
Director

Managers:
Steamship P&I Management LLP

Consolidated Cash Flow Statement

for the year ended 20 February 2025

Cash flows from operating activities	2025 US$000	2024 US$000
Operating surplus before taxation after interest	**8,171**	7,865
Increase in general insurance technical provisions	**4,354**	4,074
Depreciation	**197**	–
Unrealised gain on investments	**(5,201)**	(3,160)
(Increase)/decrease in debtors	**(683)**	37,380
Increase in creditors	**3,210**	5,187
Taxation paid	**(2,628)**	(988)
	(751)	42,493
Net cash inflow from operating activities	**7,420**	50,358
Cash flow from investment activities		
Net portfolio investment		
Purchase of bonds and loans	**(182)**	(79,681)
(Purchase)/sale of money market instruments	**(3,325)**	15,195
(Increase)/decrease in cash on short term deposit	**(481)**	17,538
Purchase of tangible assets	**(6,255)**	–
Cash used in investing activities	**(10,243)**	(46,948)
Movement in opening and closing cash and cash equivalents		
Net cash (outflow)/inflow for the period	**(2,823)**	3,410
Cash and cash equivalents at 20 February 2024	**16,988**	13,578
Cash and cash equivalents at 20 February 2025	**14,165**	16,988

Notes on the Accounts

1. Accounting policies

(a) Accounting convention

The consolidated accounts have been prepared in compliance with 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 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

The Directors believe that the Association is taking all necessary measures to maintain its viability and the development of the business in the current economic environment. The Directors have:

- Assessed the financial performance of the Association and the successful renewal referenced in the Strategic Report.
- Assessed the liquidity of all assets of the Association.
- Considered the Group Solvency Self Assessment (of the Steamship regulatory group), the outlook for Steamship and the stress tests performed within it.
- Assessed the solvency requirements set by the regulator and solvency ratio of the Association.
- Considered post-balance sheet events.

Based on the above, the Directors have a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future and they continue to adopt the going concern basis in preparing the financial statements.

(c) Basis of consolidation

The accounts consolidate the accounts of Steamship Mutual Underwriting Association Limited and its wholly owned subsidiary undertaking Steamship (Germany) GmbH at 20 February 2025.

(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 under note 18.

(e) Premium written

Premium, less returns, comprise the total premium receivable for the whole period of cover provided by contracts incepting during the financial year. All premium is direct insurance and is shown gross of commission payable to intermediaries and exclusive of taxes levied on premium.

(f) Unearned premium

The proportion of premium written relating to periods of cover after the year end is carried forward as a provision for unearned premium. There is no reinsurers' share of unearned premium due to the reinsurance contracts being recognised on an earned basis.

(g) Deferred acquisition costs

Acquisition costs are deferred to the extent that they are attributable to premium unearned at the balance sheet date. There is no reinsurers' share of deferred acquisition costs due to the reinsurance contracts being recognised on an earned basis.

(h) 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 and for the estimated future costs of handling these claims. 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.

The Association provides guarantees to third parties on behalf of Members. For guarantees issued in respect of covered claims, provision is made within the claims outstanding technical provision. Guarantees are issued under certain circumstances, in accordance with procedures, for uncovered claims when appropriate counter security is obtained in advance.

Notes on the Accounts
(continued)

1. Accounting policies (continued)

(i) Reinsurance premium and recoveries

Payments made to and recoveries from other Associations under the IG Pooling arrangements are recognised in the income and expenditure account when debited or credited. Recoveries from other reinsurers are recognised in the income and expenditure account when credited. Reinsurance premium are recognised in the income and expenditure account on an accruals basis.

(j) Investments

Investments have been valued as at the end of the reporting period and at fair value through profit or loss. Deposits held at credit institutions have a maturity date of 3 months or more. Investment income consists of interest 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.

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-US dollar denominated transactions relating to the technical account and the funding of the operating expenses of the Managers' London office. These exchange differences are disclosed in notes 7 and 8.

(k) Cash at bank and in hand

Cash and cash equivalents comprise cash at bank and in hand, have a maturity of less than 3 months, and are valued at the end of the reporting period.

(l) Foreign currencies

The functional currency is US dollar. Assets and liabilities are converted at the rate of exchange ruling 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 rate differences are included in the income and expenditure account.

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

		2025	2024
Euro	€	**0.959**	0.928
UK sterling	£	**0.792**	0.795

(m) Operating leases

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the lease term. The aggregate benefits of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight-line basis.

