THE LONDON STEAM-SHIP OWNERS' MUTUAL INSURANCE ASSOCIATION LIMITED

Solvency & Financial Condition Report

As at 20 February 2020

Registered in England: 10341 **Registered Office:** 50 Leman Street London E1 8HQ

Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority

Contents

INTRODUCTION

This is the single group Solvency and Financial Condition Report ("SFCR" or "Report") for The London Steam-Ship Owners' Mutual Insurance Company Limited ("The London P&I Club" or "the Club"), prepared as at 20 February 2020 in accordance with the requirements of Directive 2009/138/EC and Delegated Regulation (EU) 2015/35.

The Club's core business is the provision of mutual Protection & Indemnity ("P&I") insurance on a mutual and fixed premium basis for ship-owners, operators and charterers. It also provides Freight, Demurrage & Defence ("FD&D") and War Risks insurance. It is a member of the 13 strong International Group of P&I Clubs ("IG") which between them provide P&I cover on a mutual basis for approximately 90% of the world's ocean-going tonnage. More information on the IG can be found at www.igpandi.org.

On a UK GAAP reporting basis the Club's net earned premium income for the year just ended was US$97.7m, an increase of US$13.7m on the prior year comparative. The 2019/20 financial year was an expensive claims year for the Club. A segmentation of operating performance by product line confirms that claims for the Club's fixed premium P&I products and the FD&D Class were either in line with or lower than forecast on a volume adjusted basis. The higher than forecast claims outturn was wholly attributable to the Club's core mutual P&I product, both claims incurred by the Club's own Membership and contributions to other Clubs' Pool claims. The strain this claims experience placed on technical performance was compounded by a further reduction in rating levels in the year. The Club recorded a 137% combined ratio for the 2019/20 financial year. All asset classes represented in the Club's portfolio of invested assets posted strong returns in the year and the overall return was 9.1% on invested assets and cash balances. The Club's operating result for the year after tax was a surplus of US$5.0m. Free reserves at 20 February 2020 stood at US$173.9m.

As a true mutual, the Club is owned by, directed by and run for the benefit of its mutual Members. The Systems of Governance section of this Report sets out the arrangements in place by which the Club's Board, assisted by a number of Committees and Sub-Committees, directs its affairs. The Board is currently comprised of six ship-owner representative non-executive directors drawn from the Club's mutual Membership, two independent non-executive directors and three executive directors drawn from the Club's independent management company, A. Bilbrough & Co Ltd.

As at 20 February 2020 the Club's Solvency Capital Requirement ("SCR"), calculated using the standard formula, was US$117.6m, and its Minimum Capital Requirement ("MCR") was US$40.5m. The Club's overall capital resources available to meet the SCR and MCR stood at US$168.3m, comprising US$143.3m of Tier 1 basic own funds and US$25.0m of Tier 2 ancillary own funds.

For The London Steam-Ship Owners' Mutual Insurance Association Limited on a solo basis ("LSSO London") the standard formula derived SCR and MCR as at 20 February 2020 stood at US$80.9m and US$20.2m respectively. LSSO London had Overall capital resources available of US$168.9m at this date.

The first signs of the COVID-19 outbreak were beginning to emerge in China towards the end of the Club's 2019/20 financial year. Since the balance sheet date, the scale and spread of COVID-19 has increased and it has already had a seriously disruptive effect on the functioning of worldwide trade. Examples of how it could potentially affect the Club include, but are not limited to: the volume of new business attaching; timely collection of premiums due; a change in the frequency and severity of claims; valuation of investment assets; and operational challenges in the handling of claims and in other aspects of the Club's operations due to government-imposed restrictions on the movement and interaction of people. The Club has documented and stress tested all these financial risks against different scenarios for how long lockdown, social distancing and other economically damaging measures need to remain in place to slow the spread of the virus and bring it under control.

APPROVAL BY THE BOARD OF DIRECTORS

We acknowledge our responsibility for preparing the Club's SFCR in all material respects in accordance with the PRA Rules and the Solvency II Regulations.

We are satisfied that:

a) throughout the financial year in question, the Club has complied in all material respects with the requirements of the PRA rules and Solvency II Regulations as applicable to the Club; and
b) it is reasonable to believe that, at the date of the publication of this SFCR, the Club has continued so to comply, and will continue so to comply in the future.

For and on behalf of the Board

I PAUL
Director

AG JONES
Director

14 July 2020

1 BUSINESS AND PERFORMANCE

1.1 Business Information

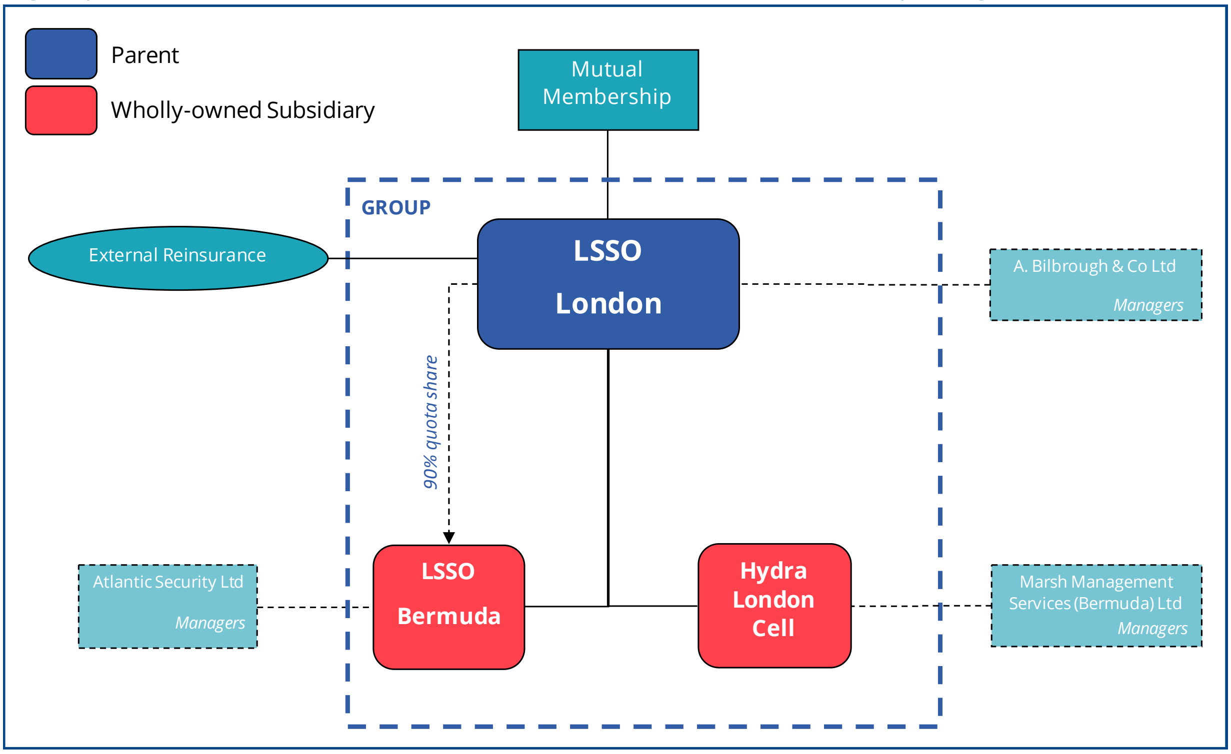
1.1.1 Legal & Operating Structure

The London P&I Club is a private mutual insurance company limited by guarantee without share capital. It was incorporated in the United Kingdom in 1876 (Company number 10341) and its registered office address is 50 Leman Street, London E1 8HQ.

For UK GAAP reporting purposes the Club has two wholly owned trading subsidiaries as follows:

- The London Steam-Ship Owners' Mutual Insurance Association (Bermuda) Limited ("LSSO Bermuda"); and
- Hydra Insurance Company Limited ("Hydra") – London Cell ("Hydra London Cell").

A group structure chart for the Club on the basis of UK GAAP financial reporting is included below:



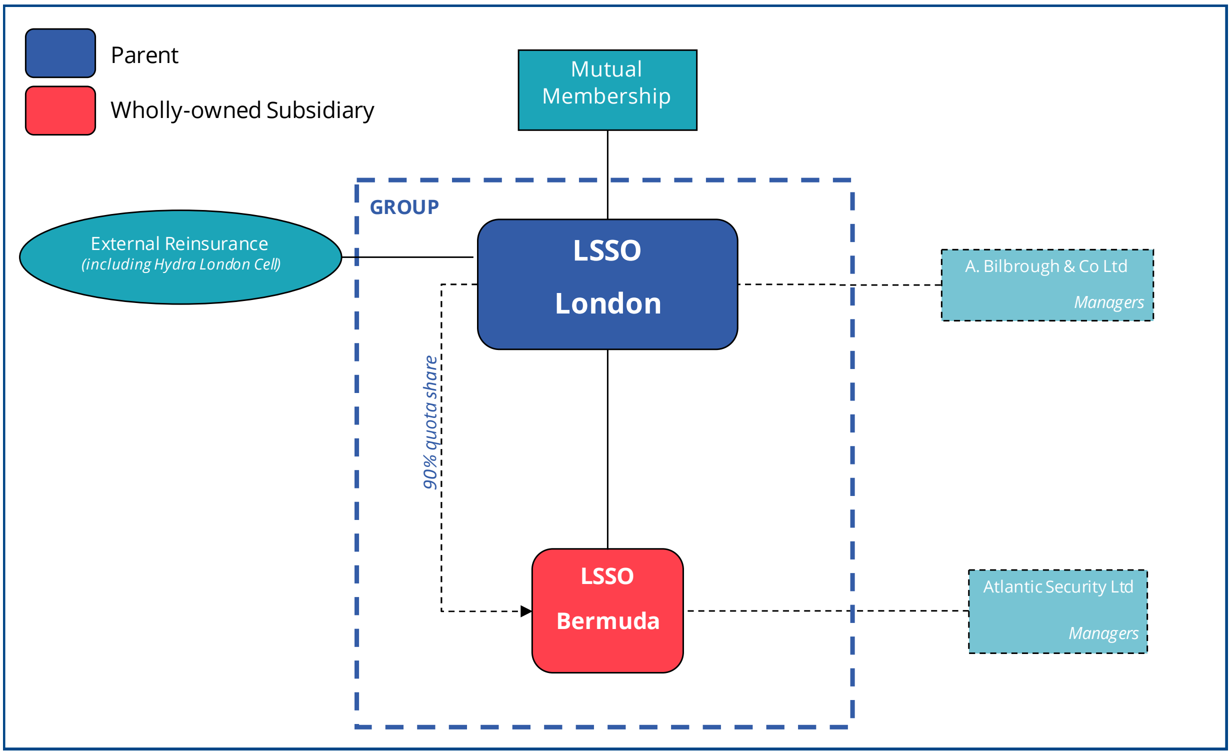
The parent entity is the sole provider of insurance to third party Members and assureds and is owned by the Mutual Membership. The day-to-day operation of the Club is undertaken by a dedicated management company, A. Bilbrough & Co Ltd.

LSSO Bermuda is a private mutual insurance company limited by guarantee. It was incorporated in Bermuda in 1978 (Company number 6685), is a Class 2 licensed insurer regulated by the Bermuda Monetary Authority and its registered address is Clarendon House, Church Street West, Hamilton HM DX, Bermuda. The activities of LSSO Bermuda are limited to the intra-group reinsurance of insurance business written by the Club. Under a quota share reinsurance agreement which has been in place in its current form since 1996, the Club cedes 90% of gross premiums (less a ceding commission) and 90% of gross claims incurred to LSSO Bermuda. Furthermore, the Club cedes 90% of the cost of all external reinsurance purchases and 90% of all external reinsurance recoveries to LSSO Bermuda. The day to day operation of LSSO Bermuda is undertaken by Atlantic Security Ltd, a privately held firm providing captive management services in Bermuda.

Hydra is a segregated accounts company registered in Bermuda under the Segregated Accounts Companies Act 2000. It reinsures IG Clubs for a proportion of the pooled risk not covered by the IG Reinsurance Programme. Each Club has its own segregated cell, wholly owned and funded by share capital, contributed surplus and premium from the owning Club, although the cells are not in themselves separate legal entities.

The Club accounts for its investment in Hydra as a special purpose entity, consolidating the cell financial statements for Hydra London Cell into its UK GAAP consolidated financial statements. As with LSSO Bermuda, the activities of Hydra London Cell are limited to the intra-group reinsurance of the Club's business. The day to day operation of Hydra is undertaken by Marsh Management Services (Bermuda) Limited, a subsidiary of Marsh Inc. providing captive management services in Bermuda.

An organisation chart for the Club on the basis of Solvency II reporting is included below:



For Solvency II reporting purposes the Club's investment in Hydra is accounted for as an equity investment asset. The Club has assessed that it is not a related undertaking as defined in Article 212 of Directive 2009/138/EC. The trading activities of Hydra are not significant enough to lead any distortion of Club operating performance attributable to this difference in accounting treatment.

1.1.2 Supervisory Authority

The Club is regulated in the United Kingdom by the Prudential Regulation Authority ("PRA") and the Financial Conduct Authority ("FCA"). The PRA is responsible for financial supervision of the Club on a solo basis and at the level of the group. The PRA is a wholly owned subsidiary of the Bank of England and its contact address is 20 Moorgate, London EC2R 6DA.

1.1.3 External Auditor

The Club's external auditor is BDO LLP, 150 Aldersgate, London EC1A 4AB.

1.1.4 Single SFCR

In accordance with Article 256 of Directive 2009/138/EC LSSO London applied for, and received, approval to publish a single group SFCR. Notwithstanding the fact that the Club is a legal group, it is operated and managed on a unified basis. As is clear from the operating structure described above, the Club is not a group in the conventional sense with subsidiary business units writing third party business. The Club operates with a single book of business only, split 10%/90% by way of a quota share agreement. The Club has assessed its risks and solvency requirements on a solo basis as well as at the level of the group. In endeavouring to develop a robust and comprehensive approach Management looked from a number of different angles at how the Club's group risks might deviate from the solo risks. With each approach taken, however, the conclusion reached was that its risks and solvency needs on a solo basis were in all respects the same as those at the level of the group.

Non-life underwriting risk for LSSO London on a solo basis is substantially reduced compared to risk at the level of the group due to the 90% quota share ceding to LSSO Bermuda. Any non-life underwriting loss suffered by LSSO Bermuda, however, is ultimately borne by LSSO London on a solo basis in the form of a reduction in the net asset value of LSSO Bermuda as a related undertaking on the solo balance sheet. The market value consistent approach under Solvency II to the valuation of participating undertakings on the solo balance sheet eliminates any risk mitigating benefit on a solo basis arising out of this type of intra-group reinsurance arrangement.

