The London P&I Club

THE LONDON STEAM-SHIP OWNERS' MUTUAL INSURANCE ASSOCIATION LIMITED

Solvency & Financial Condition Report

As at 20 February 2017

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 2017 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 Protecting & 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$82.7m, down US$4.7m on the prior year comparative. The Club's combined ratio for the year was 97.9% and its operating performance further benefited from US$26.7m of investment income net of associated investment management expenses. Free reserves at 20 February 2017 stood at US$188.0m, an all-time high for the Club.

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 eight 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 dedicated management company, A. Bilbrough & Co Ltd.

As at 20 February 2017 the Club's Solvency Capital Requirement ("SCR"), calculated using the standard formula, was US$124.6m, and its Minimum Capital Requirement ("MCR") was US$37.8m. The Club's overall capital resources available to meet the SCR and MCR stood at US$190.9m, comprising US$165.9m 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 2017 stood at US$79.7m and US$20.0m respectively. LSSO London had Overall capital resources available of US$190.9m at this date.

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

03 August 2017

REPORT OF THE EXTERNAL INDEPENDENT AUDITOR

Report of the external independent auditor to the Directors of The London Steam-Ship Owners' Mutual Insurance Association Limited (Group) ('the Company') pursuant to Rule 4.1 (2) of the External Audit Chapter of the PRA Rulebook applicable to Solvency II firms

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

Opinion

Except as stated below, we have audited the following documents prepared by The London Steam-Ship Owners' Mutual Insurance Association Limited (Group) as at 20 February 2017:

- The 'Valuation for solvency purposes' and 'Capital management' sections of the Single Solvency and Financial Condition Report of The London Steam-Ship Owners' Mutual Insurance Association Limited (Group) as at 20 February 2017, (**'the Narrative Disclosures subject to audit'**);
- Group templates S.02.01.02, S.23.01.22, S.25.01.22, S32.01.22 (**'the Group Templates subject to audit'**); and
- Company templates S.02.01.02, S17.01.02, S.23.01.01, S.25.01.21, S28.01.01 (**'the Company Templates subject to audit'**).

The Narrative Disclosures subject to audit and the Templates subject to audit are collectively referred to as the **'relevant elements of the Single Solvency and Financial Condition Report'**.

We are not required to audit, nor have we audited, and as a consequence do not express an opinion on the Other Information which comprises:

- The 'Business and performance', 'System of governance' and 'Risk profile' elements of the Single Solvency and Financial Condition Report;
- Group templates S.05.01.02, S.05.02.01;
- Company templates S.05.01.02, S.05.02.01, S.19.01.21;
- Information contained within the relevant elements identified in the Appendix to this report;
- The written acknowledgement by management of their responsibilities, including for the preparation of the Single Solvency and Financial Condition Report (**'the Responsibility Statement'**); and
- Information which pertains to an undertaking that is not a Solvency II undertaking and has been prepared in accordance with PRA rules other than those implementing the Solvency II Directive or in accordance with an EU instrument other than the Solvency II regulations. **'the sectoral information'**.

To the extent the information subject to audit in the relevant elements of the Single Solvency and Financial Condition Report includes amounts that are totals, sub-totals or calculations derived from the Other Information, we have relied without verification on the Other Information.

In our opinion, the information subject to audit in the relevant elements of the Single Solvency and Financial Condition Report of The London Steam-Ship Owners' Mutual Insurance Association Limited (Group) as at 20 February 2017 is prepared, in all material respects, in accordance with the financial reporting provisions of the PRA Rules and Solvency II regulations on which they are based, as modified by relevant supervisory modifications, and as supplemented by supervisory approvals and determinations.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) including ISA (UK) 800 and ISA (UK) 805, and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the relevant elements of the Single Solvency and Financial Condition Report section of our report. We are independent of The London Steam-Ship Owners' Mutual Insurance Association Limited in accordance with the ethical requirements that are relevant to our audit of the Single Solvency and Financial Condition Report in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the SFCR is not appropriate; or
- the directors have not disclosed in the SFCR any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the SFCR is authorised for issue.

Emphasis of Matter – Basis of Accounting

We draw attention to the 'Valuation for solvency purposes' and 'Capital Management' and other relevant disclosures sections of the Single Solvency and Financial Condition Report, which describe the basis of accounting. The Single Solvency and Financial Condition Report is prepared in compliance with the financial reporting provisions of the PRA Rules and Solvency II regulations, and therefore in accordance with a special purpose financial reporting framework. The Solvency and Financial Condition Report is required to be published, and intended users include but are not limited to the Prudential Regulation Authority. As a result, the Single Solvency and Financial Condition Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other Information

The Directors are responsible for the Other Information.

Our opinion on the relevant elements of the Single Solvency and Financial Condition Report does not cover the Other Information and we do not express an audit opinion or any form of assurance conclusion thereon.

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

Responsibilities of Directors for the Single Solvency and Financial Condition Report
The Directors are responsible for the preparation of the Single Solvency and Financial Condition Report in accordance with the financial reporting provisions of the PRA rules and Solvency II regulations.

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

Auditor's Responsibilities for the Audit of the relevant elements of the Single Solvency and Financial Condition Report
It is our responsibility to form an independent opinion as to whether the relevant elements of the Single Solvency and Financial Condition Report are prepared, in all material respects, with financial reporting provisions of the PRA Rules and Solvency II regulations on which they are based.

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: https://www.frc.org.uk/Our-Work/Audit-and-Actuarial-Regulation/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx

Report on Other Legal and Regulatory Requirements.

Other Information
In accordance with Rule 4.1 (3) of the External Audit Chapter of the PRA Rulebook for Solvency II firms we are also required to consider whether the Other Information is materially inconsistent with our knowledge obtained in the audit of The London Steam-Ship Owners' Mutual Insurance Association Limited (Group)'s statutory financial statements. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Thomas Reed (Senior Statutory Auditor)
For and on behalf of Moore Stephens LLP, Statutory Auditor
150 Aldersgate Street,
London
EC1A 4AB

04 August 2017

Appendix – relevant elements of the Single Solvency and Financial Condition Report that are not subject to audit

Single standard formula

The relevant elements of the Single Solvency and Financial Condition Report that are not subject to audit comprise:

Elements of the Narrative Disclosures subject to audit identified as ‘unaudited’.