(n) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight -line basis over their expected useful lives. The periods applicable are:

Leasehold improvements	15 years
Fixtures and fittings	10 years

Notes on the Accounts
(continued)

2. Gross premium written

	2025 US$000	2024 US$000
Mutual and fixed premium written	**294,174**	293,949
Return of premium	**20**	(3)
Release calls	**(5)**	109
Movement in unearned premium	**486**	1,209
	294,675	295,264
Gross premium by class of business		
Protection and Indemnity	**268,323**	270,483
Freight, Demurrage and Defence	**6,935**	7,705
Special Risks and Extra Covers	**19,417**	17,076
	294,675	295,264
Gross premium by Member location		
United States of America	**154,983**	157,085
South Korea	**27,927**	26,762
China	**24,336**	22,514
Hong Kong	**16,014**	14,137
Taiwan	**11,715**	11,711
United Kingdom	**7,900**	8,121
Chile	**6,862**	6,753
India	**6,247**	5,952
Brazil	**5,368**	6,002
Philippines	**5,189**	4,853
Other countries	**28,134**	31,374
	294,675	295,264

3. Reinsurance contracts

The Association has the following reinsurance arrangements:

For 2015/16 and subsequent policy years the Association entered into a reinsurance contract with related party SMUAB under which, in return for a percentage of written premium ceded to SMUAB, the Association is covered for 90% of its net underlying liabilities. For the financial year to 20 February 2025 premium ceded to SMUAB amounted to US$184.2m (2024: US$188.3m). Reinsurers share of claims paid recovered from SMUAB during the financial year is disclosed in note 4. SMUAB's share of outstanding claims as at 20 February 2025 is disclosed in note 5.

The Association entered into a reinsurance contract with related party The Steamship Mutual Underwriting Association Trustees (Bermuda) Limited as Corporate Trustee of the Trust, a duly authorised insurer under the Insurance Act 1978 of Bermuda, to cover 100% of its net underlying liabilities for all policy years up to and including 2014/15. For the financial year to 20 February 2025 premium ceded to the Trust amounted to US$3k (2024: US$0.5m). Reinsurers share of claims paid recovered from the Trust during the financial year is disclosed in note 4. The Trust's share of outstanding claims as at 20 February 2025 is disclosed in note 5.

The Association receives the benefit of all IG Pool and other external reinsurance recoveries.

Notes on the Accounts
(continued)

4. Claims paid	2025 US$000	2024 US$000
Gross claims paid		
Claims and related expenses	**155,182**	114,475
IG Pool claims	**37,580**	37,209
Claims administration expenses	**24,908**	25,007
	217,670	176,691
Less reinsurers' share		
SMUAB	**179,118**	147,752
The Trust	**4,999**	4,354
IG Pool and other reinsurers	**15,098**	9,074
	199,215	161,180
Net claims paid	**18,455**	15,511

5. Change in net provision for claims	2025 US$000	2024 US$000
Gross outstanding claims		
Provision brought forward	**816,742**	804,295
Claims paid in the year	**(217,670)**	(176,691)
Changes to reserves	**394,118**	189,138
Provision carried forward	**993,190**	816,742
The Trust's share of outstanding claims		
Provision brought forward	**44,264**	49,712
Reinsurance recoveries made in the year	**(4,999)**	(4,354)
Changes to reserves	**(10,719)**	(1,094)
Provision carried forward	**28,546**	44,264
SMUAB's share of outstanding claims		
Provision brought forward	**494,439**	454,060
Reinsurance recoveries made in the year	**(179,118)**	(147,752)
Changes to reserves	**210,139**	188,131
Provision carried forward	**525,460**	494,439
IG Pool & Excess Loss and other reinsurers' share of outstanding claims		
Provision brought forward	**227,452**	255,219
Reinsurance recoveries made in the year	**(15,098)**	(9,074)
Changes to reserves	**171,403**	(18,693)
Provision carried forward	**383,757**	227,452
Total net outstanding claims	**55,427**	50,587

Notes on the Accounts
(continued)

5. Change in net provision for claims (continued)

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. The individual estimates are reviewed regularly and include the Association's share of other IG clubs' Pool claims. Provision is also made for claims incurred but not reported 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.

Gross outstanding claims carried forward are net of US$43.3m of third party recoveries (2024: US$32.5m).

6. Net operating expenses	**2025 US$000**	2024 US$000
Acquisition costs		
Brokerage	**14,957**	15,599
Underwriting administration expenses	**8,839**	8,901
	23,796	24,500
Administrative expenses		
Other administration expenses	**10,390**	11,284
Operating lease expenses	**2,611**	515
Regulatory fees	**354**	266
Directors' fees	**36**	27
Audit fees	**528**	499
Depreciation	**197**	–
	14,116	12,591
	37,912	37,091

	2025 US$000	2024 US$000
Payable to the Association's auditor and its associates for:		
The audit of the annual accounts	**312**	287
The audit of the annual accounts of the Association's branches	**150**	150
Audit related assurance services	**66**	62
Total audit fees	**528**	499

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.

SMUAB and the Trust are reinsurers to the Association, with their own separate ownership structures. All Members of the Association are automatically Members of SMUAB. 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 3, 4 and 5 and are disclosed as related party transactions.

Notes on the Accounts
(continued)

6. Net operating expenses (continued)

Operational structure and transactions with related parties (continued)

Steamship P&I Management LLP ("SPIM") provides management and administrative services to the Association. Under the terms of its management contract SPIM receives, as remuneration for its services, a fee which is based in part on premium payable by Members in each accounting year together with reimbursement of its office and administration expenses including the ongoing funding of a defined benefit pension scheme for which Steamship Insurance Management Services Limited ("SIMSL") is the statutory employer. For the financial year to 20 February 2025, these fees amounted to US$35.4m (2024: US$36.9m). US$0.6m was due from SPIM at the year end (2024: due to SPIM US$1.1m) and is included in other debtors on the balance sheet.