The appendices to this Report include the full suite of Annual Quantitative Reporting Templates ("QRTs") completed at the level of the group as well as for LSSO London on a solo basis. All references to the Club in this Report have the meaning of the group and all financial information disclosed is at the level of the group unless expressly stated otherwise. The Report includes, where practical to do so, information disclosed at a solo level as well as at the level of the group. In the opinion of management, however, only information disclosed at the level of the group provides any meaningful insight into the solvency and financial condition of the Club.

1.1.5 Material lines of business

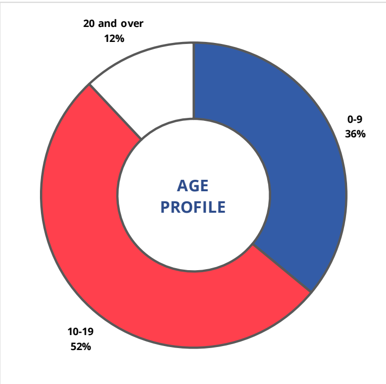
The Club's material lines of business are as follows:

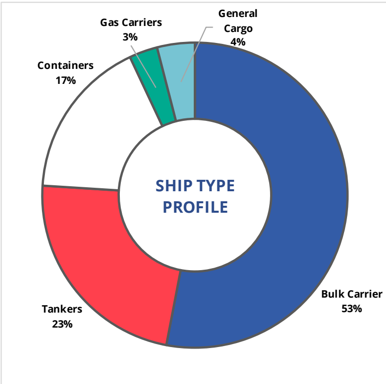
- P&I insurance on a mutual and fixed premium basis for ship-owners, operators and charterers; and
- FD&D insurance on a mutual and fixed premium basis for ship-owners, operators and charterers.

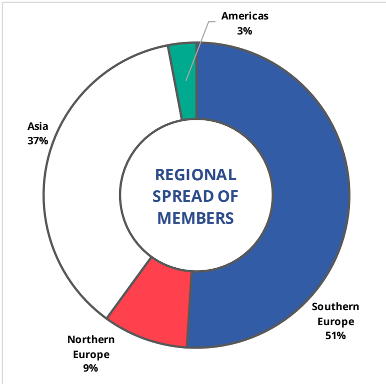
The majority of the Club's underwriting activity is carried out from its head office in London. The Club is also writes a small proportion of overall business from its branch office in Hong Kong, where it is authorised by the Insurance Authority.

1.2 Underwriting Performance

The Club's dominant line of business is insurance for P&I risks. The pie charts below illustrate the P&I mutual tonnage profile of the Club by ship type, regional spread of Members (based on place of management) and by ship age:







Underwriting performance for all business written, along with prior year comparatives, is presented below as shown in the Club's consolidated GAAP financial statements for the year ended 20 February 2020:

	2019/20 US$'000	2018/19 US$'000
Net earned premiums	97,673	83,989
Net incurred claims	(118,680)	(104,019)
Net operating expenses	(15,093)	(13,644)
Technical result	**(36,100)**	**(33,674)**

Underwriting performance for the Club's two material lines of business, along with prior year comparatives, is presented below as shown in the Club's consolidated GAAP financial statements for the year ended 20 February 2020:

	CLASS 5 P&I		CLASS 8 FD&D	
	2019/20 US$'000	2018/19 US$'000	2019/20 US$'000	2018/19 US$'000
Net earned premiums	86,432	73,664	11,230	10,388
Net incurred claims	(109,547)	(95,517)	(9,133)	(8,502)
Net operating expenses	(12,928)	(11,822)	(2,184)	(1,805)
Technical result	**(36,043)**	**(33,675)**	**(87)**	**81**

The Club's technical result for the financial year under review was a deficit of US$36.1m and a combined ratio of 137%. Gross revenues increased 12.1% year-on-year to US$116.2m, with net earned premiums of US$97.7m increasing by 16.3%.

The net incurred cost of claims in 2019/20 was US$118.7m. This represented a 14.1% increase on the prior year comparative and a 41.5% increase on the cost of claims two years prior.

LSSO London's underwriting result for the year was a deficit of US$0.1m.

1.3 Investment Performance

The return on invested liquid assets and cash was 9.1% in 2019/20. With the further addition of a property revaluation gain of US$8.8m, investment returns contributed US$41.4m to the operating result for the year. This represented a significant uplift on the prior year return of 3.0% (US$8.9m). The following two tables below provide a breakdown of the investment return for both years by asset class and income/expenses component:

Asset Class	2019/20 US$'000	2018/19 US$'000
Equity securities	10,636	1,929
Debt securities	22,684	8,641
Investment property	8,768	(1,278)
Cash & cash equivalents	946	948
Other	835	973
Investment expenses	(2,446)	(2,306)
Investment return	**41,423**	**8,907**

Income/Expense component	2019/20 US$'000	2018/19 US$'000
Investment income	10,263	11,072
Realised gains/losses on investments	12,758	4,904
Unrealised gains/losses on investments	19,902	(5,711)
Bank & other interest receivable	946	948
Investment expenses	(2,446)	(2,306)
Investment return	**41,423**	**8,907**

Management of the Club's risk profile in accordance with the Board's risk appetite led to the proportion invested in equities being scaled back during 2019, from just under 20% at the start of the year to about 16.5% at year-end. There was also a gradual improvement in average credit quality within the fixed income allocation as the year unfolded. The investment portfolio is underpinned by its fixed income investments which range from government bonds through to a modest high yield exposure. The Club's fixed income portfolio generated a return of just over 10% during the year and equities almost 19%.

LSSO London recorded an investment gain for the year after tax of US$0.6m, including foreign exchange gains and losses.

1.4 Performance of Other Activities

The Club had no other material income and expenses over the reporting period.

1.5 Any Other Information

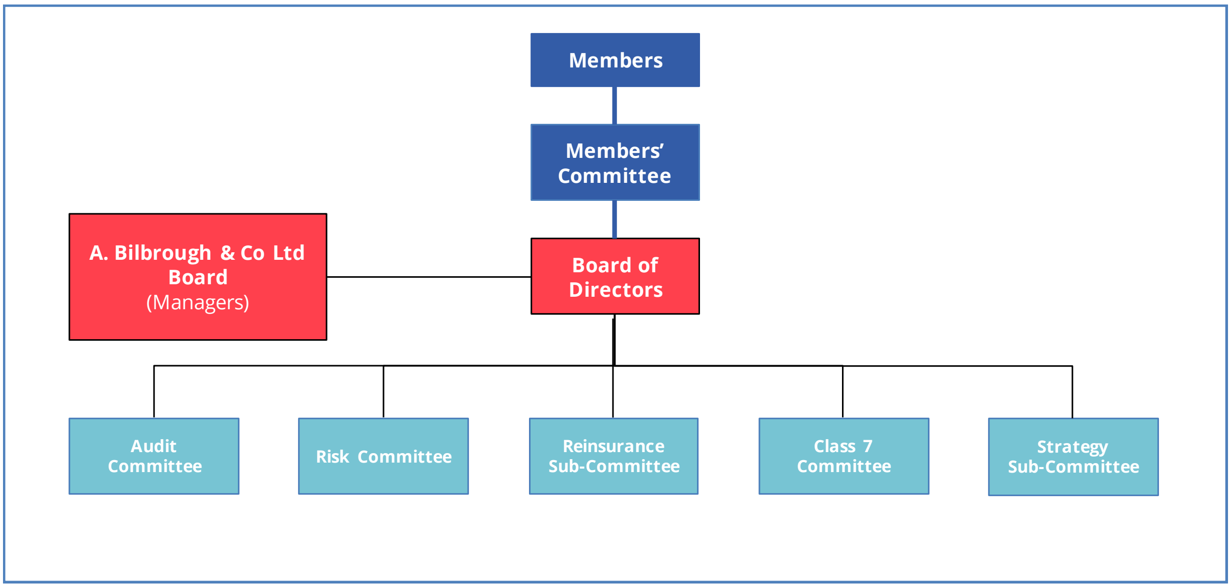
There is no other material information to report regarding the Club's business and performance.

2 SYSTEM OF GOVERNANCE

2.1 General Information on the System of Governance

2.1.1 Corporate Governance Structure

The governance structure in place within the Club is illustrated below:



The following descriptions are based on the Terms of Reference in place for each body forming part of the governance structure of the Club. The Terms of Reference are reviewed annually.

Members' Committee

This Committee will ordinarily have no fewer than seven but no more than 37 members. Members are appointed by the Members' Committee and one third of the members are required to retire and seek re-election annually at the AGM of the Club. It meets normally four times a year. The overarching duty of the Members' Committee is to ensure the interests of the Members as a whole are represented at all times, promoting a culture of mutuality and fairness. Furthermore it exists to provide the Board with support, challenge and Member perspective and views on the operation of the Club. The Members' Committee does not carry out any regulated function.

Board

The Board will ordinarily have no fewer than seven but no more than 14 members. Members are appointed by the Board and one third of the members are required to retire and seek re-election annually at the AGM of the Club. The Chairman and Vice-Chairmen are elected by the Board, subject to the approval of the Members' Committee, and are required to be re-elected annually. The Board will normally meet four times a year in January, April, July and October and at other times as the Chairman or three members of the Board acting together act to call a meeting. As the body with overall responsibility for the direction of the Club its duties and responsibilities are extensive, including but not limited to:

- Determining the corporate governance and structure of the Club;
- Calling annual general meetings, other general meetings and Class meetings of the Club in accordance with the Articles;
- Reviewing, proposing and seeking approval for changes to the Articles and Rules at general meetings or Class meetings of the Club;
- Appointing and removing members of the Board's Sub-Committees;
- Determining the remuneration of the Board and its Sub-Committees;
- Directing and monitoring the operation of the Club in accordance with the Articles and Rules;
- Setting the strategic direction of the Club, including determining the Club's investment, underwriting and marketing strategies, business model and plan;

- Setting the risk appetite for the Club and considering and approving the risk policies of the Club;
- Monitoring and reviewing the overall financial, claims, operational and investment performance of the Club;
- Ensuring and overseeing the Club's compliance with all applicable legal, regulatory and capital requirements and implementing all adequate systems and controls to ensure that such requirements are met; and
- Approving all regulatory returns and submitting the annual report of the Club to the Members.

Audit Committee
The primary purpose of this Committee is to assist the Board in monitoring and reviewing in detail the annual financial statements and regulatory returns of the Club, internal controls and internal and external audit matters affecting the Club. It will make recommendations to the Board and, where authorised by the Board, instruct the Managers to take action in relation to matters such as the integrity of the management accounts and annual financial statements, the effectiveness of all audit activities, selection of the Club's statutory and internal auditors, the effectiveness of the Managers' system of internal control, the regulatory environment in which the Club operates and its compliance with regulatory and corporate governance requirements.

Risk Committee
This Committee's primary duties are to assist and report to the Board and Audit Committee on risk matters and to ensure that the Club's risk management system is suitable, effective and proportionate to the nature, scale and complexity of the risks in the business whilst ensuring that the Club fulfils its corporate governance and regulatory responsibilities relating to risk management, solvency and capital management.

Reinsurance Sub-Committee
This Sub-Committee will direct and monitor all matters relating to reinsurances or other insurances purchased by the Club, including the strategy for protecting the Club as a whole as well as the individual product lines offered by the Club. This Sub-Committee is also responsible for decisions on whether and at what level of indemnity to purchase Directors' & Officers' Liability insurance to protect the members of the Board and the Members' Committee, officers and Managers against claims made against them personally.

Strategy Sub-Committee
This Sub-Committee's primary duties are to assist and to report views and recommendations to the Board on strategic issues involving the Club's performance, positioning and prospects, including product lines offered by the Club, the Club's business environment and strategic initiatives including potential alliances and mergers.

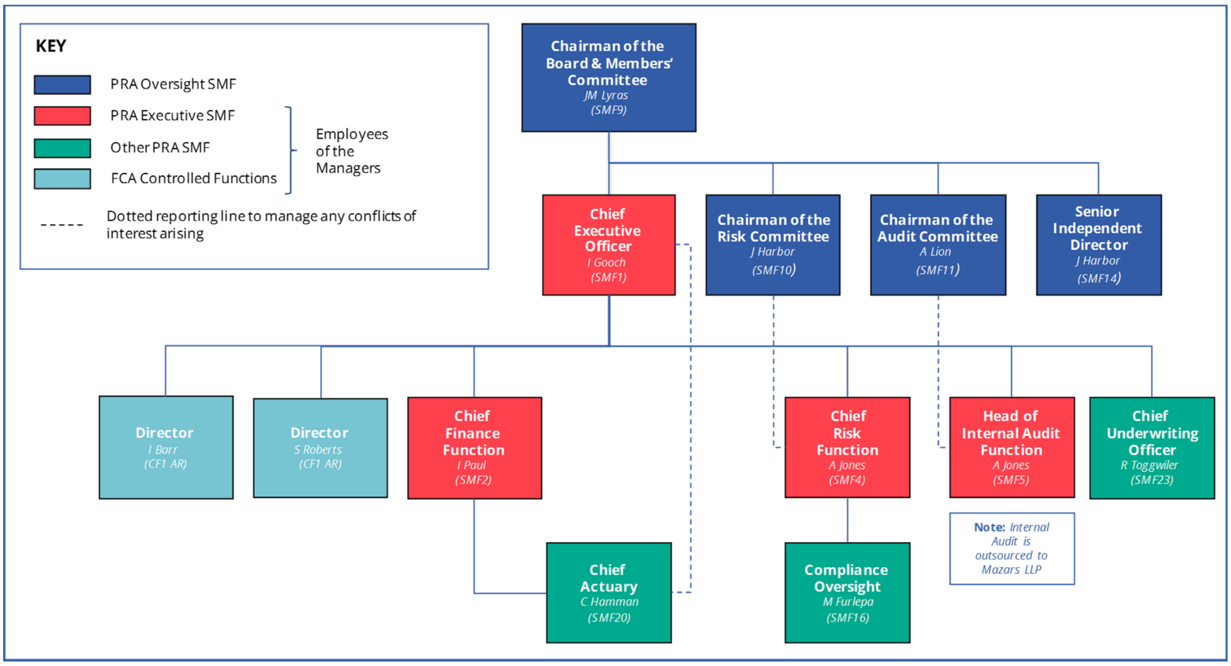
2.1.2 Senior Managers Regime

The PRA's Senior Managers & Certification Regime ("SM&CR") is the accountability regime for senior executives of insurance firms and it requires the Club to maintain a Management Responsibilities Map to evidence the appropriate apportionment of responsibilities amongst the members of the Board and Executives who have been approved by the PRA to undertake Senior Management Functions. The map must be updated at least quarterly and in the event of a significant change to the responsibilities allocated to a Senior Manager, in reporting lines or lines of responsibility. Material changes to the Management Responsibilities Map are approved by the Board.