1 BUSINESS AND PERFORMANCE

1.1 Business Information

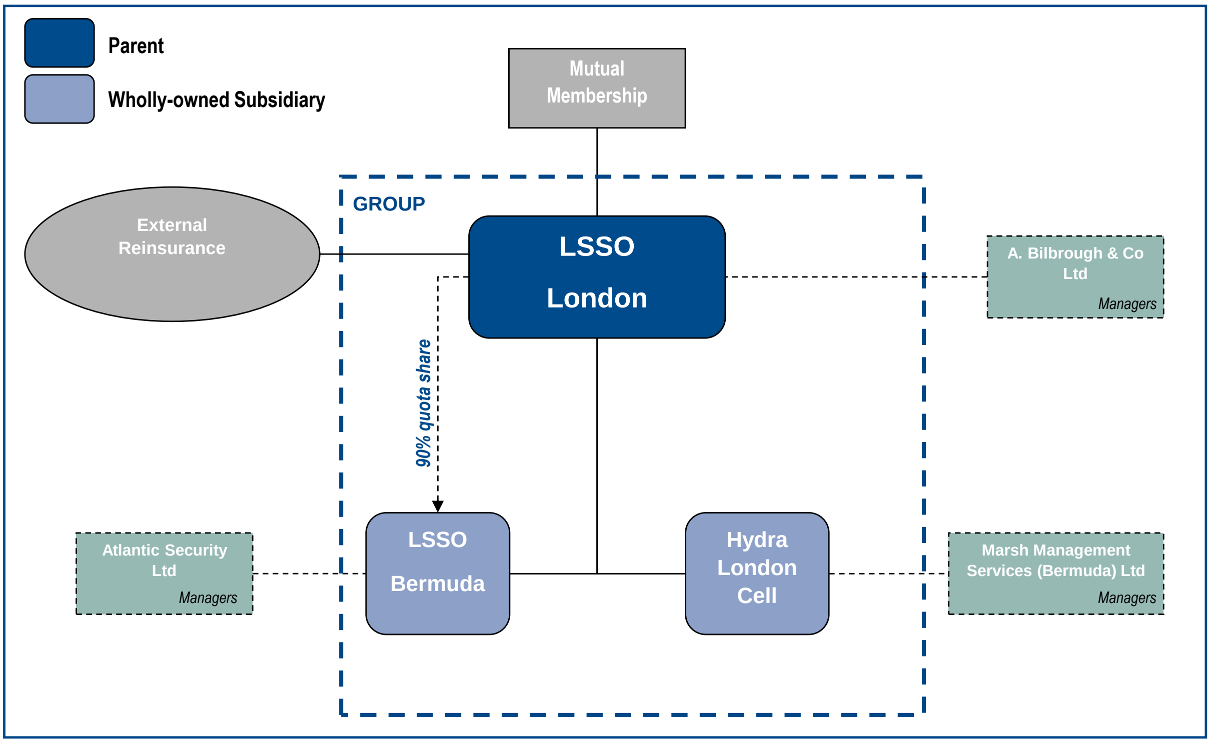
1.1.1 Legal & Operating Structure

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:

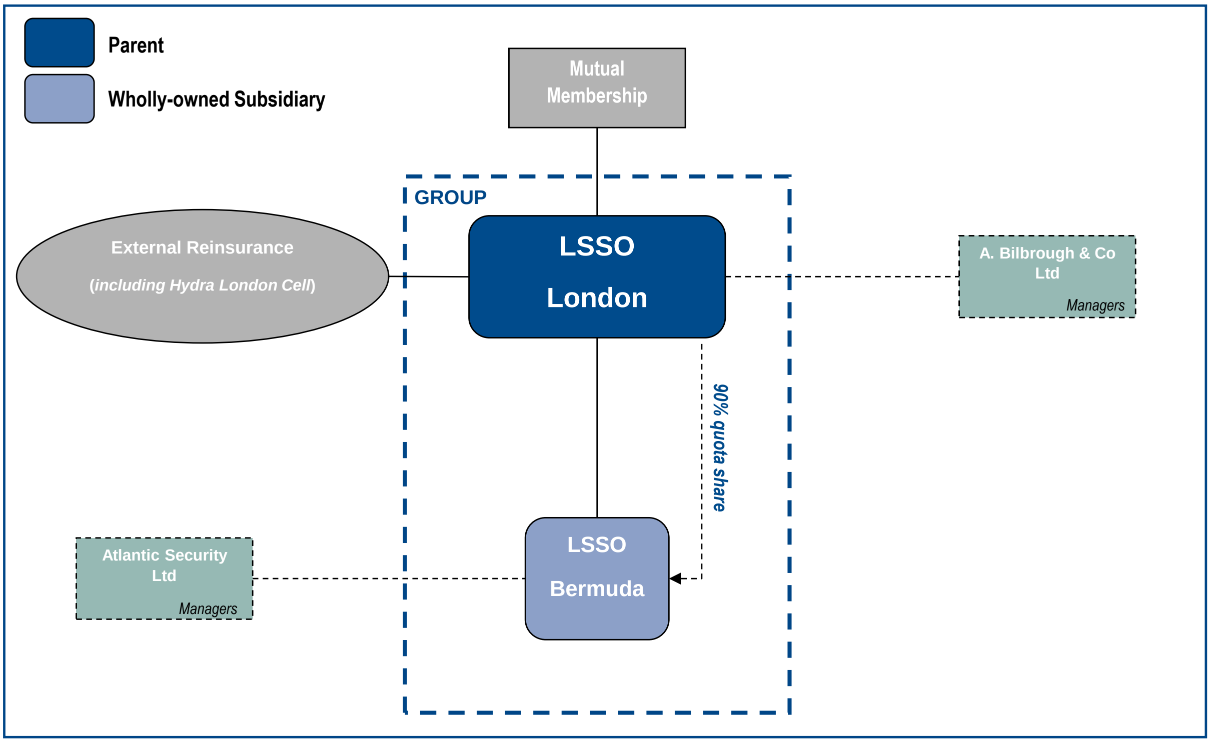


The parent entity is the sole provider of insurance to third party Members and assureds and is owned by the Mutual Membership. The day to day operation of the Club is undertaken by a dedicated management company, A. Bilbrough & Co Ltd.

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 Moore Stephens 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. As part of its 2016 ORSA process the Club, to the extent that it was possible, assessed the risks and solvency requirements of the Club on a solo basis as well as at the level of the group. In endeavouring to develop a robust and comprehensive approach to the ORSA process 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.

For example, non-life underwriting risk for LSSO London on a solo basis is on the surface 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

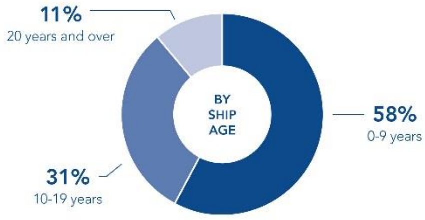
The Club's material lines of business are as follows:

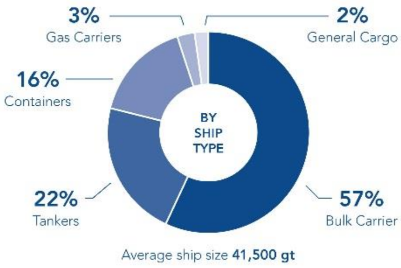
- P&I insurance on a mutual and fixed premium basis for ship-owners, operators and charterers; and
- FD&D insurance on a mutual and fixed premium basis for ship-owners, operators and charterers.