Steamship P&I Management (Singapore) PTE Ltd ("SPIM Singapore"), a subsidiary of SIMSL, provides management and administrative services to the Association. SPIM Singapore receives as remuneration for its services, a fee which is based on the reimbursement of its office and administration expenses. For the financial year to 20 February 2025 these fees and expenses amounted to US$2.3m (2024: US$1.8m). US$0.2m was due to SPIM Singapore at the year end (2024: US$16k) and is included in other creditors on the balance sheet.

Steamship Mutual Management (Bermuda) Limited ("SMMB") provides management and administrative services to the Association. Under the terms of its management contract SMMB receives as remuneration for its services, a fee which is based on the reimbursement of its office and administration expenses and those of its worldwide representatives. For the financial year to 20 February 2025 these fees and expenses amounted to US$0.3m (2024: US$0.3m). US$nil was due from SMMB at the year end (2024: US$nil).

Steamship Mutual Management (Hong Kong) Limited ("SMM(HK)") provides management and administrative services to the Association. Under the terms of its management contract SMM(HK) receives as remuneration for its services, a fee which is based on the reimbursement of its office and administration expenses. For the financial year to 20 February 2025 these fees and expenses amounted to US$2.8m (2024: US$2.3m). US$0.2m was due from SMM(HK) at the year end (2024: US$0.6m) and is included in other debtors on the balance sheet.

7. Investment income

	2025 US$000	2024 US$000
Dividends and interest	**2,584**	3,630
Realised gains/(losses):		
Investments	**99**	858
Foreign exchange	**(242)**	214
	2,441	4,702

8. Unrealised gains

	2025 US$000	2024 US$000
Investments	**5,201**	3,160
	5,201	3,160

Notes on the Accounts
(continued)

9. Taxation

The charge includes an estimated liability for the accounting year to 20 February 2025, of US$1,983,163 (2024: US$1,111,807) based upon an agreement with the United Kingdom tax authorities, assessed on the investment income of the Association for the year, along with an estimated liability of US$92,708 (2024: US$93,380) based on the results of the Association's overseas branches.

Analysis of tax charge on ordinary activities	**2025 US$000**	2024 US$000
United Kingdom corporation tax at 25% (2024: 24.36%) based on the surplus for the financial year	**2,076**	1,205
Prior year tax	**786**	–
	2,862	1,205

Factors affecting tax charge for the financial year

The tax assessed for the financial year is higher than that resulting from applying the standard rate of corporation tax in the United Kingdom. The differences are explained below.

Surplus before tax	**8,171**	7,865
Tax at 25% (2024: 24.36%) thereon	**2,043**	1,916
Effect of tax on overseas branches	**(345)**	(176)
Effect of income not subject to corporation tax	**378**	(535)
Prior year tax	**786**	–
Current tax charge for the financial year	**2,862**	1,205

Notes on the Accounts
(continued)

10. Other financial investments

	2025 US$000	2024 US$000
Fair value		
Bonds and loans	**121,858**	116,475
Money market instruments	**25,519**	22,194
Deposits with credit institutions	**11,925**	11,932
Cash accounts	**599**	111
	159,901	150,712
Cost		
Bonds and loans	**113,434**	113,252
Money market instruments	**25,519**	22,194
Deposits with credit institutions	**11,925**	11,932
Cash accounts	**599**	111
	151,477	147,489

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 have been fair valued using the above hierarchy categories as follows:

As at 20 February 2025

	Level 1 US$000	Level 2 US$000	Level 3 US$000	Total US$000
Bonds and loans	18,847	103,011	–	**121,858**
Money market instruments	25,519	–	–	**25,519**
Deposits with credit institutions	11,925	–	–	**11,925**
Cash accounts	599	–	–	**599**
	56,890	**103,011**	**–**	**159,901**

As at 20 February 2024

	Level 1 US$000	Level 2 US$000	Level 3 US$000	Total US$000
Bonds and loans	18,664	97,811	–	116,475
Money market instruments	22,194	–	–	22,194
Deposits with credit institutions	11,932	–	–	11,932
Cash accounts	111	–	–	111
	52,901	**97,811**	**–**	**150,712**

Notes on the Accounts
(continued)

11. Investment in group undertaking

	2025 US$000	2024 US$000
Cost	**29**	29
Impairment	**(4)**	(3)
	25	26

The Association owns 100% of Steamship (Germany) GmbH. Its registered address is Goerzallee 299, 14167, Berlin, Germany. The company provides banking services to the Association.