The Club's Management Responsibilities Map complies with all of the PRA's expectations and aims to document clearly and coherently:

- The structure of the Club;
- Reporting lines to the Board;
- Individual reporting lines and lines of responsibility;
- The Key Functions identified by the Club;
- The names of the persons effectively running the Club;
- For each person named, a summary of significant responsibilities allocated to them including any PRA prescribed responsibilities; and
- If responsibilities are shared, clarity on how they are shared or divided.

The Senior Management Function-holders and FCA Controlled Functions for the Club are shown in the chart below:



2.1.3 Remuneration Policy & Practices

The Club has a Remuneration Policy, the key principles of which are:

- Remuneration for Directors of the Club and its Managers will take into account the achievement of the business objectives outlined in the Business Plan, the long-term interests of the Club and market rates.
- Performance related bonuses, incentives, or any other variable parts of remuneration, to the Club's Directors, Directors and employees of the Managers or other material outsourced service providers are prohibited to ensure that conflicts of interest are avoided.
- Any termination payments must be approved by the Management Board who will ensure that they are appropriate and take into account the performance and contribution of the individual over the full term of their employment.
- One-off payments to the Managers' employees to recognise past exceptional performance are permitted at the discretion of the Management Board. Such payments will only be made where a positive contribution has been made to the Membership and will not be material compared to the recipient's annual fixed pay.

The Club did not operate any enhanced pension arrangements or early retirement schemes for members of the Board or key function holders during the period.

2.1.4 Related Party Transactions

The Club has no share capital and is controlled by its mutual Members who are also insureds. Most members of the Board are representatives or agents of Member companies. Other than the insurance and Membership interests in the Board members' companies, members of the Board have no financial interest in the Club.

2.2 Fit & Proper Requirements

The competency requirements and qualifications of Senior Managers and key function holders are those identified as appropriate for each individual role and any specialisms applicable. For all Senior Managers competencies considered are:

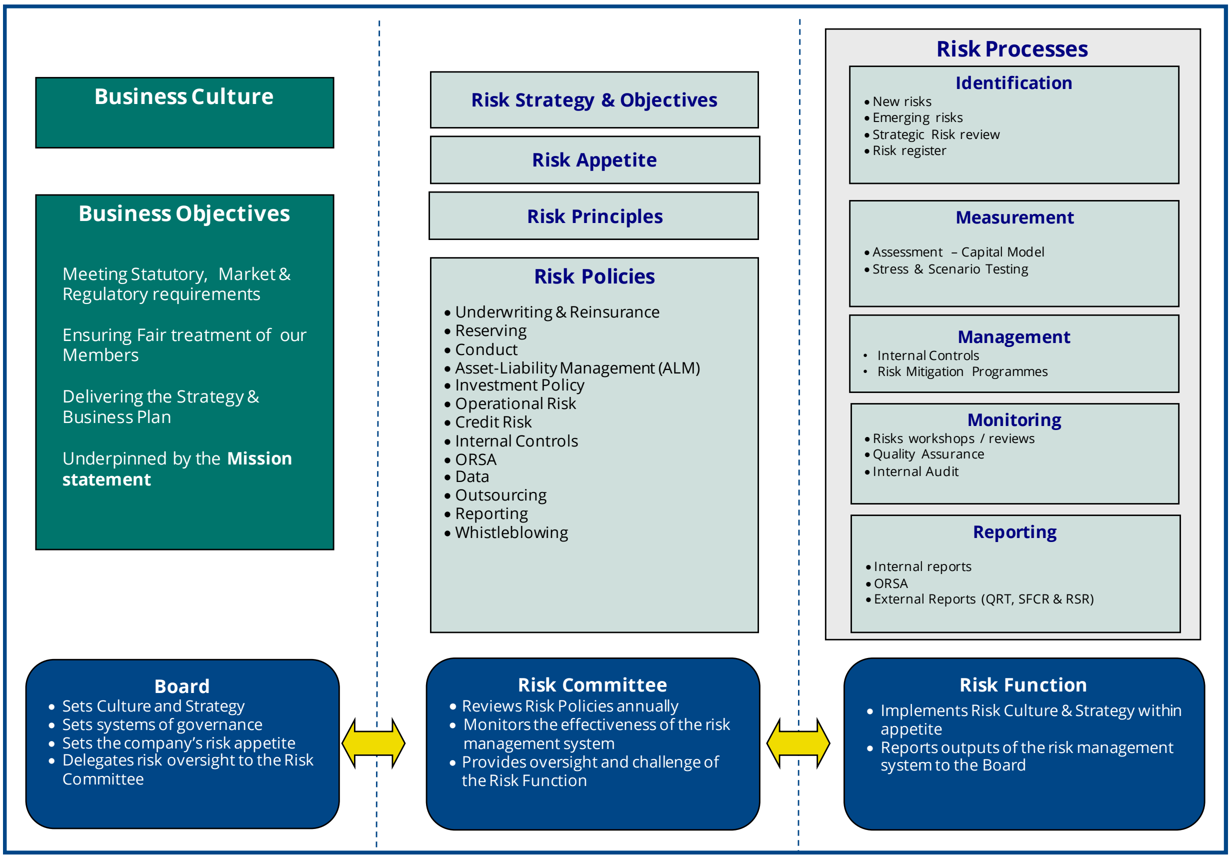
- Market Knowledge
- Financial Analysis
- Customer Experience
- Corporate Governance
- Insurance Regulation
- Underwriting & Claims

The Club has implemented a Fit & Proper Policy and processes to ensure individuals acting for the Club are both fit and proper, in line with PRA and FCA rules. On appointment all Senior Managers are subject to due diligence enquiries to ensure that they are honest, of good reputation, have integrity, and are financially sound. The fit and proper assessments are repeated annually.

2.3 Risk Management System

The risk management system of the Club is fully documented and subject to regular review and updating by the Risk Committee and ultimately the Board. The Club's Enterprise Risk Management Framework ("ERMF") is the overarching document which describes the risk management system in place and cross refers to the extensive library of risk documentation, processes and procedures which combine to ensure the Club is able to effectively identify, measure, monitor and report the risks to which the Club is exposed.

A chart taken from the Club's ERMF, which describes in graphical format the Business Objectives, Risk Strategy & Objectives and Risk Processes, and how they knit together and are integrated into the Club's organisational structure, is included below:



The Club's Risk Appetite Framework ("RAF") includes a description of its risk strategy. Risk preferences are those risks identified as presenting opportunities and which are taken deliberately in the expectation of creating value and contributing to achieving the Club's business objectives. For each risk preference, the strategy requires a quantitative expression of the Club's risk tolerances and risk limits.

Reporting procedures at Board, and Sub-Committee level in regard to the monitoring and managing of risks are referred to in Section 2.1.1. At a more granular level, and as presented in the chart above, there are a range of risk processes in place to ensure the Club is able to effectively identify, measure, manage, monitor and report on the risks to which it is exposed. More detail on the key processes is provided below:

Identification

- The Risk Committee (RC)maintains and updates as appropriate a log of new and emerging lists at each meeting.

- The RC conducts an annual review of the Club's overall risk profile soon after the Club's 20 February renewal date for its mutual business to identify any new or emerging risks arising out of changes in the mix of business on risk and/or evolving claims experience.
- The Club's Risk Register is reviewed and updated as risks change, or at least annually.

Measurement

- The Club's internal capital model is updated annually and calibrated to measure all material, quantifiable risks to which the Club is exposed over a one year time horizon.
- The Club's Risk Register incorporates an impact and likelihood scoring matrix for each individual risk identified.
- The Own Risk & Solvency Assessment (ORSA) process includes stress testing and scenario analysis to measure the financial impact of a range of specific extreme events.

Management

- The Club's internal control system ensures robust controls are in place to mitigate material risks identified in the business.
- The Club's Risk Register incorporates a scoring matrix which measures the risk mitigating impact of controls in place for each risk identified.

Monitoring

- Processes in place for measuring and reporting ensure that all risks are appropriately monitored over time.

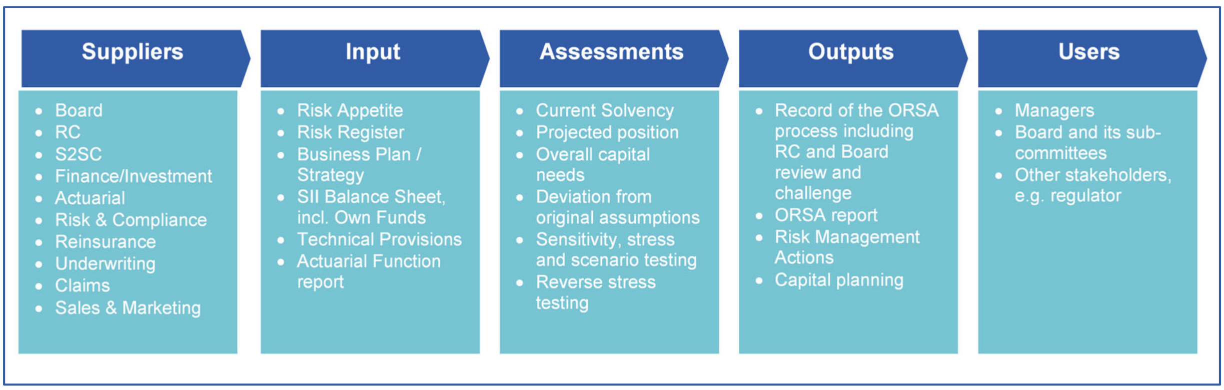
Reporting

- Measurement of all material, quantifiable risks to which the Club is exposed over a one year time horizon, as calculated using the Club's internal capital model, is reported to the RC annually.
- The Club's Risk Register is updated and presented to the RC at least annually. Changes to the Risk Register and an update on any risk management actions are reported at each RC meeting.
- The Club's Internal Audit Function submits written reports to the Audit Committee (AC) and attends AC meetings on a biannual basis.
- The Club's ORSA Report is presented to and reviewed by the Board at least annually.

2.4 Own Risk & Solvency Assessment (ORSA)

The Club carries out an assessment of its own risks and solvency requirements annually, following the processes and procedures for this assessment prescribed in its ERMF and ORSA Policy & Procedures document ("ORSA policy").

The ORSA policy states that the Board retains overall responsibility for the Club's risk management framework and approval of the ORSA. It has delegated to the Risk Committee authority for oversight and challenge of risk and associated controls. The Chief Finance function holder has the PRA prescribed responsibility for performance of the Club's ORSA. The following chart from the Club's ORSA Policy shows the end-to-end assessment process:



The individual processes undertaken during the assessment process are designed to address EIOPA's Guidelines on own risk and solvency assessment (EIOPA-BoS-14/259 EN), appropriately tailored to reflect the nature, scale and complexity of the Club's risks. The most recent ORSA was conducted in 2019 and included an assessment of the following:

- The Club's risk profile;
- The Club's business strategy;
- The extent to which the Club's risk profile deviated from the assumptions underlying the standard formula SCR calculation;
- Stress and scenario testing of the capital charges by risk category;
- The Club's risk appetite and risk tolerances/limits;
- The Club's current and prospective overall solvency position over its five year business planning time horizon;
- Non-quantifiable risks not captured by the standard formula;
- The Club's current and prospective solvency needs over its five year business planning time horizon;
- The quality and quantity of the Club's current and prospective financial resources available to meet its solvency needs; and
- Capital planning and management.

The Board reviews annually in detail the ORSA Report prepared following the conclusion of the assessment process. This Board validation, challenge and assessment process was undertaken at the Board Meeting held on 15 October 2019.

2.5 Internal Control System

The Club's internal control system is documented in its Internal Controls Policy. This policy aims to assist with the achievement of the Mission Statement and Corporate Objectives, and to ensure fair outcomes for Members and compliance with all applicable regulations. The policy requires all Management to implement robust controls to mitigate material risks identified in the business in order that risks do not exceed the Club's risk appetite. Management of controls is a key part of the Club's Risk Management System and the Quality Management System. ISO 9001 accreditation is maintained in respect of the Quality Management System.

The policy requires Management:

- To effect appropriate internal controls within their processes and procedures in order to ensure:
  - Continuous compliance with all relevant regulations
  - Mitigation of risks arising which are outside the Club's Risk Appetite
  - The availability and reliability of financial and non-financial reporting
  - Service excellence to Members.
- Where weaknesses in internal controls are identified, to implement effective strategies to mitigate the risks arising.
- To provide regular feedback to the Audit Committee, Risk Committee and Quality Steering Committee on the status of internal controls and any actions arising.

The Club operates a three lines of defence model to guide how responsibilities are divided:

- 1st Line – Risk owners (Directors and Line Managers) are responsible for the continuous identification and assessment of risks within their departments and for ensuring effective systems and controls are in place to mitigate risks arising.
- 2nd Line – The Internal Audit Function reviews the effectiveness of the Internal Controls environment and adherence to the Internal Controls Policy. The Risk & Compliance Function monitors risks arising and the operation of the risk management system.
- 3rd Line – External quality assessments by the ISO accreditation body and a review of the risk and control environment operating within the business as part of the Club annual external audit.

2.5.1 Compliance Function

The Club's Compliance Manual describes how the Compliance Function is organised to ensure compliance with the requirements of its prudential and conduct regulators both in the UK and in all other jurisdictions in which the Club has a regulated presence. It defines the responsibilities, competencies and reporting duties of the Compliance Function and its documented key processes and procedures are consistent with the specific requirements of Article 46(2) of Directive 2009/138/EC and Article 270 of the Commission Delegated Regulation 2015/35.

The responsibilities of the Compliance Function include:

- identifying, assessing, monitoring and reporting on the Club's compliance risk exposures and assessing the appropriateness of measures adopted by the Club to prevent possible non-compliances;
- providing support and advice to the Club's management on all compliance matters and arranging any training required by staff to ensure they understand the Club's regulatory obligations;
- assessing the impact of any changes in the legal environment on the operations of the Club and any new compliance risk exposures arising; and
- reporting to the Board on the Club's compliance with all laws, regulations and administrative provisions relevant to the jurisdictions in which it operates.

A Compliance Monitoring Plan sets out the scheduled activities and deliverables of the Compliance Function taking into account all relevant areas of the Club's activities.