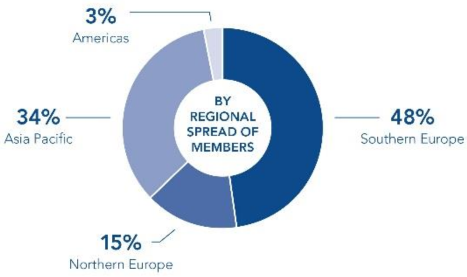
The majority of the Club's underwriting activity is carried out from its head office in London. The Club is also writes a small proportion of overall business from its branch office in Hong Kong, where it is authorised by the Office of the Commissioner of Insurance.

1.2 Underwriting Performance

The Club's dominant line of business is insurance for P&I risks. The pie charts on the next page 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 2017:

	2016/17 US$'000	2015/16 US$'000
Net earned premiums	82,710	87,402
Net incurred claims	(69,473)	(60,129)
Net operating expenses	(11,543)	(11,954)
Technical result	**1,694**	**15,319**

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 2017:

	CLASS 5 P&I		CLASS 8 FD&D	
	2016/17 US$'000	2015/16 US$'000	2016/17 US$'000	2015/16 US$'000
Net earned premiums	74,493	77,997	8,166	9,290
Net incurred claims	(62,798)	(53,694)	(6,675)	(6,434)
Net operating expenses	(10,119)	(10,598)	(1,399)	(1,302)
Technical result	**1,576**	**13,705**	**92**	**1,554**

The Club's technical result for the financial year under review was a surplus of US$1.7m and a combined ratio of 97.9%. Net earned premiums were US$4.7m down year on year, principally due to the effects of churn whereby the average premium rate per gt charged falls over time as older higher rated tonnage goes off risk and is replaced by younger lower rated tonnage.

Net incurred claims for 2016/17 were US$9.3m higher than in 2015/16. Whilst both the 2016/17 and 2015/16 financial years benefited from releases of redundant claims reserves in respect of expired policy years, the quantum of releases in 2015/16 was unusually high and the main factor in the lower overall claims incurred total for that year. Despite incurred claims costs increasing in 2016/17, they remained below the level forecast for all product lines combined, with the low level of claims falling on the IG Pool being of particular note.

LSSO London's underwriting result for the year was a deficit of US$1.0m.

1.3 Investment Performance

The Club achieved an overall return for the year on invested assets and cash holdings of 8.4% for 2016/17, compared to a return of negative 2.5% in the 2015/16 financial year. The table below provides a breakdown of the investment return for both years by asset class:

	2016/17 US$'000	2015/16 US$'000
Equity securities	14,959	(5,634)
Debt securities	15,366	(3,330)
Investment property	(2,334)	(1,371)
Cash & cash equivalents	227	134
Other	781	1,222
Investment expenses	(2,334)	(2,481)
Investment return	**26,663**	**(11,460)**

The table below provides a breakdown of the return by components of income and expenses:

	2016/17 US$'000	2015/16 US$'000
Investment income	9,880	11,146
Realised gains/losses on investments	4,111	10,496
Unrealised gains/losses on investments	14,779	(30,755)
Bank & other interest receivable	227	134
Investment expenses	(2,334)	(2,481)
Investment return	**26,663**	**(11,460)**

High grade US fixed income assets are the main asset class within the Club's investment portfolio and reflationary signs in the US towards the end of the 2016 calendar year made for a challenging investment environment. Nevertheless, it was in this asset class that the Club's chosen fund managers performed best relative to their benchmarks and they each played their part in delivering meaningful positive returns for the year. The Club's substantial capital base relative to its size affords it the flexibility to maintain a controlled exposure to risk assets whilst still retaining a comfortable capital buffer in excess of its group SCR. A strong performance from the Club's equity allocation, which averaged 22% over the course of the year, contributed to the 8.4% overall return.

LSSO London recorded an investment loss for the year after tax of US$0.7m, 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.

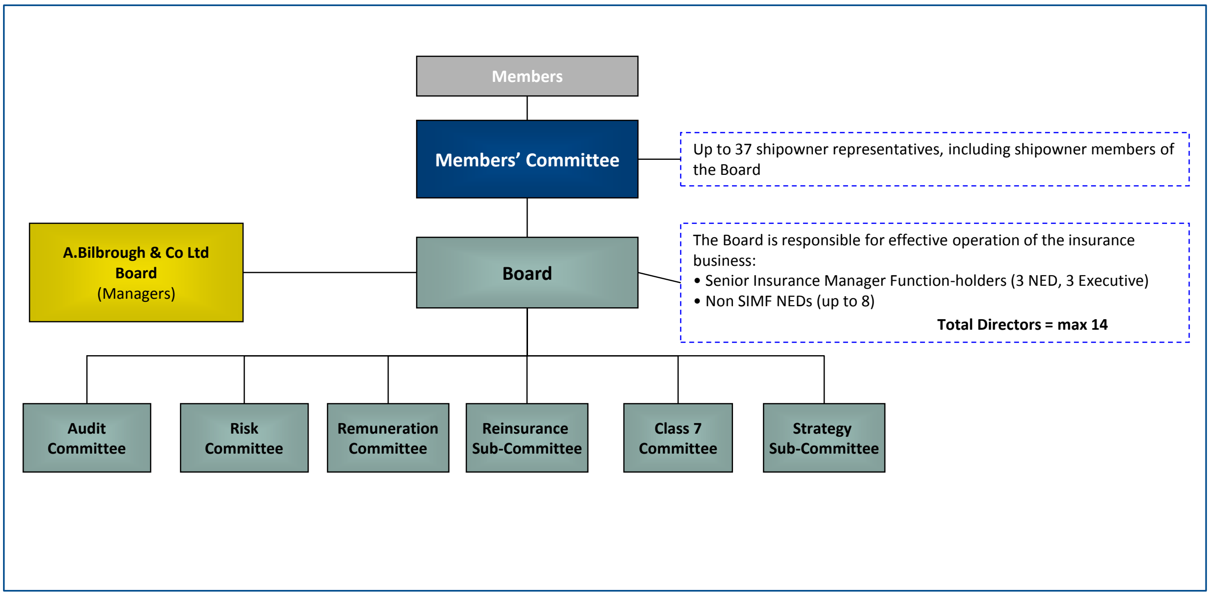
2 SYSTEM OF GOVERNANCE

2.1 General Information on the System of Governance

2.1.1 Corporate Governance Restructuring

During the 2016/17 financial year the Club completed a detailed review of its corporate governance arrangements. As a result of this, proposals were made to the Membership for changes to the structure of the Club's governance, involving the constitution of a new Members' Committee and a smaller Board, with the latter having overall responsibility for all statutory and regulatory matters. These proposals were approved at a General Meeting in January 2017 and took effect on 20 February 2017.

A diagram of the new governance structure in place with effect from 20 February 2017 is included 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.

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.