12. Debtors arising out of reinsurance operations

	2025 US$000	2024 US$000
The Trust	**1,787**	6,762
SMUAB	**5,774**	–
IG clubs	**–**	–
Other reinsurance debtors	**48**	428
	7,609	7,190

13. Creditors arising out of reinsurance operations

	2025 US$000	2024 US$000
SMUAB	**–**	3,266
IG clubs	**33**	35
Other reinsurance creditors	**9,006**	8,841
	9,039	12,142

14. Tangible assets

Cost	Leasehold Improvements US$000	Fixtures & Fittings US$000	Total US$000
At 20 February 2024	–	–	**–**
Additions	5,119	1,136	**6,255**
Disposals	–	–	**–**
At 20 February 2025	5,119	1,136	**6,255**
Depreciation			
At 20 February 2024	–	–	**–**
Provided in the year	150	47	197
Eliminated on disposals	–	–	**–**
At 20 February 2025	150	47	197
Net book amount at 20 February 2025	**4,969**	**1,089**	**6,058**
Net book amount at 20 February 2024	–	–	–

Notes on the Accounts
(continued)

15. Group free reserves

	2025 US$000	2024 US$000
Free reserves brought forward	**107,800**	101,140
Surplus for year	**5,309**	6,660
	113,109	107,800

The balance carried forward together with any further additional premium to be ordered by the Board of Directors and recoveries under the reinsurance contracts, will be available to meet liabilities not yet passed or ascertained. The Members of the Association are liable for their rateable proportion of any deficiency arising from an excess of liabilities over premium. The Directors and Managers are of the opinion that the Association has adequate assets and contractual arrangements to meet known and anticipated liabilities.

16. Security

A trust has been set up to secure the payment of recoveries to US resident Members of the Association in accordance with the standard terms of the US National Association of Insurance Commissioners. As at the balance sheet date assets included with other financial investments with a total value of US$7.4m (2024: US$7.1m) had been allocated to the trust.

The Association deposits funds as required in the agreement between various members of the IG and the US Federal Maritime Commission in connection with the provision of evidence of financial responsibility under Sections 2 and 3 of US Public Law 89-777. As at the balance sheet date the funds deposited, included within other financial investments, had a total value of US$12.3m (2024: US$11.8m).

17. Capital management

The Association aims to maintain capital resources at a level which provides a comfortable margin above the Minimum Capital Requirement ("MCR") and Solvency Capital Requirement ("SCR") under Solvency II set by the Prudential Regulation Authority ("PRA") and the requirements of the regulators of its branch offices in Hong Kong, Japan and Singapore. Capital resources for regulatory purposes for the Association consist of free reserves on a regulatory economic basis and an allowance for the ability to levy additional premium on Members

As at 20 February 2025 the Association's unaudited Solvency II available and eligible own funds were US$113.8m (2024: US$140.6m), with an unaudited SCR of US$54.7m (2024: US$56.3m). Giving an SCR ratio of 208% (2024: 250%). The unaudited MCR as at 20 February 2025 was US$15.5m (2024: US$14.1m).

The Association and its branches were in compliance with their regulatory capital requirements throughout the financial year.

18. Risk management

The Association monitors and manages the risks relating to its operations through its risk management program which analyses exposures by degree and magnitude of risks. This is evidenced in the Group Solvency Self-Assessment ("GSSA") report which is submitted to both the UK and Bermudian regulators. The GSSA documents the 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 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, liquidity risk, market 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 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. The Association is exposed to the uncertainty surrounding the timing, frequency and severity of claims made under its insurance contracts. Premium and reserving risk are calculated by reference to risk factors prescribed by the PRA and then combined taking account of dependencies and diversification effects.

Notes on the Accounts
(continued)

18. Risk management (continued)

Insurance risk (continued)

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.

The Association transfers a substantial portion of its insurance risk to its reinsurers through the provisions of the reinsurance arrangements outlined under note 3 on the accounts and its membership of the IG.

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

		2025 US$000	2024 US$000
5% increase in claims incurred on current policy year			
Overall surplus	gross of reinsurance	**(15,954)**	(14,771)
	net of reinsurance	**(1,206)**	(1,223)
Single claim of US$2bn in current policy year			
Overall surplus	gross of reinsurance	**(2,000,000)**	(2,000,000)
	net of reinsurance	**(3,646)**	(3,562)
Single claim for other member of IG of US$2bn in current policy year			
Overall surplus	gross of reinsurance	**(15,506)**	(14,935)
	net of reinsurance	**(1,551)**	(1,493)

Notes on the Accounts
(continued)

18. 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 have developed over time. The lower half of each table reconciles cumulative claims to the amount appearing in the balance sheet. The current financial year end position for the 2019/20 and prior policy years reflects the cumulative claims after the Part VII transfer to Steamship Mutual Underwriting Association (Europe) Limited ("SMUAE") on 20 December 2020.