2.5.2 Risk Function

The risk function is responsible for providing support to the business on its risk management activity and for monitoring and reporting on risk and risk-related activities within the Club to Management and the Board. The responsibilities of the Risk function include:

- Maintaining the Club's risk register.
- On a rolling three year programme, conducting independent reviews of all risks within the register to challenge and validate the risk owners' assessments.
- Monitoring risks arising from strategic review, other internal and external events.
- Overseeing the annual 'top-down' risk review with the Board and Senior Managers.
- Undertaking stress and scenario testing, including reverse stress testing.
- Maintaining the Risk Appetite Framework and updating the Board of the status of risks against agreed risk tolerances and limits.
- Providing input into the ORSA, ensuring the report is completed in accordance with the ORSA Policy.
- Ensuring the Enterprise Risk Management Framework and Risk Policies remain appropriate to the business and the risks arising.

Reporting on risk related matters to the Risk Committee and Board.

2.6 Internal Audit Function

The Internal Audit Function is outsourced to Mazars LLP. To maintain objectivity, the Internal Audit Function is not authorised to perform any day-to-day activities or to take operational responsibility for any part of the Club on an outsourced basis. Internal Audit is directly accountable to the Chairman of the Audit Committee, and has free and unrestricted access to the Chairman of the Audit Committee and the Chairman of the Board.

The Mazars' audit director responsible for the engagement attends the Audit Committee meeting to present his latest report on a biannual basis. Copies of the full audit reports, including management responses, are sent to the Chairman of the Audit Committee once finalised, with a summary report included in the Audit Committee Agenda.

Mazars present for approval their proposed three year rolling internal audit plan, including details of and the rationale for audits to be performed, to the Audit Committee biannually.

2.7 Actuarial Function

The Club's Specification for the Actuarial Function – Policy and Material Responsibilities document describes how the actuarial function is organised to ensure compliance with the requirements of Solvency II.

The Club's management has an actuarial team, headed by a qualified actuary, providing the Club with an effective Actuarial Function. The documented key processes and procedures for the Actuarial Function are consistent with the specific requirements of Article 48 of Directive 2009/138/EC.

2.8 Outsourcing

The Club's Outsourcing Policy has been prepared on the basis that the major outsourcing arrangement is between the Club and its managers, A. Bilbrough & Co Ltd, an arrangement that has been in place since the origins of the Club in the 1860's.

The Policy includes a number of Policy Statements which provide a framework within which this key outsourcing arrangement is organised, for example stipulating that it is subject to a written legal agreement which meets all legal and regulatory requirements, and requiring the Club to maintain a Contingency Plan for the termination of the arrangement.

The Policy further contains a list of Board roles and responsibilities retained by the Board in respect of the arrangement, examples being an annual review of the financial resources of the Managers to properly perform the agreement, a formal review of the agreement at least every five years and bi-annual tests of the Managers' BCP arrangements with results reported annually to the Board.

2.9 Assessment of the Adequacy of the System of Governance

The Club is a relatively small insurer with a simple operating structure focused principally on providing P&I insurance to its mutual members and fixed premium assureds. Notwithstanding this, it has in place a comprehensive system of governance complying with the same full suite of Solvency II regulatory requirements applicable to the EU's largest and most complex insurance groups. Against this background the Club assesses that its system of governance is more than adequate for the nature, scale and complexity of the risks inherent in its business.

2.10 Any Other Information

There is no other material information to report regarding the Club's system of governance.

3 RISK PROFILE

3.1 Underwriting Risk

Premium Risk

Premium risk is the risk that Calls and Gross Premiums will not be sufficient to cover losses and associated administrative expenses. This risk is managed and mitigated by writing a diversified book of business, with documented underwriting guidelines and risk appetite tolerances in place to ensure only acceptable risks are entered with the Club. The risk function regularly reviews and analyses the portfolio of business on risk during the year, including portfolio composition by ship type, ship age and place of management.

The purchase of appropriate reinsurance is central to the management of underwriting risk on a net basis in line with the Club's capital management plan. The Club is a member of the IG which operates a pooling system for the sharing of claims costs on an excess of loss basis, and further purchases commercial market reinsurance on a collective basis for all Clubs. The Club purchases additional reinsurance for its exposure to claims below the attachment point of the IG Pool and for exposure to non-poolable risks.

Reserving Risk

Reserving risk is the risk that technical provisions set in respect of claims incurred but not settled are ultimately insufficient to cover future settlements and associated claims handling expenses. In common with all marine liability insurers there remains uncertainty with regards to the eventual cost of claims incurred but not settled at each year end date. Sources of uncertainty include changes in the economic climate, national and international liability regimes, commodity prices and currency fluctuations amongst many others. The Club's processes and procedures for valuing technical provisions reflect the fact that this represents a high risk area for the Club.

The Club incorporates a risk margin within its technical provisions in excess of the best estimate projected future cost in order to reduce the probability that the valuation is insufficient to cover future settlements and associated claims handling costs. It is to be expected that actual experience will differ from the valuation of technical provisions at the year-end date, and there remains a residual risk that the eventual outcome will exceed the valuation.

Some results of sensitivity testing are set out below, showing the impact on surplus before tax and equity, gross and net of reinsurance. For each sensitivity, the impact of a change in a single factor is shown, with other assumptions unchanged. The sensitivity analysis assumes that a change in loss ratio is driven by a change in claims incurred. There are no changes from the methods and assumptions used in the prior year's calculation.

	2019/20 US$'000	2018/19 US$'000
Increase in Loss Ratio by 5 percentage points		
Gross	(5,809)	(5,188)
Net	(4,884)	(4,204)
Decrease in Loss Ratio by 5 percentage points		
Gross	5,809	5,188
Net	4,884	4,204

3.2 Market Risk

Market risk is the risk of an adverse financial impact arising from fluctuations in the value of, or income from, its assets and liabilities. The principal sources of market risk are interest rate risk, equity price risk and foreign currency risk.

The majority of the Club's invested assets are held by LSSO Bermuda. The LSSO Bermuda Board, whilst comprising individuals with a range of skills and experience, possesses a bias towards financial market experience, covering amongst other things investment management, portfolio construction tailored to prevailing risk appetite, investment manager and security selection, compliance and portfolio analysis. The control environment, including investment manager guidelines, monthly reporting obligations and standing agenda items for each Meeting of the Board, combine to ensure the Club can at all times properly identify, measure, monitor, manage, control and report the investment risks to which it is exposed.

Interest Rate Risk
The capital values of fixed interest securities, which represent a significant proportion of the Club's invested assets, and interest rates have an inverse relationship. When interest rates rise, capital values will fall to adjust the fixed coupon in line with yields available elsewhere in the market. Furthermore, the longer a security's duration, the more price sensitive it will be to changes in interest rates.

The Club's Investment Policy Statement addresses interest rate risk by actively managing the average duration of each of the Club's fixed interest portfolios.

The Club does not consider its technical provisions to be directly sensitive to interest rate risk, however the average duration of its fixed interest holdings and its technical provisions is broadly matched.

It is estimated that the value of the Club's fixed interest securities would decrease in value by the following amount if market interest rates increased by 100 basis points at the year-end date. This sensitivity analysis is limited to interest rate sensitive asset holdings as the mitigating effect of matching liability valuation changes is not considered to be significant.

Increase of 100 Basis Points	**Reduction in Valuation US$'000**
As at 20 February 2020	12,573
As at 20 February 2019	11,166

Equity Price Risk
Equity price risk is the risk of an adverse movement in the valuation of the Club's equity holdings. The Club's Investment Policy Statement addresses equity price risk by actively managing the maximum proportion of the overall portfolio that can be allocated to this asset class and by imposing investment guidelines limiting the level of concentration in a single stock or industry sector.

A 10 per cent decrease in the value of equity securities held at the year-end date would have decreased accumulated reserves at that date by US$6,429k (2019: US$7,453k).

Foreign Currency Risk
A significant majority of the Club's liabilities are denominated in its functional currency of US Dollars. It does, however, incur liabilities in a range of other currencies, the two most significant being Sterling and Euro. The Club's assets are predominantly invested in US$ denominated securities to ensure there is a matching of assets and liabilities in respect of the dominant currency of operation.

The profile of the Club's assets and liabilities, categorised by settlement currency, at their translated carrying amount, is set out below. Certain amounts, either due to their nature, notably reinsurer's share of outstanding claims, or the existence of forward contracts, may depend on a different underlying currency.

As at 20 February 2020	**USD US$'000**	**GBP US$'000**	**EUR US$'000**	**Other US$'000**	**Total US$'000**
Total Assets	476,901	31,708	10,571	7,321	526,501
Total Liabilities	301,392	12,519	18,173	20,527	352,611
Net Asset Position	**175,509**	**19,189**	**(7,602)**	**(13,206)**	**173,890**
As at 20 February 2019	**USD US$'000**	**GBP US$'000**	**EUR US$'000**	**Other US$'000**	**Total US$'000**
Total Assets	467,864	25,123	10,994	7,589	511,570
Total Liabilities	291,436	14,337	12,792	24,162	342,727
Net Asset Position	**176,428**	**10,786**	**(1,798)**	**(16,573)**	**168,843**

A 5 per cent change of the following currencies against the US dollar would be estimated to have increased/ (decreased) the surplus before taxation and net assets at the year-end by the following amounts:

	At 20 February 2020 US$'000	At 20 February 2019 US$'000
Strengthening		
Sterling	959	539
Euro	(380)	(90)
Weakening		
Sterling	(959)	(539)
Euro	380	90

3.3 Credit Risk

Credit risk is the risk that the Club will suffer a loss due to the failure of a counterparty to perform its contractual obligations. The primary sources of credit risk for the Club are:

1. Amounts due from reinsurers
2. Amounts due from Members and assureds
3. Counterparty risk with respect to investments and cash deposits

Reinsurance default risk is managed by regular monitoring of current and prospective reinsurance counterparties and by having in place guidelines in respect of acceptable credit ratings and concentration limits. On a solo basis the quota share reinsurance agreement with LSSO Bermuda explained in Section 1.1.1 represents a concentration of counterparty default risk. As explained in Section 1.1.4, however, the Club is operated on a unified basis and the underlying risks on a solo basis are the same as those at the level of the group.

Default risk in respect of Members and assureds is managed through the careful selection of new entrants and a cycle of regulator monitoring of existing Members and assureds. The Club's Management has in place processes and procedures for the regular monitoring of overdue receivable amounts, including escalation procedures leading ultimately to termination of cover in the event that amounts due are not settled in an appropriately timely manner.

As at 20 February 2020	SOFP US$'000	AAA US$'000	AA US$'000	A US$'000	BBB & Below US$'000	Other US$'000	Total US$'000
Reinsurance Assets	87,909	-	7,938	75,201	4,738	32	**87,909**
RI Share of UPR	918	-	-	918	-	-	**918**
Receivables	17,882	4	1,347	2,222	1,021	13,288	**17,882**
Deferred Acquisition Costs	570	-	-	-	-	570	**570**
Total	**107,279**	**4**	**9,285**	**78,341**	**5,759**	**13,890**	**107,279**

As at 20 February 2019	SOFP US$'000	AAA US$'000	AA US$'000	A US$'000	BBB & Below US$'000	Other US$'000	Total US$'000
Reinsurance Assets	102,215	-	7,186	88,163	6,844	22	**102,215**
RI Share of UPR	519	-	-	519	-	-	**519**
Receivables	29,078	7	751	1,410	1,047	25,863	**29,078**
Deferred Acquisition Costs	432	-	-	-	-	432	**432**
Total	**132,244**	**7**	**7,937**	**90,092**	**7,891**	**26,317**	**132,244**

The Club's fixed interest securities expose the Club to the risk of default in addition to the interest rate sensitivity risk explained above. Investment related credit risk is managed by the appointment of specialist fixed income managers to invest these funds on behalf of the Club, in accordance with set investment guidelines which ensure the level of risk does not exceed the Club's risk appetite and available capital. Minimum credit criteria are maintained for all bank counterparties with ratings dependent maximum exposure limits.

As at 20 February 2020	SOFP US$'000	AAA US$'000	AA US$'000	A US$'000	BBB US$'000	Other US$'000	Total US$'000
Cash & Investments	394,603	1,109	150,919	95,690	45,404	101,481	**394,603**

As at 20 February 2019	SOFP US$'000	AAA US$'000	AA US$'000	A US$'000	BBB US$'000	Other US$'000	Total US$'000
Cash & Investments	363,475	1,766	117,118	90,733	45,456	108,402	**363,475**

3.4 Liquidity Risk

This is the risk the Club may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The predominant liquidity risk the Club faces is the daily calls on its available cash resources in respect of claims arising from insurance contracts.

The Club's approach is to maintain a significant holding of liquid assets, either in cash or in liquid assets that can be translated into cash at short notice and at low risk of suffering any material capital loss. Cash flow projections are reviewed and updated regularly to ensure the most efficient use of cash resources. All anticipated future profits in respect of future premiums are offset by losses as reflected in the Premium Provision calculation referred to in Section 4.2, which amount to about US$18.0m.

The table below represents the monetary values of assets and liabilities into relevant maturing groups based on the date a contract will mature.

Assets at 20 February 2020	SOFP US$'000	Up to 1 year US$'000	1-3 Years US$'000	3-5 Years US$'000	5+ Years US$'000	Total US$'000
Cash & Investments	394,603	98,561	28,830	55,883	211,329	**394,603**
Investment Property	24,619	-	-	-	24,619	**24,619**
Receivables	17,882	17,882	-	-	-	**17,882**
Reinsurance Assets	87,909	15,384	24,263	14,681	33,581	**87,909**
Reinsurer Share of UPR	918	918	-	-	-	**918**
Deferred Acquisition Costs	570	570	-	-	-	**570**
Total Assets	**526,501**	**133,315**	**53,093**	**70,564**	**269,529**	**526,501**

Liabilities at 20 February 2020	SOFP US$'000	Up to 1 year US$'000	1-3 Years US$'000	3-5 Years US$'000	5+ Years US$'000	Total US$'000
Insurance Liabilities	334,852	85,387	103,804	51,902	93,759	**334,852**
Unearned Premium	3,953	3,953	-	-	-	**3,953**
Taxation	126	126	-	-	-	**126**
Payables	13,680	13,680	-	-	-	**13,680**
Total Liabilities	**352,611**	**103,146**	**103,804**	**51,902**	**93,759**	**352,611**

Assets at 20 February 2019	SOFP US$'000	Up to 1 year US$'000	1-3 Years US$'000	3-5 Years US$'000	5+ Years US$'000	Total US$'000
Cash & Investments	363,475	91,095	38,510	37,878	195,992	**363,475**
Investment Property	15,851	-	-	-	15,851	**15,851**
Receivables	29,078	29,078	-	-	-	**29,078**
Reinsurance Assets	102,215	10,426	19,727	15,639	56,423	**102,215**
Reinsurer Share of UPR	519	519	-	-	-	**519**
Deferred Acquisition Costs	432	432	-	-	-	**432**
Total Assets	**511,570**	**131,550**	**58,237**	**53,517**	**268,266**	**511,570**

Liabilities at 20 February 2019	SOFP US$'000	Up to 1 year US$'000	1-3 Years US$'000	3-5 Years US$'000	5+ Years US$'000	Total US$'000
Insurance Liabilities	326,160	64,906	81,540	49,576	130,138	**326,160**
Unearned Premium	2,877	2,877	-	-	-	**2,877**
Taxation	125	125	-	-	-	**125**
Payables	13,565	13,565	-	-	-	**13,565**
Total Liabilities	**342,727**	**81,473**	**81,540**	**49,576**	**130,138**	**342,727**

3.5 Operational Risk

Operational risks relate to the failure of internal processes, systems or controls due to human or other error. In order to mitigate such risks the Club documents all key processes and controls in a procedures manual. This manual is embedded into the organisation, updated on a continual basis by senior staff and available to all staff. Compliance with the procedures and controls documented within the manual is audited on a regular basis through quality control checks and the internal audit function which is directed and reviewed by the Audit Committee. A staff handbook contains all key policies that have also been documented.