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 having received the recommendation of the Remuneration Committee;
- 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

This Committee will ordinarily have no fewer than four but no more than seven members. Members are drawn from the current members of the Board or the Members' Committee, and are re-elected annually by the Board. 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 will ordinarily have no fewer than six but no more than ten members. Members are drawn from the Managers, current members of the Board or the Members' Committee, are appointed by and are re-elected annually by the Board. 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.

Remuneration Committee

This Committee will ordinarily have no fewer than three members. Members are drawn from the current members of the Board who are non-executive directors, are appointed by and re-elected annually by the Board. This Committee will make recommendations to the Board in relation to the

Board's direction and monitoring of all matters relating to any remuneration and corresponding expenses paid by the Club to members of the Members' Committee, Board and Sub-Committees of the Board.

Reinsurance Sub-Committee

This Sub-Committee will ordinarily have no fewer than three members. Members are drawn from the current members of the Board or Members' Committee, are appointed by and re-elected annually by the Board. 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 will ordinarily have no fewer than five but no more than seven members. Members are proposed by the Chairman of the Club, drawn from the current members of the Board or Members' Committee, approved by and re-elected annually by the Board. 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.

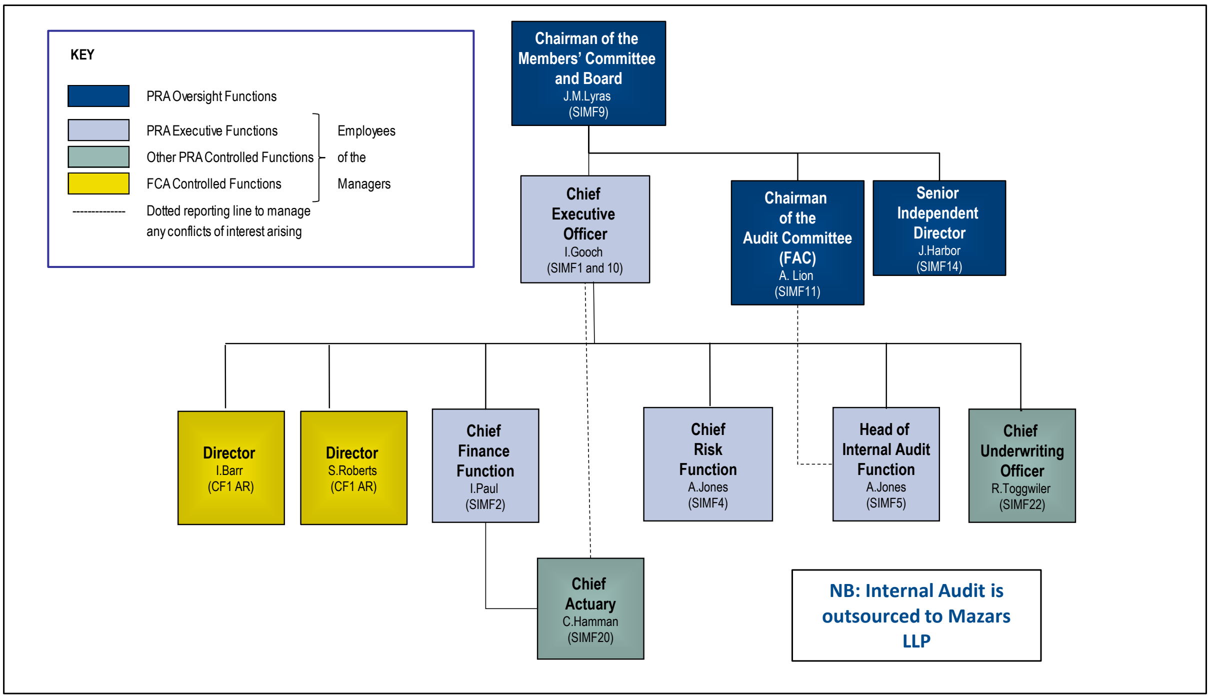
2.1.2 Senior Insurance Managers Regime

The Senior Insurance Managers Regime ("SIMR") is a new accountability regime for senior executives of insurance firms implemented by the PRA in March 2016. Under SIMR the Club is required to maintain a Governance Map to evidence the appropriate apportionment of responsibilities. The map must be updated at least quarterly and in the event of a significant change to the responsibilities allocated to a key function holder, in reporting lines or lines of responsibility. Governance arrangements are the responsibility of the Board and therefore material changes to the Governance map must be approved by the Board.

The Club's Governance 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 SIMR 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 Directors and key function holders are those identified as appropriate for each individual role and any specialisms applicable. For all Directors competencies considered are:

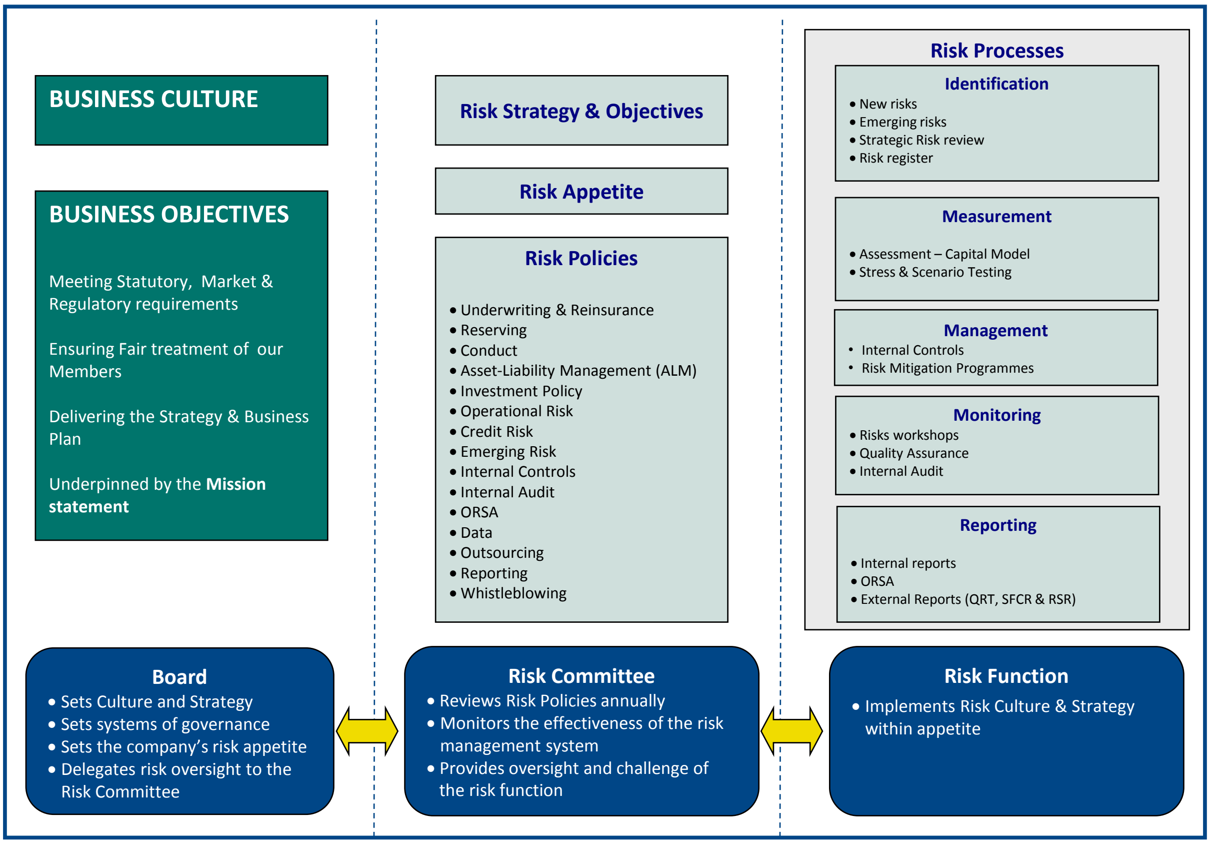
- Market Knowledge
- Financial Analysis
- Customer Experience
- Corporate Governance
- Insurance Regulation
- Underwriting & Claims