Insurance claims - gross

Policy year	2015/16 US$000	2016/17 US$000	2017/18 US$000	2018/19 US$000	2019/20 US$000	2020/21 US$000	2021/22 US$000	2022/23 US$000	2023/24 US$000	2024/25 US$000
End of reporting year	341,688	244,772	392,561	321,014	314,958	227,886	209,826	234,846	295,426	319,070
One year later	338,016	225,559	356,725	286,572	316,973	210,651	183,516	176,299	388,166	
Two years later	348,201	243,215	337,286	249,729	307,313	209,875	175,514	179,202		
Three years later	353,779	240,089	320,113	230,080	413,850	197,358	187,804			
Four years later	361,286	231,965	350,143	228,551	406,237	196,960				
Five years later	357,909	233,027	348,967	219,030	400,828					
Six years later	356,827	234,767	346,876	205,554						
Seven years later	358,502	231,423	347,171							
Eight years later	355,774	230,829								
Nine years later	355,520									
Current estimate of ultimate claims	355,520	230,829	347,171	205,554	400,828	196,960	187,804	179,202	388,166	319,070
Cumulative payments to date	339,891	220,137	261,838	185,018	373,397	139,770	105,219	101,195	97,024	53,938
Claims outstanding	**15,629**	**10,692**	**85,333**	**20,536**	**27,431**	**57,190**	**82,585**	**78,007**	**291,142**	**265,132**
Claims outstanding relating to last ten reporting years										**933,677**
Provision in respect of 2014/15 policy year and prior										**59,513**
Total gross claims outstanding										**993,190**

Insurance claims - net

Policy year	2015/16 US$000	2016/17 US$000	2017/18 US$000	2018/19 US$000	2019/20 US$000	2020/21 US$000	2021/22 US$000	2022/23 US$000	2023/24 US$000	2024/25 US$000
End of reporting year	34,778	41,936	31,343	29,950	31,090	23,012	23,483	24,059	24,470	24,120
One year later	33,005	47,354	37,756	33,254	38,230	25,902	27,179	22,522	24,399	
Two years later	38,430	52,722	39,176	35,543	41,204	28,613	26,306	22,741		
Three years later	40,704	54,895	40,318	36,825	44,430	27,907	26,983			
Four years later	42,409	55,986	40,599	38,367	44,296	27,302				
Five years later	42,752	56,818	40,602	38,398	43,831					
Six years later	42,952	57,377	40,487	37,872						
Seven years later	42,956	57,180	40,645							
Eight years later	42,808	57,049								
Nine years later	42,731									
Current estimate of ultimate claims	42,731	57,049	40,645	37,872	43,831	27,302	26,983	22,741	24,399	24,120
Cumulative payments to date	42,330	56,154	39,978	36,722	42,613	24,473	19,833	15,749	8,999	5,395
Claims outstanding	**401**	**895**	**667**	**1,150**	**1,218**	**2,829**	**7,150**	**6,992**	**15,400**	**18,725**
Claims outstanding relating to last ten reporting years										**55,427**
Provision in respect of 2014/15 policy year and prior										**–**
Total net claims outstanding										**55,427**

Notes on the Accounts
(continued)

18. Risk management (continued)

Insurance risk (continued)

Credit risk

Credit risk is the risk that a counterparty owing money to the Association may default causing a debt 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 contracts with Steamship Mutual Trust and SMUAB 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 area of exposure to credit risk for Steamship are in relation to its reinsurance recoverables.

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 Association experiences prompt payment of premium and bad debt experience is immaterial. Receivables from Members, agents and intermediaries generally do not have a credit rating.

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 (mainly S&P Global). Receivables from Members and from agents and intermediaries, do not have a credit rating and are therefore included within Other assets.

As at 20 February 2025

	AAA US$000	AA US$000	A US$000	BBB US$000	BB and below US$000	Not rated US$000	Total US$000
Bonds and loans	7,079	80,795	19,789	14,148	47	–	121,858
Money market instruments	25,519	–	–	–	–	–	25,519
Deposits with credit institutions	–	11,100	825	–	–	–	11,925
Cash accounts	–	599	–	–	–	–	599
Cash at bank and in hand	–	12,350	1,565	–	–	250	14,165
Reinsurers' share of technical provisions	–	50,463	821,135	59,309	6,838	18	937,763
Debtors arising out of reinsurance operations	–	15	7,592	2	–	–	7,609
Other debtors	–	–	–	–	–	2,463	2,463
Accrued interest	57	243	–	–	–	–	300
Other assets	–	–	–	–	–	10,364	10,364
Total financial assets	**32,655**	**155,565**	**850,906**	**73,459**	**6,885**	**13,095**	**1,132,565**
Non-financial assets							**6,343**
Total assets							**1,138,908**

Notes on the Accounts
(continued)

18. Risk management (continued)
Credit risk (continued)

As at 20 February 2024

	AAA US$000	AA US$000	A US$000	BBB US$000	BB and below US$000	Not rated US$000	Total US$000
Bonds and loans	8,114	77,484	16,368	14,446	63	–	116,475
Money market instruments	22,194	–	–	–	–	–	22,194
Deposits with credit institutions	–	11,100	832	–	–	–	11,932
Cash accounts	–	111	–	–	–	–	111
Cash at bank and in hand	–	15,506	1,482	–	–	–	16,988
Reinsurers' share of technical provisions	–	55,507	684,307	24,011	2,316	14	766,155
Debtors arising out of reinsurance operations	–	365	6,786	39	–	–	7,190
Other debtors	–	–	255	–	–	3,745	4,000
Accrued interest	61	238	–	–	–	–	299
Other assets	–	–	–	–	–	8,475	8,475
Total financial assets	**30,369**	**160,311**	**710,030**	**38,496**	**2,379**	**12,234**	**953,819**
Non-financial assets							**374**
Total assets							**954,193**

The following tables show the age analysis of debtors arising out of insurance operations and debtors arising out of reinsurance operations after deducting provisions for bad debt.