3.6 Risk Concentrations

Appropriate risk mitigating controls in place protect the Club against exposure to any material risk concentrations.

3.7 Any Other Information

There is no other material information to report regarding the Club's Risk Profile.

4 VALUATION FOR SOLVENCY PURPOSES

The Group calculation has been prepared using the Accounting Consolidation-based method – Method 1 as set out in Article 230 of Directive 2009/138/EC which means the consolidated balance sheet of the Club has been prepared in accordance with Solvency II regulations.

4.1 Assets

The following table sets out a comparison of the valuation of assets between UK GAAP and Solvency II for both the Club and LSSO London:

	20 Feb 2020			20 Feb 2019		
Club	**UK GAAP US$'000**	**Solvency II US$'000**	**Variance US$'000**	**UK GAAP US$'000**	**Solvency II US$'000**	**Variance US$'000**
Deferred acquisition costs	570	-	(570)	432	-	(432)
Investments (including derivatives)	389,811	362,512	(27,299)	335,031	309,522	(25,509)
Strategic equity investments	5,811	21,105	15,294	5,811	19,359	13,548
Reinsurers' share of technical provisions	88,827	105,510	16,683	102,734	113,006	10,272
Insurance and intermediaries receivables	10,090	7,569	(2,521)	7,073	5,855	(1,218)
Reinsurance receivables	1,979	1,979	-	1,115	1,115	-
Receivables (trade, not insurance)	5,813	4,211	(1,602)	20,889	19,299	(1,590)
Cash and cash equivalents	23,600	20,374	(3,226)	38,484	38,236	(248)
Total Assets	**526,501**	**523,260**	**(3,241)**	**511,569**	**506,392**	**(5,177)**
LSSO London	**UK GAAP US$'000**	**Solvency II US$'000**	**Variance US$'000**	**UK GAAP US$'000**	**Solvency II US$'000**	**Variance US$'000**
Deferred Acquisition Costs	570	-	(570)	432	-	(432)
Investments (including derivatives)	36,019	36,072	53	20,308	20,185	(123)
Strategic equity investments	5,811	159,343	153,532	5,811	158,395	152,584
Reinsurers' share of technical provisions	322,631	304,088	(18,543)	317,410	291,975	(25,435)
Insurance and intermediaries receivables	10,090	7,569	(2,521)	7,073	5,855	(1,218)
Reinsurance receivables	1,979	1,979	-	1,115	1,115	-
Receivables (trade, not insurance)	2,589	2,538	(51)	2,624	2,593	(31)
Cash and cash equivalents	3,573	3,556	(17)	596	596	-
Total Assets	**383,262**	**515,145**	**131,883**	**355,369**	**480,714**	**125,345**

4.1.1 Differences between Solvency II and UK GAAP valuations

In general, the valuation method of assets is aligned with the statutory accounts and so the basis of preparation aligns with the accounting policies outlined in the Club's Annual Report and Financial Statements in Notes 1 and 2. Exceptions to these methods are outlined in the relevant sections below, most of which relates to treatment of the Club's investment in Hydra.

Deferred acquisition costs

Under FRS103 acquisitions costs, comprising commission and other costs related to the acquisition of new insurance contracts are deferred to the extent that they are attributable to premiums unearned at the valuation date. Deferred acquisition costs are not recognised separately under Solvency II to the extent that they form part of the premium provision calculation of the technical provisions. Please refer to 4.2 later in this section of the SFCR for further details.

Investments & Cash and cash equivalents

The Club holds a diverse portfolio of equities, government and corporate bonds, and short-term deposits as well as one freehold property in London. Whilst the total value of the investments is unchanged between UK GAAP and Solvency II, there are small classification differences between asset sectors. The main difference is attributable to the treatment of the Club's investment in Hydra.

Insurance and intermediaries receivables

Under UK GAAP, insurance debtors include all insurance balances receivables, irrespective of the amounts overdue. Those amounts not yet due were reclassified as part of the Solvency II technical provisions.

Strategic equity investments

As explained in section 1.1.1 of this Report, for UK GAAP reporting purposes the Club accounts for its investment in Hydra as a special purpose entity, consolidating the cell financial statements for Hydra London Cell. For Solvency II reporting purposes this investment is accounted for as an equity investment asset, specifically a strategic equity investment.

Strategic equity investments and investments in subsidiaries are valued at cost under UK GAAP whereas under Solvency II they are valued at their net asset value.

Reinsurers' share of technical provisions

The difference between UK GAAP and Solvency II values for reinsurers' share of technical provisions reflects the difference in methodology used to calculate the underlying technical provisions under the two bases. Please refer to 4.2.1 later in this section of the SFCR for further details on the methodology followed to value reinsurers' share of technical provisions under Solvency II.

4.2 Technical Provisions

The following table shows separately for the Club and LSSO London the net best estimate and risk margin, as well as the comparative figures as at 20 February 2019:

Club	**20 Feb 2020 US$'000**	**20 Feb 2019 US$'000**	**Variance US$'000**
Net Technical Provisions as per Statutory Accounts UK GAAP	249,978	226,303	23,675
Solvency II Adjustments	(11,090)	(12,404)	1,314
Net Best Estimate	238,888	213,899	24,989
Risk Margin	21,781	21,402	379
Net Technical Provisions	**260,669**	**235,301**	**25,368**
LSSO London	**20 Feb 2020 US$'000**	**20 Feb 2019 US$'000**	**Variance US$'000**
Net Technical Provisions as per Statutory Accounts UK GAAP	16,173	11,897	4,276
Solvency II Adjustments	7,739	6,528	1,211
Net Best Estimate	23,912	18,425	5,487
Risk Margin	5,811	6,149	(338)
Net Technical Provisions	**29,723**	**24,574**	**5,149**

The main differences between the UK GAAP and the Solvency II net technical provisions are attributed to the inclusion of a Premium Provision relating to 'bound but not incepted' ("BBNI") business as well as the adjustments required to treat the Club's Hydra Cell as an investment and hence a third-party reinsurer.

A further breakdown showing the Claim Provision and Premium Provision separately by Solvency II line of business is provided in template S.17.01 in the QRTs in the Appendix towards the end of this Report.

4.2.1 Methodology and main assumptions used for valuation of best estimate

The technical provisions have been calculated separately for a Premium Provision and a Claim Provision. Furthermore, the 'Best Estimate' corresponds to the probability-weighted average of future cash-flows, taking the time value of money into account using the relevant risk-free interest rate term structure. A risk margin is added at the end to reflect the value of the technical provisions as the equivalent amount that insurance undertakings would be expected to require in order to take over and meet the insurance obligations of the Club. Although a predominantly marine liability insurer, we have split the assessment of our technical provisions into two classes of business, 'Marine, Aviation & Transport' and 'Legal Expenses'. The underlying methodology adopted was broadly similar for both classes using assumptions specific to each class of business, for example bespoke run-off patterns. A split of the best estimate and risk margin can be found in template S.17.01 of the QRTs included in the Appendix.

Claim Provisions and corresponding reinsurance recoveries

The first step was to determine the 'true' best estimates. The UK GAAP reserve assessment, which is based on commonly accepted actuarial techniques, is used as the starting point. All implicit margins are then removed. Both attritional and large claim cash-flow patterns are derived using a chain-ladder approach, separately for Class 5 P&I and Class 8 FD&D. We have adopted a separate payment pattern for latent disease claim exposures.

The projected cash-flows for the large claims are then passed through the various reinsurance programmes (mainly excess loss) to derive appropriate reinsurance recovery payments patterns for main reinsurance groupings (e.g. IG Pooling Agreement, Hydra London Cell, LSSO Bermuda, etc.). For each of these groupings appropriate one-year probability of default and recovery rate assumptions are used based on the average credit rating of the counterparties within that grouping to derive an adjustment for counterparty default. The default probabilities used were those similar to the relevant credit quality steps provided by EIOPA.

Claims payments are made in various currencies over time with the overall majority of payments in US$. Two other currencies that are used fairly regularly, especially in relation to claim fees, are GBP and EUR and we have allowed for appropriate cash-flow patterns for both these currencies.

Premium Provision

There was a small amount of unearned business relating to Fixed Premium business as at the valuation date. By far the biggest component of the Club's Premium Provision as at 20 February 2020 relates to BBNI business. This is because for the majority of our business, which is mutual entries, cover is renewed shortly before year-end and incepts at midday on 20 February.

Appropriate loss ratio assumptions are made and relevant cash-flow patterns are applied to premiums, gross claims, reinsurance premiums and recoveries, and expenses. As a traditional mutual aiming for a long-term breakeven result and in line with our underwriting risk appetite, we allow for a combined ratio in excess of 100%. This means under Solvency II we recognise the net present value of this anticipated loss, which leads to an increase in overall net technical provisions.

Expenses

The payment patterns described under Claim Provisions include all allocated loss adjustment expenses ("ALAE"), and hence future associated claim handling expenses and corresponding administration expenses are included and no further explicit allowance is required.

Unallocated loss adjustment expenses ("ULAE") are not included within the gross paid claim amounts and so they are projected separately under the following headings:

- Claims management expenses;
- Administrative expenses;
- Investment management expenses; and
- Acquisition expenses

For these expense items an estimate was made of the corresponding amount for the forthcoming financial year and of the corresponding proportion which relate to the servicing of existing liabilities. This assumes that the Club continues to write new business.

In deriving a cash-flow pattern for claims handling costs we determined a run-off pattern based on past data for the notification and closure of claims, and assigning appropriate annual costs of opening a claim, closing a claim and running an ongoing claim. Administrative expenses were assumed to run off in proportion to liabilities and investment expenses were assumed to run-off in a similar fashion but based on the average of the opening and closing reserve at each future year.

We've allowed for acquisition costs under Premium Provisions based on the actual data from BBNI business.

Allowance for events not in the data ("ENID")

A percentage loading is added to each future annual cash-flow separately for each currency, which increases over time to reflect the uncertainty associated with cash-flows long into the future.

Discounting

All future cash-flows (claims, premiums, reinsurance recoveries, expenses, etc.) have been discounted using the prescribed EIOPA yield curves as at 31 January 2020. The rationale behind using the January 2020 yield curves as opposed to corresponding 29 February 2020 ones is that yield curves dropped towards the end of February as governments took monetary action to address the initial economic impact of the Covid-19 pandemic. For valuation purposes, the end-of-January 2020 yield curves are therefore more appropriate to use as the yield curves are not expected to have moved materially between 31 January 2020 and 20 February 2020.

Where cash-flows were split between USD, GBP and EUR the relevant interest rate structure for each of these currencies was used. Reinsurance recoveries are in USD and here we used a weighted average yield curve based on the USD, GBP and EUR gross cash-flows.

Risk Margin
In line with EIOPA guidance, the risk margin is calculated using a cost-of-capital approach (currently equal to 6%). This approach is intended to ensure that the value of the technical provisions is equivalent to the amount that insurance undertakings would be expected to require in order to take over and meet the insurance obligations.

The 'proxy SCR' as at the valuation date is calculated using the Standard Formula in line with the calculation for a full SCR, but only applied to business included in the Solvency II Technical Provisions (e.g. excluding Market risk). Future SCRs are projected to run-off in line with the net future liabilities but subject to an adjustment so as to ensure that the proportion of the discounted SCR at time t in relation to the discounted net technical provisions also at time t is not lower than the corresponding ratio between proxy SCR and net technical provisions as at the valuation date.

4.2.2 Uncertainty associated with the value of technical provisions
Whilst we have made every effort to ensure the estimate of the Solvency II technical provisions is an accurate assessment of future obligations, it remains an approximation. Factors affecting the level of uncertainty are both internal and external and the nature of these factors are such that they are difficult to quantify in both likelihood and magnitude. The issues that affect the certainty of the technical provisions include:

- The projection of numerous cash-flows, including future premiums, claim payments and reinsurance recoveries on these payments. None of these will develop exactly as projected and deviations from these projections are normal and to be expected.
- The assumptions used to calculate the Premium Provision are based on the expectation of an 'average year'. Actual underwriting performance for that business may vary significantly from the assumed position at the outset.
- The yield curves used to discount future cash-flows can vary from one year to the next which introduces additional balance sheet volatility that doesn't exist on a UK GAAP balance sheet.
- There is greater uncertainty associated with more recent policy years as these are still in an early stage of development.
- For certain elements of the technical provisions, for example ENIDs, very little data exists on which to base the assumptions and hence a high degree of judgement is required, which could lead to increased uncertainty in the estimates.

4.2.3 Other adjustments
We have not applied any other adjustments to the technical provisions such as the matching adjustment or volatility adjustments. Neither did we applied any transitional arrangements such as for example on the risk free interest rate term structures.

4.2.4 Material changes since the previous valuation
There have been no other material changes in the Technical Provisions methodology since the previous valuation.