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 Directors and key function holders 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, Committee 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 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 the mix of business on risk and/or evolving claims experience.
- The Club's Risk Register is reviewed and updated as appropriate at least annually.

Measurement

- The Club's internal 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 ORSA process includes stress testing and scenarios 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.

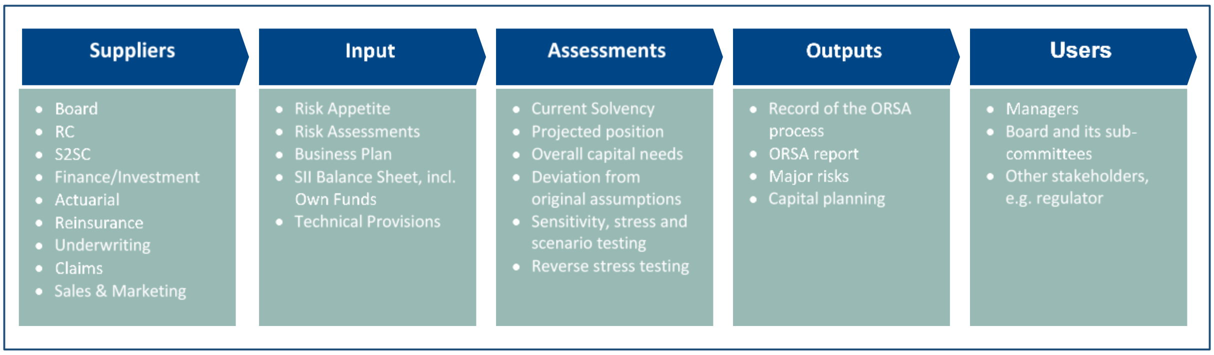
Reporting

- 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 model, is reported to the RC annually.
- The Club's Risk Register is updated and presented to the RC at least annually.
- The Club's Internal Audit Function submits written reports to the 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. A chart in the ORSA policy providing a framework for the end-to-end assessment process is included on the next page:



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 2016 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 Club's Finance & Audit Committee Meeting held on 11 October 2016.

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 are responsible for the continuous identification and assessment of risks within their departments.
- 2nd Line – The Internal Audit Function reviews the effectiveness of the Internal Controls environment and adherence to the Internal Controls Policy.
- 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.

2.6 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 partner 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.

	2016/2017 US$'000	2015/2016 US$'000
Increase in Loss Ratio by 5 percentage points		
Gross	(5,145)	(5,507)
Net	(4,136)	(4,374)

Decrease in Loss Ratio by 5 percentage points		
Gross	5,145	5,507
Net	4,136	4,374

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 2017	11,884
As at 20 February 2016	11,155

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$8,384k (2016: US$7,485k).

Foreign Currency Risk

A significant majority of the Club's liabilities are denominated in its functional currency of US$. 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 2017	US$ US$'000	GBP US$'000	EUR US$'000	Other US$'000	Total US$'000
Total Assets	462,541	19,847	5,419	14,109	501,916
Total Liabilities	259,879	14,558	13,704	25,763	313,904
Net Asset Position	**202,662**	**5,289**	**(8,285)**	**(11,654)**	**188,012**

As at 20 February 2016	US$ US$'000	GBP US$'000	EUR US$'000	Other US$'000	Total US$'000
Total Assets	445,400	19,701	730	39,648	505,479
Total Liabilities	257,560	16,475	11,437	59,258	344,730
Net Asset Position	**187,840**	**3,226**	**(10,707)**	**(19,610)**	**160,749**

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 2017 US$'000	At 20 February 2016 US$'000
Strengthening		
Sterling	265	161
Euro	(414)	(535)
Weakening		
Sterling	(265)	(161)
Euro	414	535

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.

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 2017	SOFP US$'000	AAA US$'000	AA US$'000	A US$'000	BBB & Below US$'000	Other US$'000	Total US$'000
Reinsurance Assets	92,583	-	7,755	77,123	7,703	2	92,583
RI Share of UPR	419	-	-	419	-	-	419
Receivables	15,726	20	271	7,773	1,021	6,641	15,726
Deferred Acquisition Costs	126	-	-	-	-	126	126
Total	**108,854**	**20**	**8,026**	**85,315**	**8,724**	**6,769**	**108,854**

As at 20 February 2016	SOFP US$'000	AAA US$'000	AA US$'000	A US$'000	BBB & Below US$'000	Other US$'000	Total US$'000
Reinsurance Assets	107,471	-	11,857	73,202	22,027	385	107,471
RI Share of UPR	673	-	-	673	-	-	673
Receivables	12,142	528	242	4,474	490	6,408	12,142
Total	**120,286**	**528**	**12,099**	**78,349**	**22,517**	**6,793**	**120,286**

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 2017	SOFP US$'000	AAA US$'000	AA US$'000	A US$'000	BBB US$'000	Other US$'000	Total US$'000
Cash & Investments	377,894	93,470	47,242	70,908	34,354	131,920	377,894

As at 20 February 2016	SOFP US$'000	AAA US$'000	AA US$'000	A US$'000	BBB US$'000	Other US$'000	Total US$'000
Cash & Investments	367,691	119,199	21,764	83,933	39,005	103,790	367,691

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$12.6m.