As at 20 February 2025

	Not due US$000	0 - 30 days US$000	31 - 90 days US$000	Over 90 days US$000	Impaired US$000	Total US$000
Debtors arising out of direct insurance operations	5,215	790	2,483	1,340	–	9,828
Debtors arising out of reinsurance operations	7,560	–	1	48	–	7,609
Total	**12,775**	**790**	**2,484**	**1,388**	**–**	**17,437**

As at 20 February 2024

	Not due US$000	0 - 30 days US$000	31 - 90 days US$000	Over 90 days US$000	Impaired US$000	Total US$000
Debtors arising out of direct insurance operations	3,422	1,335	2,889	738	12	8,396
Debtors arising out of reinsurance operations	6,762	103	262	63	–	7,190
Total	**10,184**	**1,438**	**3,151**	**801**	**12**	**15,586**

Notes on the Accounts
(continued)

18. Risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Association cannot meet its financial obligations as they fall due. The Association's exposure to liquidity risk is limited given that its investments are cash, money market instruments, short-term US government bonds and medium-term corporate bonds, and the terms of its reinsurance agreements provide for prompt payment. The following table shows the expected maturity/liquidity of the Association's financial assets.

As at 20 February 2025

	0-1 years US$000	1-2 years US$000	2-5 years US$000	Over 5 years US$000	Total US$000
Investments	81,939	21,340	56,043	579	159,901
Reinsurers' share of technical provisions	333,162	232,014	268,317	104,270	937,763
Other assets	34,901	–	–	–	34,901
Total financial assets	**450,002**	**253,354**	**324,360**	**104,849**	**1,132,565**
Non-financial assets					**6,343**
Total assets					**1,138,908**

As at 20 February 2024

	0-1 years US$000	1-2 years US$000	2-5 years US$000	Over 5 years US$000	Total US$000
Investments	81,693	22,234	45,519	1,266	150,712
Reinsurers' share of technical provisions	274,741	177,996	229,812	83,606	766,155
Other assets	36,952	–	–	–	36,952
Total financial assets	**393,386**	**200,230**	**275,331**	**84,872**	**953,819**
Non-financial assets					**374**
Total assets					**954,193**

Notes on the Accounts
(continued)

18. Risk management (continued)

Liquidity risk (continued)

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 2025

	0-1 years US$000	1-2 years US$000	2-5 years US$000	Over 5 years US$000	Total US$000
Claims outstanding	353,670	245,592	284,590	109,338	993,190
Other liabilities	29,833	–	–	–	29,833
Total financial liabilities	**383,503**	**245,592**	**284,590**	**109,338**	**1,023,023**
Non-financial liabilities					**2,776**
Total liabilities excluding capital and reserves					**1,025,799**

As at 20 February 2024

	0-1 years US$000	1-2 years US$000	2-5 years US$000	Over 5 years US$000	Total US$000
Claims outstanding	293,051	190,686	244,746	88,259	816,742
Other liabilities	26,623	–	–	–	26,623
Total financial liabilities	**319,674**	**190,686**	**244,746**	**88,259**	**843,365**
Non-financial liabilities					**3,028**
Total liabilities excluding capital and reserves					**846,393**

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 investments are in short term money market instruments, US government bonds and medium-term corporate bonds and therefore it has limited direct exposure to interest rate risk.

The Association receives the majority of its premium income in US dollars, a significant amount in euro and small amounts in UK sterling and Canadian dollars. Claim liabilities arise in a number of currencies but predominantly in US dollar, euro, UK sterling and Brazilian real. To minimise currency mismatching, assets are regularly reviewed against the Association's liabilities.

Notes on the Accounts
(continued)

18. Risk management (continued)

Market risk (continued)

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

As at 20 February 2025

	US dollar US$000	UK sterling US$000	Euro US$000	Brazilian real US$000	Philippine peso US$000	Other US$000	Total US$000
Assets	994,400	29,248	77,314	9,970	8,910	19,066	1,138,908
Liabilities	(883,984)	(26,458)	(76,263)	(10,256)	(9,889)	(18,949)	(1,025,799)
	110,416	**2,790**	**1,051**	**(286)**	**(979)**	**117**	**113,109**

As at 20 February 2024

	US dollar US$000	UK sterling US$000	Euro US$000	Brazilian real US$000	Korean Won US$000	Other US$000	Total US$000
Assets	814,469	24,376	79,938	4,514	14,450	16,446	954,193
Liabilities	(711,973)	(21,053)	(79,426)	(5,014)	(14,644)	(14,283)	(846,393)
	102,496	**3,323**	**512**	**(500)**	**(194)**	**2,163**	**107,800**

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

As the Association's reinsurance arrangements with the Trust and SMUAB, as outlined under note 3, and with the IG protection, at least 90% of currency exchange risk in relation to claims is transformed into reinsurer credit risk.