4.3 Other Liabilities

The following two tables set out a comparison of the valuation of liabilities between UK GAAP and Solvency II for both the Club and LSSO London:

	20 Feb 2020			20 Feb 2019		
Club	**UK GAAP US$'000**	**Solvency II US$'000**	**Variance US$'000**	**UK GAAP US$'000**	**Solvency II US$'000**	**Variance US$'000**
Technical Provisions	338,805	366,179	27,374	329,037	348,307	19,270
Derivatives	-	42	42	-	75	75
Insurance & Intermediaries payables	1,962	1,962	-	3,202	3,202	-
Reinsurance payables	252	252	-	424	424	-
Payables (trade, not insurance)	11,466	11,411	(55)	9,939	8,624	(1,315)
Any other liabilities, not else shown	126	126	-	125	125	-
Total Liabilities	**352,611**	**379,972**	**27,361**	**342,727**	**360,757**	**18,030**
Excess of Assets over Liabilities	**173,890**	**143,288**	**(30,602)**	**168,842**	**145,635**	**(23,207)**
LSSO London	**UK GAAP US$'000**	**Solvency II US$'000**	**Variance US$'000**	**UK GAAP US$'000**	**Solvency II US$'000**	**Variance US$'000**
Technical Provisions	338,805	333,811	(4,994)	329,306	316,549	(12,757)
Insurance & Intermediaries payables	1,962	1,962	-	3,202	3,202	-
Reinsurance payables	252	252	-	424	424	-
Payables (trade, not insurance)	35,079	35,079	-	15,285	15,285	-
Any other liabilities, not else shown	126	126	-	125	125	-
Total Liabilities	**376,224**	**371,230**	**(4,994)**	**348,342**	**335,585**	**(12,757)**
Excess of Assets over Liabilities	**7,038**	**143,915**	**136,877**	**7,027**	**145,129**	**138,102**

4.3.1 Differences between Solvency II and UK GAAP valuations

In general, the valuation method of liabilities is aligned with the statutory accounts and so the basis of preparation aligns with the accounting policies outlined in the Club's Annual Report and Financial Statements in Notes 14 and 15.

4.4 Any Other Information

There is no other material information to report regarding the Club's valuation of assets and liabilities.

5 CAPITAL MANAGEMENT

5.1 Own Funds

5.1.1 Objectives and management of Own Funds

The Club's Business Plan and ORSA process measure the Club's current and projected capital and solvency position over a five year time horizon. The core capital management objective over this time horizon is for the Club to maintain Tier 1 basic own funds at a level which provides a capital buffer in excess of the higher of its SCR and its ORSA derived solvency needs.

Notwithstanding this core objective, however, the contractual right to make a supplementary call on the mutual Membership represents an important, well understood and highly efficient means by which the Club can manage its capital requirements in times of financial stress. Article 89 of Directive 2009/138/EC recognises that in the case of a mutual association with variable contributions, future claims which it has the right to levy on its Membership may be treated as ancillary own funds ("AOF") forming part of the association's overall capital resources available to meet the SCR. The Club views it as an important matter of principle that this highly reliable source of capital is recognised as part of the overall capital resources available, and is committed to maintaining at all times supervisory approval for this AOF item.

5.1.2 Structure, amount and quality of Own Funds

The following tables provide a summary of the movement in own funds for both the Club and LSSO London over the reporting period:

Club	20 Feb 2020 US$'000	Movement US$'000	20 Feb 2019 US$'000
Basic Own Funds			
Reconciliation reserve	143,288	(2,347)	145,635
Total Basic Own Funds	**143,288**	**(2,347)**	**145,635**
Ancillary Own Funds			
Supplementary calls as per Article 89	25,000	-	25,000
Total Own Funds	**168,288**	**(2,347)**	**170,635**
LSSO London	**20 Feb 2020 US$'000**	**Movement US$'000**	**20 Feb 2019 US$'000**
Basic Own Funds			
Reconciliation reserve	143,915	(1,214)	145,129
Total Basic Own Funds	**143,915**	**(1,214)**	**145,129**
Ancillary Own Funds			
Supplementary calls as per Article 89	25,000	-	25,000
Total Own Funds	**168,915**	**(1,214)**	**170,129**

The PRA has granted the Club approval on 17 February 2020 for USD25m of AOF when determining its own funds, with this approval effective until noon 20 April 2023.

5.1.3 Eligible amount of Own Funds available to cover SCR and MCR, classified by tiers

The following tables provide a summary of the movement in eligible own funds for both the Club and LSSO London over the reporting period available to cover the SCR:

Club	20 Feb 2020 US$'000	Movement US$'000	20 Feb 2019 US$'000
Tier 1	143,288	(2,347)	145,635
Tier 2	25,000	-	25,000
Tier 3	-	-	-
Eligible Own Funds	**168,288**	**(2,347)**	**170,635**
LSSO London	**20 Feb 2020 US$'000**	**Movement US$'000**	**20 Feb 2019 US$'000**
Tier 1	143,915	(1,214)	145,129
Tier 2	25,000	-	25,000
Tier 3	-	-	-
Eligible Own Funds	**168,915**	**(1,214)**	**170,129**

All eligible own funds are unrestricted and available to meet the SCR. AOF are not available to cover the MCR, and thus only Tier 1 funds in the previous two tables are available to meet the MCR.

5.1.4 Differences between UK GAAP equity and Solvency II excess of assets over liabilities

The majority of assets and liabilities are valued identically under UK GAAP and Solvency II. The key differences are the valuation of the technical provisions and the accounting treatment of the Club's investment in Hydra. These differences can be summarised as follows:

Club	20 Feb 2020 US$'000	Movement US$'000	20 Feb 2019 US$'000
Retained Earnings as per UK GAAP	**173,890**	**5,048**	**168,842**
Difference in valuation of assets	(19,354)	(4,336)	(15,018)
Difference in valuation of technical provisions	(11,261)	(1,831)	(9,430)
Difference in valuation of other liabilities	13	(1,228)	1,241
Solvency II excess of assets over liabilities	**143,288**	**(2,347)**	**145,635**
LSSO London	**20 Feb 2020 US$'000**	**Movement US$'000**	**20 Feb 2019 US$'000**
Retained Earnings as per UK GAAP	**7,038**	**11**	**7,027**
Difference in valuation of assets	150,995	(217)	151,212
Difference in valuation of technical provisions	(14,118)	(1,008)	(13,110)
Difference in valuation of other liabilities	-	-	-
Solvency II excess of assets over liabilities	**143,915**	**(1,214)**	**145,129**

5.1.5 Description and the amount of Ancillary Own Funds

A description of the AOF item and the amount approved by the PRA is provided in Sections 5.1.1 and 5.1.2.

5.1.6 Description of items deducted from Own Funds

There are no items that are deducted from own funds and no significant restrictions affecting the availability and transferability of own funds.

5.2 Solvency Capital Requirement and Minimum Capital Requirement

5.2.1 Solvency Capital Requirement as at 20 February 2020

The SCRs of the Club and LSSO London as at the valuation date were US$117.6m and US$80.9m respectively. The following table shows the relevant SCRs split by risk modules as at 20 February 2020:

Club	20 Feb 2020 US$'000	20 Feb 2019 US$'000	Change US$'000
Non-life Underwriting Risk	76,030	69,632	6,398
Market Risk	53,203	54,490	(1,287)
Counterparty Default Risk	7,916	9,431	(1,515)
Undiversified Basic SCR	**137,149**	**133,553**	**3,596**
Diversification benefit	(29,870)	(30,028)	158
Basic SCR	**107,279**	**103,525**	**3,754**
Operational Risk	10,332	9,807	525
Standard Formula SCR	**117,611**	**113,332**	**4,279**

LSSO London	20 Feb 2020 US$'000	20 Feb 2019 US$'000	Change US$'000
Non-life Underwriting Risk	11,004	9,755	1,249
Market Risk	50,507	49,567	940
Counterparty Default Risk	31,110	28,493	2,617
Undiversified Basic SCR	**92,621**	**87,815**	**4,806**
Diversification benefit	(21,588)	(20,067)	(1,521)
Basic SCR	**71,033**	**67,748**	**3,285**
Operational Risk	9,840	9,312	528
Standard Formula SCR	**80,873**	**77,060**	**3,813**

We did not use any simplified calculations in our assessment and neither did we use the duration-based equity risk sub-module as set out in Article 304 of Directive 2009/138/EC in the calculation of the SCR.

Non-Life Underwriting Risk

The Club's largest risk exposure relates to expired and unexpired business. 'Premium and Reserve Risk' was split between 'Marine, Aviation & Transportation' and 'Legal Expenses' lines of business. We have not used Undertaking-Specific Parameters but we did allow for geographical diversification as underlying risks are spread globally.

The 'Catastrophe Risk' sub-module reflects the exposure to a man-made catastrophe involving a tanker collision.

Market Risk

The Club follows an investment strategy that exposes it to 'Equity Risk' and 'Spread Risk' in particular. Over the reporting period there was a de-risking of equity and fixed income portfolios which resulted in a reduction in the 'Spread Risk' charge and 'Equity Risk' charge. Under 'Equity Risk' we have applied a symmetrical adjustment of +1.02% to the standard 39% and 49% shocks for Type 1 and Type 2 equities respectively. Notwithstanding that the Club holds assets in each of the key currencies in which has outstanding liabilities, there remains an element of currency mismatching, principally with regards to GBP and EUR exposures.

5.2.2 Minimum Capital Requirement as at 20 February 2020

The MCRs of the Club and LSSO London as at the valuation date were US$40.5m and US$20.2m respectively. The following table shows the inputs into the MCR calculation as at 20 February 2020. Note the Absolute Floor of the MCR ("AMCR") is prescribed by EIOPA and is €3.7m:

Club	20 Feb 2020 US$'000	20 Feb 2019 US$'000	Change US$'000
AMCR*	4,127	4,188	(61)
Linear MCR	33,131	31,111	2,020
SCR	117,611	113,332	4,279
Combined MCR	33,131	31,111	2,020
Minimum consolidated Group SCR	40,499	38,099	2,400
Minimum Capital Requirement	**40,499**	**38,099**	**2,400**
LSSO London	**20 Feb 2020 US$'000**	**20 Feb 2019 US$'000**	**Change US$'000**
AMCR*	4,127	4,188	(61)
Linear MCR	6,114	3,364	2,750
SCR	80,873	77,060	3,813
Combined MCR	20,218	19,265	953
Minimum Capital Requirement	**20,218**	**19,265**	**953**

**AMCR is converted at US$1.1154 (20 Feb 2019: US$1.1318) as per Article 300*

The following information, by Solvency II line of business, was used to calculate the MCR:

- Net written premium in the previous 12 months to the valuation date
- Net best estimate technical provisions

The Club AMCR, Linear MCR and Combined MCR is outside of scope for audit purposes as there is no S.28.01 reporting template under Group QRTs to be disclosed in the SFCR.

5.2.3 Material changes to the SCR and MCR over the reporting period

The underlying risk profile has remained broadly unchanged over the reporting period and consequently there was minimal year-on-year change in the SCRs and MCRs. The impact of the COVID-19 pandemic was still in its initial stages as at the valuation date and the outlook on the Club remains uncertain. The Club's risk and capital position is constantly being monitored to ensure that compliance is maintained for both the Group and Solo entities.

5.2.4 Non-compliance SCR/MCR

There were no instances of non-compliance with either the MCR or the SCR during the period from 20 February 2019 to 20 February 2020.

5.3 Overall Solvency

The table below shows the SCR and MCR solvency ratios for the Club and LSSO London as at 20 February 2020:

	Solvency Capital Requirement			Minimum Capital Requirement		
Club	**20 Feb 2020 US$'000**	**20 Feb 2019 US$'000**	**Change US$'000**	**20 Feb 2020 US$'000**	**20 Feb 2019 US$'000**	**Change US$'000**
Capital Requirement	117,611	113,332	4,279	40,499	38,099	2,400
Eligible Own Funds	168,288	170,635	(2,347)	143,288	145,635	(2,347)
Surplus Funds	**50,677**	**57,303**	**(6,626)**	**102,789**	**107,536**	**(4,767)**
Solvency Ratio	143.1%	150.6%	(7.5%)	353.8%	382.3%	(28.5%)
LSSO London	**20 Feb 2020 US$'000**	**20 Feb 2019 US$'000**	**Change US$'000**	**20 Feb 2020 US$'000**	**20 Feb 2019 US$'000**	**Change US$'000**
Capital Requirement	80,873	77,060	3,813	20,218	19,265	953
Eligible Own Funds	168,915	170,129	(1,214)	143,915	145,129	(1,214)
Surplus Funds	**88,042**	**93,069**	**(5,027)**	**123,697**	**125,864**	**(2,167)**
Solvency Ratio	208.9%	220.8%	(11.9%)	711.8%	753.3%	(41.5%)

5.4 Any Other Information

There is no other material information to report regarding the Club's capital management.

Appendix 1: Quantitative Reporting Templates (QRTs)

The remaining part of this submission contains the required QRTs for the Club and LSSO London in line with Solvency II requirements.

All figures are presented in thousands of US Dollars with the exception of ratios that are in decimal. Please note that totals may differ from the component parts due to rounding. All items disclosed are consistent with the information provided privately to the regulator.

The following Group QRTs are provided:

Reference	QRT Template Description
S.02.01.02	Balance Sheet
S.05.01.02	Premiums, claims and expenses by line of business
S.05.02.01	Premiums, claims and expenses by country
S.23.01.22	Own Funds
S.25.01.22	Solvency Capital Requirement – for groups on Standard Formula
S.32.01.22	Undertakings in the scope of the group

The following Solo QRTs are provided:

Reference	QRT Template Description
S.02.01.02	Balance sheet
S.05.01.02	Premiums, claims and expenses by line of business
S.05.02.01	Premiums, claims and expenses by country
S.17.01.02	Non-Life Technical Provisions
S.19.01.21	Non-Life insurance claims
S.23.01.01	Own Funds
S.25.01.21	Solvency Capital Requirement – for undertakings on the Standard Formula
S.28.01.01	Minimum Capital Requirement – only life or only non-life insurance or reinsurance activity

The London Steam-Ship Owners' Mutual Insurance Association Limited

Solvency and Financial Condition Report

Group Disclosures

20 February

2020

(Monetary amounts in USD thousands)

General information

Participating undertaking name	The London Steam-Ship Owners' Mutual Insurance Association (Group) Limited
Group identification code	213800VZJ8TFB8ZJDR87
Type of code of group	LEI
Country of the group supervisor	GB
Language of reporting	en
Reporting reference date	20 February 2020
Currency used for reporting	USD
Accounting standards	Local GAAP
Method of Calculation of the group SCR	Standard formula
Method of group solvency calculation	Method 1 is used exclusively
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

S.02.01.02 - Balance sheet
S.05.01.02 - Premiums, claims and expenses by line of business
S.05.02.01 - Premiums, claims and expenses by country
S.23.01.22 - Own Funds
S.25.01.22 - Solvency Capital Requirement - for groups on Standard Formula
S.32.01.22 - Undertakings in the scope of the group