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 2017	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	377,894	79,589	29,309	31,322	237,674	377,894
Investment Property	15,168	-	-	-	15,168	15,168
Receivables	15,726	15,726	-	-	-	15,726
Reinsurance Assets	92,583	8,610	18,794	14,721	50,458	92,583
Reinsurer Share of UPR	419	419	-	-	-	419
Deferred Acquisition Costs	126	126	-	-	-	126
Total Assets	**501,916**	**104,470**	**48,103**	**46,043**	**303,300**	**501,916**

Liabilities at 20 February 2017	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	298,867	61,567	76,510	45,727	115,063	298,867
Unearned Premium	1,111	1,111	-	-	-	1,111
Taxation	20	20	-	-	-	20
Payables	13,906	13,906	-	-	-	13,906
Total Liabilities	**313,904**	**76,604**	**76,510**	**45,727**	**115,063**	**313,904**

Assets at 20 February 2016	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	367,691	101,526	24,247	24,700	217,218	367,691
Investment Property	17,502	17,502	-	-	-	17,502
Receivables	12,142	12,142	-	-	-	12,142
Reinsurer Share of UPR	673	673	-	-	-	673
Reinsurance Assets	107,471	15,046	28,265	18,592	45,568	107,471
Total Assets	**505,479**	**146,889**	**52,512**	**43,292**	**262,786**	**505,479**

Liabilities at 20 February 2016	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	332,037	77,697	98,283	52,462	103,595	332,037
Taxation	42	42	-	-	-	42
Payables	12,693	12,693	-	-	-	12,693
Total Liabilities	**344,772**	**90,432**	**98,283**	**52,462**	**103,595**	**344,772**

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. 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

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

Club	UK GAAP US$'000	Solvency II US$'000	Variance US$'000
Deferred acquisition costs	126	-	(126)
Investments	368,944	338,569	(30,375)
Strategic equity investments	-	20,452	20,452
Reinsurers' share of technical provisions	93,001	148,985	55,984
Insurance and intermediaries receivables	5,675	5,675	-
Reinsurance receivables	3,518	3,518	-
Receivables (trade, not insurance)	6,533	4,995	(1,538)
Cash and cash equivalents	24,117	19,180	(4,937)
Total Assets	**501,914**	**541,374**	**39,460**
LSSO London	**UK GAAP US$'000**	**Solvency II US$'000**	**Variance US$'000**
Deferred Acquisition Costs	126	-	(126)
Investments	33,005	33,044	39
Strategic equity investments	5,960	173,841	167,881
Reinsurers' share of technical provisions	293,368	295,585	2,217
Insurance and intermediaries receivables	5,675	5,675	-
Reinsurance receivables	3,518	3,518	-
Receivables (trade, not insurance)	1,317	1,317	-
Cash and cash equivalents	6,724	6,724	-
Total Assets	**349,693**	**519,704**	**170,011**

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.

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.

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 total net technical provisions as at 20 February 2017:

	Club US$'000	LSSO London US$'000
Net Technical Provisions as per Statutory Accounts UK GAAP	206,851	6,484
Solvency II Adjustments	(11,108)	13,971
Net Best Estimate	195,743	20,455
Risk Margin	16,823	2,698
Net Technical Provisions	**212,566**	**23,153**

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 USD. 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 2017 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.

Cover is almost by default for a year and we would therefore have a strong indication of the amount of net earned premium expected over the next 12 months. 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 28 February 2017. 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

This is the first annual submission, hence a description of any changes is not included.

4.3 Other Liabilities

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

Club	UK GAAP US$'000	Solvency II US$'000	Variance US$'000
Technical provisions	299,978	361,551	61,573
Derivatives	-	4	4
Insurance & intermediaries payables	769	769	-
Reinsurance payables	245	245	-
Payables (trade, not insurance)	12,893	12,872	(21)
Any other liabilities, not else shown	20	20	-
Total Liabilities	**313,905**	**375,461**	**61,556**
Excess of Assets over Liabilities	**188,009**	**165,912**	**(22,097)**
LSSO London	**UK GAAP US$'000**	**Solvency II US$'000**	**Variance US$'000**
Technical Provisions	299,978	318,738	18,760
Insurance & intermediaries payables	769	769	-
Reinsurance payables	245	245	-
Payables (trade, not insurance)	34,020	34,020	-
Any other liabilities, not else shown	20	20	-
Total Liabilities	**335,032**	**353,792**	**18,760**
Excess of Assets over Liabilities	**14,661**	**165,912**	**151,251**

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 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. AOF amounts forming part of overall capital resources to meet the SCR are subject to prior supervisory approval. 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. On 20 February 2017 the PRA granted the Club approval for USD25m of AOF when determining its own funds, with this approval granted for a period of three years.

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	**(Unaudited) 20 Feb 2016 US$'000**	**Movement US$'000**	**20 Feb 2017 US$'000**
Basic Own Funds			
Reconciliation reserve	143,636	22,276	165,912
Total Basic Own Funds	**143,636**	**22,276**	**165,912**
Ancillary Own Funds			
Supplementary calls as per Article 89	69,936	(44,936)	25,000
Total Own Funds	**213,572**	**(22,660)**	**190,912**

LSSO London	**(Unaudited) 20 Feb 2016 US$'000**	**Movement US$'000**	**20 Feb 2017 US$'000**
Basic Own Funds			
Reconciliation reserve	140,879	25,033	165,912
Total Basic Own Funds	**140,879**	**25,033**	**165,912**
Ancillary Own Funds			
Supplementary calls as per Article 89	69,936	(44,936)	25,000
Total Own Funds	**210,815**	**(19,903)**	**190,912**

The increase in basic own funds over the course of the 2016/17 financial year reflects the fact that the Club recorded an operating surplus over this period.

As at 20 February 2016 the Club had applied for, and received, approval from the PRA to use the method of calculating 50% of its most recently reported group SCR to determine the amount of AOF when determining its own funds, granted for a period of 12 months. This approval was granted by the PRA on the condition that any such future supplementary calls levied would be collectible within three months. The Club's Finance & Audit Committee (part of the system of governance prior to the restructure which took effect on 20 February 2017), when considering this matter in July 2016, formed the view that in the event of the need to levy a supplementary call of around US$70m, the collection would in all likelihood be spread over multiple instalment due dates not all of which would be within three months. Against this background the decision was taken to confirm to the PRA that a future supplementary call of up to US$25m would be collectible within three months.

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	(Unaudited) 20 Feb 2016 US$'000	Movement US$'000	20 Feb 2017 US$'000
Tier 1	143,636	22,276	165,912
Tier 2	63,266	(38,266)	25,000
Tier 3	-	-	-
Eligible Own Funds	**206,902**	**(15,990)**	**190,912**

LSSO London	(Unaudited) 20 Feb 2016 US$'000	Movement US$'000	20 Feb 2017 US$'000
Tier 1	140,879	25,033	165,912
Tier 2	36,953	(11,953)	25,000
Tier 3	-	-	-
Eligible Own Funds	**177,832**	**13,080**	**190,912**

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 US$'000	LSSO London US$'000
Retained Earnings as per UK GAAP	**188,009**	**14,661**
Difference in valuation of assets	(16,398)	167,919
Difference in valuation of net technical provisions	(5,716)	(16,668)
Difference in valuation of other liabilities	17	-
Solvency II excess of assets over liabilities	**165,912**	**165,912**

5.1.5 Description and the amount of Ancillary Own Funds

A description of the AOF item and the amount approved 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 of significant restriction affecting the availability and transferability of own funds.

5.2 Solvency Capital Requirement and Minimum Capital Requirement

There were no material changes to the SCR and MCR over the reporting period.