The majority of the operating expenses of the Association are the costs recharged to it by SIMSL, the service company of SPIM. These expenses, along with those in relation to the leasehold off the London office, are payable in UK sterling giving rise to a currency exchange exposure when compared to the Association's functional currency of US dollar. The Association holds sterling balances at all times to mitigate part of this exposure.

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.

19. Operating leases

The Association's future minimum lease payments under non-cancellable operating leases are as follows:

	2025 US$000	2024 US$000
Not later than one year	**379**	–
Later than one year and not later than five years	**9,094**	7,197
Later than five years	**19,893**	22,159
	29,366	29,356

The operating lease is for the commercial office in UK. The lease term is up to 15 years.

Independent Auditor's Report

Independent auditor's report to the Members of Steamship Mutual Underwriting Association Limited

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 20 February 2025 and of the Group's surplus for the year then ended;
- the Group financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Steamship Mutual Underwriting Association Limited (the 'Parent Company') and its subsidiary (the 'Group') for the year ended 20 February 2025 which comprise the Consolidated Income & Expenditure Account, the Consolidated & Company Balance Sheet, the Consolidated Cash Flow Statement, and Notes on the Accounts other than that of note 17 marked 'unaudited', 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 applicable in the UK 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 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. Our audit opinion is consistent with the additional report to the Audit and Risk Committee.

Independence

Following the recommendation of the Audit and Risk Committee, we were appointed by Board of Directors on 30 June 2021 to audit the financial statements for the year ended 20 February 2022 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 4 years, covering the years ended 2022 to 2025. We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Group or the Parent Company.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Assessed the solvency position through reference of sufficiency of assets to meet liabilities and the adequacy of regulatory capital.
- Reviewed and challenged the going concern of the Group and Parent Company's reinsurers through assessment of solvency and credit ratings.
- Enquiries of the Directors and scrutiny of management information, board minutes and regulatory correspondence to ascertain the existence of undisclosed events or obligations that may cast significant doubt on the Group and Parent Company's ability to continue as a going concern.
- Considered the impact of climate change on the Group and Parent Company's activities through discussion with management and our knowledge of relevant factors affecting the industry.
- Reviewed and challenged the basis of solvency projections and the appropriateness of the mechanism applied for the next 12 months from when the financial statements are authorised for issue. This included review and challenge of the Group and Parent Company's current plans and budgets, including an assessment of the 2025 budget against the audited 2025 results and assessing the reasonableness of assumptions made based on historic outturn of budgeted results and our knowledge of relevant factors affecting the industry and economy.

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 and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Independent Auditor's Report
continued

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

Overview

		2025	2024
Key audit matters	Valuation of claims Incurred but Not Reported (IBNR).	✔	x
	Valuation of technical provisions and reinsurer's share of technical provisions.	x	✔
	Based on our revised audit approach, we have determined the key audit matter to be the valuation of claims incurred but not reported ("IBNR") which is a component of valuation of claims outstanding.		
Materiality	*Group financial statements as a whole* US$5,880k (2024: US$5,840k) based on 2% (2024: 2%) of gross written premiums (excluding the movement in unearned premiums).		

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, the applicable financial reporting framework and the Group's system of internal control. On the basis of this, we identified and assessed the risks of material misstatement of the Group financial statements including with respect to the consolidation process. We then applied professional judgement to focus our audit procedures on the areas that posed the greatest risks to the group financial statements. We continually assessed risks throughout our audit, revising the risks where necessary, with the aim of reducing the group risk of material misstatement to an acceptable level, in order to provide a basis for our opinion.

Components in scope

The Group is comprised of Steamship Mutual Underwriting Association Limited (SMUA) located in London, United Kingdom (Parent Company) and Steamship Mutual Underwriting Association (Germany) GmBH (SGER) located in Berlin, Germany (Subsidiary Company). The Group operates under a common control environment.

As part of performing our Group audit, we have determined the Group to be made up of a single component. The fraud risk is only considered to exist within the parent company.

We used a combination of risk assessment procedures and further audit procedures to obtain sufficient appropriate evidence. These further audit procedures included:

- procedures on the entire financial information of the component, including performing substantive procedures and tests of operating effectiveness of manual controls.
- procedures on all classes of transactions, account balances or disclosures.

All audit work was performed directly by the Group engagement team with the assistance where relevant of appointed specialists.

Changes from the prior year

No significant changes have been made in the Group audit scope from the prior year.

Independent Auditor's Report
continued

Climate change

Our work on the assessment of potential impacts of climate-related risks on the Group and the Parent Company's operations and financial statements included:

- Enquiries and challenge of management to understand the actions they have taken to identify climate-related risks and their potential impacts on the financial statements and adequately disclose climate-related risks within the annual report;
- Our own qualitative risk assessment taking into consideration the sector in which the Group and the Parent Company operates and how climate change affects this particular sector; and
- Review of the minutes of Board and other papers related to climate change and performed a risk assessment as to how the impact may affect the financial statements and our audit.

We challenged the extent to which climate-related considerations impact the entity's ability to continue as a going concern.

We also assessed the consistency of managements disclosures included in the Report of the Directors on pages 6-8 of the financial statements and with our knowledge obtained from the audit.