S.02.01.02

Balance sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	
R0040	Deferred tax assets	
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	0
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	383,618
R0080	*Property (other than for own use)*	24,619
R0090	*Holdings in related undertakings, including participations*	21,105
R0100	*Equities*	64,465
R0110	*Equities - listed*	64,307
R0120	*Equities - unlisted*	158
R0130	*Bonds*	237,397
R0140	*Government Bonds*	52,190
R0150	*Corporate Bonds*	130,466
R0160	*Structured notes*	0
R0170	*Collateralised securities*	54,741
R0180	*Collective Investments Undertakings*	16,546
R0190	*Derivatives*	75
R0200	*Deposits other than cash equivalents*	19,411
R0210	*Other investments*	0
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	0
R0240	*Loans on policies*	0
R0250	*Loans and mortgages to individuals*	
R0260	*Other loans and mortgages*	
R0270	Reinsurance recoverables from:	105,510
R0280	*Non-life and health similar to non-life*	105,510
R0290	*Non-life excluding health*	105,510
R0300	*Health similar to non-life*	
R0310	*Life and health similar to life, excluding index-linked and unit-linked*	0
R0320	*Health similar to life*	
R0330	*Life excluding health and index-linked and unit-linked*	
R0340	*Life index-linked and unit-linked*	
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	7,569
R0370	Reinsurance receivables	1,979
R0380	Receivables (trade, not insurance)	4,211
R0390	Own shares (held directly)	
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	20,374
R0420	Any other assets, not elsewhere shown	
R0500	**Total assets**	**523,260**

S.02.01.02

Balance sheet

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	366,179
R0520	*Technical provisions - non-life (excluding health)*	366,179
R0530	*TP calculated as a whole*	
R0540	*Best Estimate*	344,398
R0550	*Risk margin*	21,781
R0560	*Technical provisions - health (similar to non-life)*	0
R0570	*TP calculated as a whole*	
R0580	*Best Estimate*	
R0590	*Risk margin*	
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	*Technical provisions - health (similar to life)*	0
R0620	*TP calculated as a whole*	
R0630	*Best Estimate*	
R0640	*Risk margin*	
R0650	*Technical provisions - life (excluding health and index-linked and unit-linked)*	0
R0660	*TP calculated as a whole*	
R0670	*Best Estimate*	
R0680	*Risk margin*	
R0690	Technical provisions - index-linked and unit-linked	0
R0700	*TP calculated as a whole*	
R0710	*Best Estimate*	
R0720	*Risk margin*	
R0740	Contingent liabilities	
R0750	Provisions other than technical provisions	
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	
R0790	Derivatives	42
R0800	Debts owed to credit institutions	
R0810	Financial liabilities other than debts owed to credit institutions	
R0820	Insurance & intermediaries payables	1,962
R0830	Reinsurance payables	252
R0840	Payables (trade, not insurance)	11,411
R0850	Subordinated liabilities	0
R0860	*Subordinated liabilities not in BOF*	
R0870	*Subordinated liabilities in BOF*	0
R0880	Any other liabilities, not elsewhere shown	126
R0900	**Total liabilities**	**379,972**
R1000	**Excess of assets over liabilities**	**143,288**

S.05.01.02

Premiums, claims and expenses by line of business

Non-life

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of business for: accepted non-proportional reinsurance				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Misc. financial loss	Health	Casualty	Marine, aviation and transport	Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	**C0200**
	Premiums written																	
R0110	Gross - Direct Business						105,028				12,223							**117,251**
R0120	Gross - Proportional reinsurance accepted																	**0**
R0130	Gross - Non-proportional reinsurance accepted																	**0**
R0140	Reinsurers' share						26,966				1,058							**28,024**
R0200	Net						78,061				11,165							**89,227**
	Premiums earned																	
R0210	Gross - Direct Business						103,877				12,297							**116,174**
R0220	Gross - Proportional reinsurance accepted																	**0**
R0230	Gross - Non-proportional reinsurance accepted																	**0**
R0240	Reinsurers' share						26,558				1,067							**27,625**
R0300	Net						77,319				11,230							**88,549**
	Claims incurred																	
R0310	Gross - Direct Business						90,576				6,082							**96,658**
R0320	Gross - Proportional reinsurance accepted																	**0**
R0330	Gross - Non-proportional reinsurance accepted																	**0**
R0340	Reinsurers' share						3,656				89							**3,746**
R0400	Net						86,920				5,993							**92,913**
	Changes in other technical provisions																	
R0410	Gross - Direct Business																	**0**
R0420	Gross - Proportional reinsurance accepted																	**0**
R0430	Gross - Non-proportional reinsurance accepted																	**0**
R0440	Reinsurers' share																	**0**
R0500	Net						0				0							**0**
R0550	**Expenses incurred**						29,873				5,465							**35,338**
R1200	**Other expenses**																	
R1300	**Total expenses**																	**35,338**

S.05.02.01

Premiums, claims and expenses by country

Non-life

		C0010	C0020	C0030	C0040	C0050	C0060	C0070
		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations			Top 5 countries (by amount of gross premiums written) - non-life obligations		Total Top 5 and home country
R0010								
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
	Premiums written							
R0110	Gross - Direct Business	117,251						**117,251**
R0120	Gross - Proportional reinsurance accepted							**0**
R0130	Gross - Non-proportional reinsurance accepted							**0**
R0140	Reinsurers' share	28,024						**28,024**
R0200	Net	89,227						**89,227**
	Premiums earned							
R0210	Gross - Direct Business	116,174						**116,174**
R0220	Gross - Proportional reinsurance accepted							**0**
R0230	Gross - Non-proportional reinsurance accepted							**0**
R0240	Reinsurers' share	27,625						**27,625**
R0300	Net	88,549						**88,549**
	Claims incurred							
R0310	Gross - Direct Business	96,658						**96,658**
R0320	Gross - Proportional reinsurance accepted							**0**
R0330	Gross - Non-proportional reinsurance accepted							**0**
R0340	Reinsurers' share	3,746						**3,746**
R0400	Net	92,913						**92,913**
	Changes in other technical provisions							
R0410	Gross - Direct Business							**0**
R0420	Gross - Proportional reinsurance accepted							**0**
R0430	Gross - Non-proportional reinsurance accepted							**0**
R0440	Reinsurers' share							**0**
R0500	Net	0						**0**
R0550	**Expenses incurred**	35,338						**35,338**
R1200	**Other expenses**							
R1300	**Total expenses**							**35,338**

S.23.01.22

Own Funds

		Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
	Basic own funds before deduction for participations in other financial sector	C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)	0	0		0	
R0020	*Non-available called but not paid in ordinary share capital at group level*	0				
R0030	Share premium account related to ordinary share capital	0	0		0	
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	0	0		0	
R0050	Subordinated mutual member accounts	0		0	0	0
R0060	*Non-available subordinated mutual member accounts at group level*	0				
R0070	Surplus funds	0	0			
R0080	*Non-available surplus funds at group level*	0	0			
R0090	Preference shares	0		0	0	0
R0100	*Non-available preference shares at group level*	0				
R0110	Share premium account related to preference shares	0		0	0	0
R0120	*Non-available share premium account related to preference shares at group level*	0				
R0130	Reconciliation reserve	143,288	143,288			
R0140	Subordinated liabilities	0		0	0	0
R0150	*Non-available subordinated liabilities at group level*	0				
R0160	An amount equal to the value of net deferred tax assets	0				0
R0170	*The amount equal to the value of net deferred tax assets not available at the group level*	0				0
R0180	Other items approved by supervisory authority as basic own funds not specified above	0	0	0	0	0
R0190	*Non available own funds related to other own funds items approved by supervisory authority*	0				
R0200	Minority interests (if not reported as part of a specific own fund item)	0				
R0210	*Non-available minority interests at group level*	0				
R0220	**Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds**					
R0230	**Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities**	0				
R0240	*whereof deducted according to art 228 of the Directive 2009/138/EC*	0				
R0250	Deductions for participations where there is non-availability of information (Article 229)	0				
R0260	Deduction for participations included by using D&A when a combination of methods is used	0				
R0270	**Total of non-available own fund items**	0	0	0	0	0
R0280	**Total deductions**	0	0	0	0	0
R0290	**Total basic own funds after deductions**	143,288	143,288	0	0	0
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	0				
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0				
R0320	Unpaid and uncalled preference shares callable on demand	0				
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0				
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0				
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0				
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	25,000			25,000	
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0380	Non available ancillary own funds at group level	0				
R0390	Other ancillary own funds	0				
R0400	**Total ancillary own funds**	25,000			25,000	0
	Own funds of other financial sectors					
R0410	Credit Institutions, investment firms, financial institutions, alternative investment fund managers, UCITS management companies	0				
R0420	Institutions for occupational retirement provision	0				
R0430	Non regulated entities carrying out financial activities	0				
R0440	**Total own funds of other financial sectors**	0	0	0	0	0

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Own Funds

	Basic own funds before deduction for participations in other financial sector	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
	Own funds when using the D&A, exclusively or in combination of method 1					
R0450	Own funds aggregated when using the D&A and combination of method	0				
R0460	Own funds aggregated when using the D&A and combination of method net of IGT	0				
R0520	Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	168,288	143,288	0	25,000	0
R0530	Total available own funds to meet the minimum consolidated group SCR	143,288	143,288	0	0	
R0560	Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	168,288	143,288	0	25,000	0
R0570	Total eligible own funds to meet the minimum consolidated group SCR (group)	143,288	143,288	0	0	
R0610	**Minimum consolidated Group SCR**	40,499				
R0650	**Ratio of Eligible own funds to Minimum Consolidated Group SCR**	353.80%				
R0660	**Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)**	168,288	143,288	0	25,000	0
R0680	**Group SCR**	117,611				
R0690	**Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A**	143.09%				

	Reconcilliation reserve	C0060
R0700	Excess of assets over liabilities	143,288
R0710	Own shares (held directly and indirectly)	
R0720	Forseeable dividends, distributions and charges	
R0730	Other basic own fund items	0
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0
R0750	Other non available own funds	
R0760	**Reconciliation reserve**	143,288
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	-17,975
R0790	**Total Expected profits included in future premiums (EPIFP)**	-17,975

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Solvency Capital Requirement - for groups on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	53,203		
R0020	Counterparty default risk	7,916		
R0030	Life underwriting risk	0		
R0040	Health underwriting risk	0		
R0050	Non-life underwriting risk	76,030	9	
R0060	Diversification	-29,870		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	107,279		

	Calculation of Solvency Capital Requirement	C0100
R0130	Operational risk	10,332
R0140	Loss-absorbing capacity of technical provisions	0
R0150	Loss-absorbing capacity of deferred taxes	0
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0
R0200	**Solvency Capital Requirement excluding capital add-on**	117,611
R0210	Capital add-ons already set	0
R0220	**Solvency capital requirement for undertakings under consolidated method**	117,611
	Other information on SCR	
R0400	Capital requirement for duration-based equity risk sub-module	0
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	0
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	0
R0430	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	0
R0440	Diversification effects due to RFF nSCR aggregation for article 304	0
R0470	Minimum consolidated group solvency capital requirement	40,499
	Information on other entities	
R0500	Capital requirement for other financial sectors (Non-insurance capital requirements)	0
R0510	*Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies*	0
R0520	*Institutions for occupational retirement provisions*	0
R0530	*Capital requirement for non- regulated entities carrying out financial activities*	0
R0540	Capital requirement for non-controlled participation requirements	0
R0550	Capital requirement for residual undertakings	0
	Overall SCR	
R0560	SCR for undertakings included via D&A	0
R0570	**Solvency capital requirement**	**117,611**

USP Key

For life underwriting risk:
1 - Increase in the amount of annuity benefits
9 - None

For health underwriting risk:
1 - Increase in the amount of annuity benefits
2 - Standard deviation for NSLT health premium risk
3 - Standard deviation for NSLT health gross premium risk
4 - Adjustment factor for non-proportional reinsurance
5 - Standard deviation for NSLT health reserve risk
9 - None

For non-life underwriting risk:
4 - Adjustment factor for non-proportional reinsurance
6 - Standard deviation for non-life premium risk
7 - Standard deviation for non-life gross premium risk
8 - Standard deviation for non-life reserve risk
9 - None

S.32.01.22

Undertakings in the scope of the group

Row	Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority
	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080
1	GB	213800VZJ8TFB8ZJDR87	LEI	The London Steam-Ship Owners' Mutual Insurance Association Limited	Non life insurance undertaking	Limited by guarantee	Mutual	Prudential Regulation Authority
2	BM	549300OBVBZL3ADV8B91	LEI	The London Steam-Ship Owners' Mutual Insurance Association (Bermuda) Limited	Reinsurance undertaking	Limited by guarantee	Mutual	Bermuda Monetary Authority
3	BM	213800VZJ8TFB8ZJDR87-BM-00001	Specific code	London and Bermuda Reinsurance Company Limited	Reinsurance undertaking			

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Undertakings in the scope of the group

				Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
	Country	Identification code of the undertaking	Type of code of the ID of the undertaking	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	YES/NO	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
Row	C0010	C0020	C0030	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
1	GB	213800VZJ8TFB8ZJDR87	LEI					Dominant		Included in the scope		Method 1: Full consolidation
2	BM	549300OBVBZL3ADV8B91	LEI		100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
3	BM	213800VZJ8TFB8ZJDR87-BM-00001	Specific code							Not included in the scope (art. 214 b)	2016-01-08	No inclusion in the scope of group supervision as defined in Art. 214 Directive 2009/138/EC

The London Steam-Ship Owners' Mutual Insurance Association Limited

Solvency and Financial Condition Report

Solo Disclosures

20 February

2020

(Monetary amounts in USD thousands)

General information

Undertaking name	The London Steam-Ship Owners' Mutual Insurance Association Limited
Undertaking identification code	213800VZJ8TFB8ZJDR87
Type of code of undertaking	LEI
Type of undertaking	Non-life undertakings
Country of authorisation	GB
Language of reporting	en
Reporting reference date	20 February 2020
Currency used for reporting	USD
Accounting standards	Local GAAP
Method of Calculation of the SCR	Standard formula
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

S.02.01.02 - Balance sheet
S.05.01.02 - Premiums, claims and expenses by line of business
S.05.02.01 - Premiums, claims and expenses by country
S.17.01.02 - Non-Life Technical Provisions
S.19.01.21 - Non-Life insurance claims
S.23.01.01 - Own Funds
S.25.01.21 - Solvency Capital Requirement - for undertakings on Standard Formula
S.28.01.01 - Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