5.2.1 Solvency Capital Requirement as at 20 February 2017

The SCRs of the Club and LSSO London as at the valuation date were US$124.6m and US$79.7m respectively. The following table shows the relevant SCRs split by risk modules as at 20 February 2017:

	Club US$'000	**LSSO London US$'000**
Non-life Underwriting Risk	66,019	7,195
Market Risk	68,058	53,329
Counterparty Default Risk	15,622	29,291
Undiversified Basic SCR	**149,699**	**89,815**
Diversification benefit	(35,489)	(19,549)
Basic SCR	**114,210**	**70,266**
Operational Risk	10,342	9,481
Standard Formula SCR	**124,552**	**79,747**

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. Under 'Equity Risk' we have applied a symmetrical adjustment of -0.14% to the standard 39% shock. 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 2017

The MCRs of the Club and LSSO London as at the valuation date were US$37.8m and US$20.0m respectively. The following table shows the inputs into the MCR calculation as at 20 February 2017. Note the Absolute Floor of the MCR ("AMCR") is prescribed by EIOPA and is €3.7m:

	Club US$'000	LSSO London US$'000
AMCR*	4,050	4,050
Linear MCR	28,920	3,084
SCR	124,652	79,121
Combined MCR	31,163	19,937
Minimum consolidated Group SCR	37,760	n/a
Minimum Capital Requirement	**37,760**	**19,937**

**AMCR is converted at US$1.0946 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

5.2.3 Non-compliance SCR/MCR

There were no instances of non-compliance with either the MCR or the SCR during the period from 20 February 2016 to 20 February 2017.

5.3 Overall Solvency

The table below shows the SCR and MCR solvency ratios for the Club and LSSO London as at 20 February 2017:

Club	SCR US$'000	MCR US$'000
Capital Requirement	124,552	37,760
Eligible Own Funds	190,912	173,464
Surplus Funds	**66,360**	**135,704**
Solvency Ratio	153.3%	459.4%
LSSO London	**SCR US$'000**	**MCR US$'000**
Capital Requirement	79,747	19,937
Eligible Own Funds	190,912	165,912
Surplus Funds	**111,165**	**145,975**
Solvency Ratio	239.4%	832.2%

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 (Group)

Solvency and Financial Condition Report

Disclosures

20 February

2017

(Monetary amounts in USD thousands)

General information

Participating undertaking name	The London Steam-Ship Owners' Mutual Insurance Association Limited (Group)
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 2017
Currency used for reporting	USD
Accounting standards	The group is using local GAAP (other than IFRS)
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)	359,021
R0080	*Property (other than for own use)*	15,168
R0090	*Holdings in related undertakings, including participations*	20,452
R0100	*Equities*	83,882
R0110	*Equities - listed*	83,881
R0120	*Equities - unlisted*	1
R0130	*Bonds*	206,469
R0140	*Government Bonds*	24,411
R0150	*Corporate Bonds*	110,246
R0160	*Structured notes*	0
R0170	*Collateralised securities*	71,812
R0180	*Collective Investments Undertakings*	7,048
R0190	*Derivatives*	59
R0200	*Deposits other than cash equivalents*	25,943
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:	148,985
R0280	*Non-life and health similar to non-life*	148,985
R0290	*Non-life excluding health*	148,985
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*	0
R0330	*Life excluding health and index-linked and unit-linked*	0
R0340	*Life index-linked and unit-linked*	0
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	5,675
R0370	Reinsurance receivables	3,518
R0380	Receivables (trade, not insurance)	4,995
R0390	Own shares (held directly)	0
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	19,180
R0420	Any other assets, not elsewhere shown	
R0500	**Total assets**	541,374

S.02.01.02

Balance sheet

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	361,551
R0520	*Technical provisions - non-life (excluding health)*	361,551
R0530	*TP calculated as a whole*	
R0540	*Best Estimate*	344,728
R0550	*Risk margin*	16,823
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	4
R0800	Debts owed to credit institutions	
R0810	Financial liabilities other than debts owed to credit institutions	
R0820	Insurance & intermediaries payables	769
R0830	Reinsurance payables	245
R0840	Payables (trade, not insurance)	12,872
R0850	Subordinated liabilities	0
R0860	*Subordinated liabilities not in BOF*	
R0870	*Subordinated liabilities in BOF*	0
R0880	Any other liabilities, not elsewhere shown	20
R0900	**Total liabilities**	375,462
R1000	**Excess of assets over liabilities**	165,912

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						93,726				10,276							104,001
R0120	Gross - Proportional reinsurance accepted						0				0							0
R0130	Gross - Non-proportional reinsurance accepted																	0
R0140	Reinsurers' share						25,784				2,041							27,825
R0200	Net						67,942				8,235							76,176
	Premiums earned																	
R0210	Gross - Direct Business						92,684				10,207							102,891
R0220	Gross - Proportional reinsurance accepted						0				0							0
R0230	Gross - Non-proportional reinsurance accepted																	0
R0240	Reinsurers' share						26,038				2,041							28,079
R0300	Net						66,646				8,166							74,812
	Claims incurred																	
R0310	Gross - Direct Business						86,073				4,722							90,796
R0320	Gross - Proportional reinsurance accepted						0				0							0
R0330	Gross - Non-proportional reinsurance accepted																	0
R0340	Reinsurers' share						43,033				354							43,386
R0400	Net						43,041				4,369							47,409
	Changes in other technical provisions																	
R0410	Gross - Direct Business						0				0							0
R0420	Gross - Proportional reinsurance accepted						0				0							0
R0430	Gross - Non-proportional reinsurance accepted																	0
R0440	Reinsurers' share						0				0							0
R0500	Net						0				0							0
R0550	**Expenses incurred**						25,428				3,840							29,269
R1200	**Other expenses**																	
R1300	**Total expenses**																	29,269

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	104,001						104,001
R0120	Gross - Proportional reinsurance accepted	0						0
R0130	Gross - Non-proportional reinsurance accepted	0						0
R0140	Reinsurers' share	27,825						27,825
R0200	Net	76,176	0	0	0	0	0	76,176
	Premiums earned							
R0210	Gross - Direct Business	102,891						102,891
R0220	Gross - Proportional reinsurance accepted	0						0
R0230	Gross - Non-proportional reinsurance accepted	0						0
R0240	Reinsurers' share	28,079						28,079
R0300	Net	74,812	0	0	0	0	0	74,812
	Claims incurred							
R0310	Gross - Direct Business	90,796						90,796
R0320	Gross - Proportional reinsurance accepted	0						0
R0330	Gross - Non-proportional reinsurance accepted	0						0
R0340	Reinsurers' share	43,386						43,386
R0400	Net	47,409	0	0	0	0	0	47,409
	Changes in other technical provisions							
R0410	Gross - Direct Business	0						0
R0420	Gross - Proportional reinsurance accepted	0						0
R0430	Gross - Non-proportional reinsurance accepted	0						0
R0440	Reinsurers' share	0						0
R0500	Net	0	0	0	0	0	0	0
R0550	**Expenses incurred**	29,269						29,269
R1200	**Other expenses**							
R1300	**Total expenses**							29,269