Based on our risk assessment procedures, we did not identify there to be any Key Audit Matters materially impacted by climate-related risks.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter		How the scope of our audit addressed the key audit matter
Valuation of claims incurred but not reported (IBNR) *Refer to the following disclosures:* • *Accounting policy 1(h).* • *Note 5 Change in net provision for claims.* • *Note 18 Risk management.*	The Group recorded gross outstanding claims of US$993,190k (2024: US$816,742k). This includes claims incurred but not yet reported ('IBNR') of US$389,118k (2024: US$334,162k). **Valuation of IBNR:** IBNR modelling by actuarial specialists is reliant on: • Relevant claims data being input correctly into actuarial models. • The application of appropriate actuarial techniques, judgements and assumptions. We assessed this area as being of significant risk to the audit and a key audit matter due to the significance of these amounts in deriving the Group's results and the degree of assumptions and estimation underpinning the determination of the IBNR, which can be highly subjective.	As part of our audit procedures, we performed the following in conjunction with our actuarial specialists: • Obtained an understanding of the relevant reserving process, and the relevant controls over the data, methodology and assumptions, models and outputs used in valuing the IBNR, including evaluating the design and implementation of relevant controls. • Assessed the appropriateness and consistency of the underlying reserving data provided by the Company's actuarial team with the finance team data. • Challenged key assumptions, methods and actuarial models used to ensure estimates are objective and reasonable. • Considered the risk of management bias by reviewing any changes to assumptions and methodologies applied to the estimates and reviewing the outturn of prior years against the previous estimates. • Performed independent re-projections of reserves for all classes of business (except for run-off classes) using historical claims data and our own actuarial techniques. • Assessed the booked reserves to our range of reasonable best estimates. • Performed key data inputs and reconciliations testing. • Assessed the reasonableness of the IBNR margin held at year end. **Key observations:** Based on the audit procedures performed, we considered the judgements, estimates and assumptions made in the valuation of IBNR provision to be reasonable.

Independent Auditor's Report
continued

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements	Parent company financial statements	Group financial statements	Parent company financial statements
	2025 $'000	2025 $'000	2024 $'000	2024 $'000
Materiality	5,880	5,880	5,840	5,840
Basis for determining materiality	2% of gross written premium		2% of gross written premium	
Rationale for the benchmark applied	The financial statements are affected by a quota share agreement. Due to the significant impact this has on the gross line items affected by this agreement, gross written premium was determined to be the appropriate benchmark on which to base materiality.		The financial statements are affected by a quota share agreement. Due to the significant impact this has on the gross line items affected by this agreement, gross written premium was determined to be the appropriate benchmark on which to base materiality.	
Performance materiality	4,410	4,410	4,380	4,380
Basis for determining performance materiality	75%		75%	
Rationale for the percentage applied for performance materiality	75% of financial statement materiality was reflective of our perceived risk of the financial statements containing misstatements, taking into account the risk associated with the engagement.		75% of financial statement materiality was reflective of our perceived risk of the financial statements containing misstatements, taking into account the risk associated with the engagement.	

Independent Auditor's Report
continued

Specific materiality
We also determined that for line items not affected by the quota share reinsurance agreement, a misstatement of less than materiality for the financial statements as a whole, specific materiality, could influence the economic decisions of users. As a result, a specific materiality of $3,300k (2024: $3,130k) has been set. We determined materiality for these items based on 3% of Net Assets (2024: 3% Net Assets). We further applied a performance materiality level of $2,475k (2024: $2,347k) being 75% (2024: 75%) of specific materiality to ensure that the risk of errors exceeding specific materiality was appropriately mitigated.

Reporting threshold
We agreed with the Audit and Risk Committee that we would report to them all individual audit differences in excess of $290k (2024: $292k). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information
The directors are responsible for the other information. The other information comprises the information included in the document entitled Annual Report & Accounts other than the financial statements and our auditor's report thereon. Our opinion on the 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. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 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

Other Companies Act 2006 reporting
Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or • the Parent Company financial statements are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

Responsibilities of Directors
As explained more fully in the Directors' responsibilities statement (pages 7-8), the Directors are responsible for the preparation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's 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.

Independent Auditor's Report
continued

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 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 the 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;
- 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 Companies Act 2006.

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 financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the Prudential Regulatory Authority ('PRA'), Financial Conduct Authority ('FCA') and the Bribery Act 2010.

Our procedures in respect of the above included:

- Agreement of the Group and Parent Company financial statement disclosures to underlying supporting documentation;
- Involvement of tax specialists in the audit;
- 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;
- Review of correspondence with regulatory (PRA & FCA) and tax authorities for any instances of non-compliance with laws and regulations; and
- Review of the Group Solvency Self-Assessment (GSSA).

Fraud

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

- Enquiry with management, Audit and Risk Committee, internal audit 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 financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Independent Auditor's Report
continued

Based on our risk assessment, we considered the areas most susceptible to fraud to be the valuation of IBNR and management override of controls.

Our procedures in respect of the above included:

- In response to the risk within the valuation of IBNR, as set out in the key audit matters section of this report, we considered the risk of manipulation of this accounting estimate; and
- 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 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 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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

20 May 2025

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