S.02.01.02

Balance sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	
R0040	Deferred tax assets	
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	0
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	195,414
R0080	*Property (other than for own use)*	0
R0090	*Holdings in related undertakings, including participations*	159,343
R0100	*Equities*	158
R0110	*Equities - listed*	
R0120	*Equities - unlisted*	158
R0130	*Bonds*	0
R0140	*Government Bonds*	0
R0150	*Corporate Bonds*	0
R0160	*Structured notes*	0
R0170	*Collateralised securities*	0
R0180	*Collective Investments Undertakings*	16,546
R0190	*Derivatives*	16
R0200	*Deposits other than cash equivalents*	19,352
R0210	*Other investments*	0
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	0
R0240	*Loans on policies*	0
R0250	*Loans and mortgages to individuals*	
R0260	*Other loans and mortgages*	
R0270	Reinsurance recoverables from:	304,088
R0280	*Non-life and health similar to non-life*	304,088
R0290	*Non-life excluding health*	304,088
R0300	*Health similar to non-life*	0
R0310	*Life and health similar to life, excluding index-linked and unit-linked*	0
R0320	*Health similar to life*	
R0330	*Life excluding health and index-linked and unit-linked*	
R0340	*Life index-linked and unit-linked*	
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	7,569
R0370	Reinsurance receivables	1,979
R0380	Receivables (trade, not insurance)	2,538
R0390	Own shares (held directly)	
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	3,556
R0420	Any other assets, not elsewhere shown	
R0500	**Total assets**	**515,144**

S.02.01.02

Balance sheet

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	333,811
R0520	*Technical provisions - non-life (excluding health)*	333,811
R0530	*TP calculated as a whole*	0
R0540	*Best Estimate*	328,000
R0550	*Risk margin*	5,811
R0560	*Technical provisions - health (similar to non-life)*	0
R0570	*TP calculated as a whole*	0
R0580	*Best Estimate*	0
R0590	*Risk margin*	0
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	*Technical provisions - health (similar to life)*	0
R0620	*TP calculated as a whole*	
R0630	*Best Estimate*	
R0640	*Risk margin*	
R0650	*Technical provisions - life (excluding health and index-linked and unit-linked)*	0
R0660	*TP calculated as a whole*	
R0670	*Best Estimate*	
R0680	*Risk margin*	
R0690	Technical provisions - index-linked and unit-linked	0
R0700	*TP calculated as a whole*	
R0710	*Best Estimate*	
R0720	*Risk margin*	
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	
R0790	Derivatives	0
R0800	Debts owed to credit institutions	
R0810	Financial liabilities other than debts owed to credit institutions	
R0820	Insurance & intermediaries payables	1,962
R0830	Reinsurance payables	252
R0840	Payables (trade, not insurance)	35,079
R0850	Subordinated liabilities	0
R0860	*Subordinated liabilities not in BOF*	
R0870	*Subordinated liabilities in BOF*	0
R0880	Any other liabilities, not elsewhere shown	126
R0900	**Total liabilities**	**371,229**
R1000	**Excess of assets over liabilities**	**143,915**

S.05.01.02

Premiums, claims and expenses by line of business

Non-life

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of business for: accepted non-proportional reinsurance				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Misc. financial loss	Health	Casualty	Marine, aviation and transport	Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	**C0200**
	Premiums written																	
R0110	Gross - Direct Business						105,028				12,223							**117,251**
R0120	Gross - Proportional reinsurance accepted																	**0**
R0130	Gross - Non-proportional reinsurance accepted																	**0**
R0140	Reinsurers' share						80,193				9,897							**90,090**
R0200	Net						24,834				2,327							**27,161**
	Premiums earned																	
R0210	Gross - Direct Business						103,877				12,297							**116,174**
R0220	Gross - Proportional reinsurance accepted																	**0**
R0230	Gross - Non-proportional reinsurance accepted																	**0**
R0240	Reinsurers' share						79,231				9,957							**89,188**
R0300	Net						24,646				2,340							**26,986**
	Claims incurred																	
R0310	Gross - Direct Business						90,576				6,082							**96,658**
R0320	Gross - Proportional reinsurance accepted																	**0**
R0330	Gross - Non-proportional reinsurance accepted																	**0**
R0340	Reinsurers' share						80,089				5,483							**85,572**
R0400	Net						10,487				599							**11,087**
	Changes in other technical provisions																	
R0410	Gross - Direct Business																	**0**
R0420	Gross - Proportional reinsurance accepted																	**0**
R0430	Gross - Non-proportional reinsurance accepted																	**0**
R0440	Reinsurers' share																	**0**
R0500	Net						0				0							**0**
R0550	**Expenses incurred**						14,247				2,491							**16,738**
R1200	**Other expenses**																	
R1300	**Total expenses**																	**16,738**

S.05.02.01

Premiums, claims and expenses by country

Non-life

		C0010	C0020	C0030	C0040	C0050	C0060	C0070
R0010		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations			Top 5 countries (by amount of gross premiums written) - non-life obligations		Total Top 5 and home country
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
	Premiums written							
R0110	Gross - Direct Business	117,251						**117,251**
R0120	Gross - Proportional reinsurance accepted							**0**
R0130	Gross - Non-proportional reinsurance accepted							**0**
R0140	Reinsurers' share	90,090						**90,090**
R0200	Net	27,161						**27,161**
	Premiums earned							
R0210	Gross - Direct Business	116,174						**116,174**
R0220	Gross - Proportional reinsurance accepted							**0**
R0230	Gross - Non-proportional reinsurance accepted							**0**
R0240	Reinsurers' share	89,188						**89,188**
R0300	Net	26,986						**26,986**
	Claims incurred							
R0310	Gross - Direct Business	96,658						**96,658**
R0320	Gross - Proportional reinsurance accepted							**0**
R0330	Gross - Non-proportional reinsurance accepted							**0**
R0340	Reinsurers' share	85,572						**85,572**
R0400	Net	11,087						**11,087**
	Changes in other technical provisions							
R0410	Gross - Direct Business							**0**
R0420	Gross - Proportional reinsurance accepted							**0**
R0430	Gross - Non-proportional reinsurance accepted							**0**
R0440	Reinsurers' share							**0**
R0500	Net	0						**0**
R0550	**Expenses incurred**	16,738						**16,738**
R1200	**Other expenses**							
R1300	**Total expenses**							**16,738**

S.17.01.02

Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligation
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
R0010	**Technical provisions calculated as a whole**						0				0							**0**
R0050	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole																	**0**
	Technical provisions calculated as a sum of BE and RM																	
	Best estimate																	
	Premium provisions																	
R0060	Gross						-1,910				-2,368							**-4,278**
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default						-3,158				-2,089							**-5,246**
R0150	**Net Best Estimate of Premium Provisions**						1,248				-280							**968**
	Claims provisions																	
R0160	Gross						313,170				19,108							**332,278**
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default						292,591				16,744							**309,334**
R0250	**Net Best Estimate of Claims Provisions**						20,580				2,365							**22,944**
R0260	**Total best estimate - gross**						311,260				16,740							**328,000**
R0270	**Total best estimate - net**						21,827				2,085							**23,912**
R0280	**Risk margin**						5,304				507							**5,811**
	Amount of the transitional on Technical Provisions																	
R0290	Technical Provisions calculated as a whole																	**0**
R0300	Best estimate																	**0**
R0310	Risk margin																	**0**
R0320	**Technical provisions - total**						316,564				17,246							**333,811**
R0330	**Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total**						289,433				14,655							**304,088**
R0340	**Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total**						27,131				2,592							**29,723**

S.19.01.21

Non-Life insurance claims

Total Non-life business

Z0020	**Accident year / underwriting year**	Underwriting Year

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

		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
	Year	**Development year**											**In Current year**	**Sum of years (cumulative)**
		0	1	2	3	4	5	6	7	8	9	10 & +		
R0100	Prior											1,834	1,834	1,834
R0160	2011	22,554	27,952	16,921	11,992	1,235	3,562	34,457	1,046	3,743	336		336	123,799
R0170	2012	18,992	29,662	14,087	7,094	500	1,251	2,226	141	2,053			2,053	76,005
R0180	2013	14,760	22,429	15,706	4,681	2,890	1,975	1,680	2,079				2,079	66,201
R0190	2014	12,290	20,331	11,550	7,309	4,854	6,820	3,562					3,562	66,716
R0200	2015	20,699	20,227	25,076	5,366	4,366	10,650						10,650	86,384
R0210	2016	12,590	17,556	9,761	8,182	7,330							7,330	55,419
R0220	2017	24,494	14,527	15,247	6,348								6,348	60,616
R0230	2018	11,255	19,151	9,908									9,908	40,314
R0240	2019	22,164	25,440										25,440	47,604
R0250	2020	18,426											18,426	18,426
R0260												**Total**	87,967	643,318

Gross Undiscounted Best Estimate Claims Provisions
(absolute amount)

		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
	Year	**Development year**											**Year end (discounted data)**
		0	1	2	3	4	5	6	7	8	9	10 & +	
R0100	Prior											117,717	110,603
R0160	2011	0	0	0	0	0	50,076	16,336	11,712	2,200	1,736		1,626
R0170	2012	0	0	0	0	6,519	5,684	3,106	2,524	850			805
R0180	2013	0	0	0	13,919	9,408	5,330	2,618	290				291
R0190	2014	0	0	29,751	22,560	14,949	6,764	4,860					4,590
R0200	2015	0	73,819	47,765	36,980	34,880	18,821						17,914
R0210	2016	47,953	33,259	27,444	17,315	7,931							7,553
R0220	2017	38,250	28,940	19,345	10,980								10,543
R0230	2018	59,406	40,545	29,850									28,760
R0240	2019	102,260	76,102										73,544
R0250	2020	78,201											76,050
R0260												**Total**	332,278

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Own Funds

	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)	0	0		0	
R0030	Share premium account related to ordinary share capital	0	0		0	
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	0	0		0	
R0050	Subordinated mutual member accounts	0		0	0	0
R0070	Surplus funds	0	0			
R0090	Preference shares	0		0	0	0
R0110	Share premium account related to preference shares	0		0	0	0
R0130	Reconciliation reserve	143,915	143,915			
R0140	Subordinated liabilities	0		0	0	0
R0160	An amount equal to the value of net deferred tax assets	0				0
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above	0	0	0	0	0
R0220	**Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds**	0				
R0230	**Deductions for participations in financial and credit institutions**	0	0	0	0	
R0290	**Total basic own funds after deductions**	143,915	143,915	0	0	0
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	0				
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0				
R0320	Unpaid and uncalled preference shares callable on demand	0				
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0				
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0				
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0				
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	25,000			25,000	
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0390	Other ancillary own funds	0				
R0400	**Total ancillary own funds**	25,000			25,000	0
	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	168,915	143,915	0	25,000	0
R0510	Total available own funds to meet the MCR	143,915	143,915	0	0	
R0540	Total eligible own funds to meet the SCR	168,915	143,915	0	25,000	0
R0550	Total eligible own funds to meet the MCR	143,915	143,915	0	0	
R0580	**SCR**	80,873				
R0600	**MCR**	20,218				
R0620	**Ratio of Eligible own funds to SCR**	208.86%				
R0640	**Ratio of Eligible own funds to MCR**	711.81%				

	Reconcilliation reserve	C0060
R0700	Excess of assets over liabilities	143,915
R0710	Own shares (held directly and indirectly)	0
R0720	Foreseeable dividends, distributions and charges	
R0730	Other basic own fund items	0
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0
R0760	**Reconciliation reserve**	143,915
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	968
R0790	**Total Expected profits included in future premiums (EPIFP)**	968

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Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	50,506		
R0020	Counterparty default risk	31,110		
R0030	Life underwriting risk	0		
R0040	Health underwriting risk	0		
R0050	Non-life underwriting risk	11,004	9	
R0060	Diversification	-21,588		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	71,033		

	Calculation of Solvency Capital Requirement	C0100
R0130	Operational risk	9,840
R0140	Loss-absorbing capacity of technical provisions	0
R0150	Loss-absorbing capacity of deferred taxes	
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0
R0200	**Solvency Capital Requirement excluding capital add-on**	80,873
R0210	Capital add-ons already set	0
R0220	**Solvency capital requirement**	**80,873**
	Other information on SCR	
R0400	Capital requirement for duration-based equity risk sub-module	0
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	0
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	0
R0430	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	0
R0440	Diversification effects due to RFF nSCR aggregation for article 304	0
	Approach to tax rate	C0109
R0590	Approach based on average tax rate	Not applicable

	Calculation of loss absorbing capacity of deferred taxes	LAC DT
		C0130
R0640	LAC DT	
R0650	LAC DT justified by reversion of deferred tax liabilities	0
R0660	LAC DT justified by reference to probable future taxable economic profit	0
R0670	LAC DT justified by carry back, current year	0
R0680	LAC DT justified by carry back, future years	0
R0690	Maximum LAC DT	0

USP Key

For life underwriting risk:
1 - Increase in the amount of annuity benefits
9 - None

For health underwriting risk:
1 - Increase in the amount of annuity benefits
2 - Standard deviation for NSLT health premium risk
3 - Standard deviation for NSLT health gross premium risk
4 - Adjustment factor for non-proportional reinsurance
5 - Standard deviation for NSLT health reserve risk
9 - None

For non-life underwriting risk:
4 - Adjustment factor for non-proportional reinsurance
6 - Standard deviation for non-life premium risk
7 - Standard deviation for non-life gross premium risk
8 - Standard deviation for non-life reserve risk
9 - None

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Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

	Linear formula component for non-life insurance and reinsurance obligations	C0010
R0010	MCR_{NL} Result	6,114

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
R0020	Medical expense insurance and proportional reinsurance	0	
R0030	Income protection insurance and proportional reinsurance	0	
R0040	Workers' compensation insurance and proportional reinsurance	0	
R0050	Motor vehicle liability insurance and proportional reinsurance	0	
R0060	Other motor insurance and proportional reinsurance	0	
R0070	Marine, aviation and transport insurance and proportional reinsurance	21,827	24,834
R0080	Fire and other damage to property insurance and proportional reinsurance	0	
R0090	General liability insurance and proportional reinsurance	0	
R0100	Credit and suretyship insurance and proportional reinsurance	0	
R0110	Legal expenses insurance and proportional reinsurance	2,085	2,327
R0120	Assistance and proportional reinsurance	0	
R0130	Miscellaneous financial loss insurance and proportional reinsurance	0	
R0140	Non-proportional health reinsurance	0	
R0150	Non-proportional casualty reinsurance	0	
R0160	Non-proportional marine, aviation and transport reinsurance	0	
R0170	Non-proportional property reinsurance	0	

	Linear formula component for life insurance and reinsurance obligations	C0040
R0200	MCR_L Result	0

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
R0210	Obligations with profit participation - guaranteed benefits		
R0220	Obligations with profit participation - future discretionary benefits		
R0230	Index-linked and unit-linked insurance obligations		
R0240	Other life (re)insurance and health (re)insurance obligations		
R0250	Total capital at risk for all life (re)insurance obligations		

	Overall MCR calculation	C0070
R0300	Linear MCR	6,114
R0310	SCR	80,873
R0320	MCR cap	36,393
R0330	MCR floor	20,218
R0340	Combined MCR	20,218
R0350	Absolute floor of the MCR	4,127
R0400	**Minimum Capital Requirement**	**20,218**