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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
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	165,912	165,912			
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**	165,912	165,912	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 insitutions, alternative investment fund manager, financial institutions	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)	190,912	165,912	0	25,000	0
R0530	Total available own funds to meet the minimum consolidated group SCR	165,912	165,912	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)	190,912	165,912	0	25,000	0
R0570	Total eligible own funds to meet the minimum consolidated group SCR (group)	173,464	165,912	0	7,552	
R0610	**Minimum consolidated Group SCR**	37,760				
R0650	**Ratio of Eligible own funds to Minimum Consolidated Group SCR**	459.38%				
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)**	190,912	165,912	0	25,000	0
R0680	**Group SCR**	124,552				
R0690	**Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A**	153.28%				

	Reconcilliation reserve	C0060
R0700	Excess of assets over liabilities	165,912
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**	165,912
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	-12,645
R0790	**Total Expected profits included in future premiums (EPIFP)**	-12,645

S.25.01.22

Solvency Capital Requirement - for groups on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0080	C0090
R0010	Market risk	68,058		
R0020	Counterparty default risk	15,622		
R0030	Life underwriting risk	0		
R0040	Health underwriting risk	0		
R0050	Non-life underwriting risk	66,019		
R0060	Diversification	-35,489		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	114,210		

	Calculation of Solvency Capital Requirement	C0100
R0130	Operational risk	10,342
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**	124,552
R0210	Capital add-ons already set	0
R0220	**Solvency capital requirement for undertakings under consolidated method**	124,552
	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	37,760
	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**	124,552

S.32.01.22

Undertakings in the scope of the group

	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
Row	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080
1	GB	213800VZJ8TFB8ZJ	LEI	The London Steam-Ship Owners' Mutual Insurance	Non life insurance undertaking	Limited by guarantee	Mutual	Prudential Regulation Authority
2	BM	549300OBVBZL3AD	LEI	The London Steam-Ship Owners' Mutual Insurance	Reinsurance undertaking	Limited by guarantee	Mutual	Bermuda Monetary Authority
3	GG	213800VZJ8TFB8ZJ	Specific code	The London and Channel Islands P&I Associated Lir	Reinsurance undertaking		Mutual	
4	BM	213800VZJ8TFB8ZJ	Specific code	London and Bermuda Reinsurance Company Limite	Reinsurance undertaking		Mutual	

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Undertakings in the scope of the grou

Row	Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Criteria of influence: % capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Inclusion in the scope of Group supervision: YES/NO	Date of decision if art. 214 is applied	Group solvency calculation: Method used and under method 1, treatment of the undertaking
	C0010	C0020	C0030	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
1	GB	213800VZJ8TFB8ZJ	LEI					Dominant		Included in the scope		Method 1: Full consolidation
2	BM	549300OBVBZL3AD'	LEI		100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
3	GG	213800VZJ8TFB8ZJ	Specific code					Dominant		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
4	BM	213800VZJ8TFB8ZJ	Specific code					Dominant		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

Disclosures

20 February

2017

(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 2017
Currency used for reporting	USD
Accounting standards	The undertaking is using local GAAP (other than IFRS)
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	0
R0040	Deferred tax assets	0
R0050	Pension benefit surplus	0
R0060	Property, plant & equipment held for own use	0
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	206,884
R0080	*Property (other than for own use)*	0
R0090	*Holdings in related undertakings, including participations*	173,841
R0100	*Equities*	1
R0110	*Equities - listed*	0
R0120	*Equities - unlisted*	1
R0130	*Bonds*	0
R0140	*Government Bonds*	0
R0150	*Corporate Bonds*	0
R0160	*Structured notes*	0
R0170	*Collateralised securities*	0
R0180	*Collective Investments Undertakings*	7,048
R0190	*Derivatives*	51
R0200	*Deposits other than cash equivalents*	25,943
R0210	*Other investments*	0
R0220	Assets held for index-linked and unit-linked contracts	0
R0230	Loans and mortgages	0
R0240	*Loans on policies*	0
R0250	*Loans and mortgages to individuals*	0
R0260	*Other loans and mortgages*	0
R0270	Reinsurance recoverables from:	295,585
R0280	*Non-life and health similar to non-life*	295,585
R0290	*Non-life excluding health*	295,585
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*	0
R0330	*Life excluding health and index-linked and unit-linked*	0
R0340	*Life index-linked and unit-linked*	0
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	5,675
R0370	Reinsurance receivables	3,518
R0380	Receivables (trade, not insurance)	1,317
R0390	Own shares (held directly)	0
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	6,724
R0420	Any other assets, not elsewhere shown	
R0500	**Total assets**	519,704

S.02.01.02

Balance sheet

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	318,738
R0520	*Technical provisions - non-life (excluding health)*	318,738
R0530	*TP calculated as a whole*	0
R0540	*Best Estimate*	316,040
R0550	*Risk margin*	2,698
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*	0
R0630	*Best Estimate*	0
R0640	*Risk margin*	0
R0650	*Technical provisions - life (excluding health and index-linked and unit-linked)*	0
R0660	*TP calculated as a whole*	0
R0670	*Best Estimate*	0
R0680	*Risk margin*	0
R0690	Technical provisions - index-linked and unit-linked	0
R0700	*TP calculated as a whole*	0
R0710	*Best Estimate*	0
R0720	*Risk margin*	0
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	0
R0760	Pension benefit obligations	0
R0770	Deposits from reinsurers	0
R0780	Deferred tax liabilities	0
R0790	Derivatives	0
R0800	Debts owed to credit institutions	0
R0810	Financial liabilities other than debts owed to credit institutions	0
R0820	Insurance & intermediaries payables	769
R0830	Reinsurance payables	245
R0840	Payables (trade, not insurance)	34,020
R0850	Subordinated liabilities	0
R0860	*Subordinated liabilities not in BOF*	0
R0870	*Subordinated liabilities in BOF*	0
R0880	Any other liabilities, not elsewhere shown	20
R0900	**Total liabilities**	353,792
R1000	**Excess of assets over liabilities**	165,912

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						93,726				10,276							104,001
R0120	Gross - Proportional reinsurance accepted						0				0							0
R0130	Gross - Non-proportional reinsurance accepted																	0
R0140	Reinsurers' share						85,667				8,435							94,101
R0200	Net						8,059				1,841							9,900
	Premiums earned																	
R0210	Gross - Direct Business						92,684				10,207							102,891
R0220	Gross - Proportional reinsurance accepted						0				0							0
R0230	Gross - Non-proportional reinsurance accepted																	0
R0240	Reinsurers' share						84,858				8,380							93,238
R0300	Net						7,826				1,827							9,653
	Claims incurred																	
R0310	Gross - Direct Business						86,073				4,722							90,796
R0320	Gross - Proportional reinsurance accepted						0				0							0
R0330	Gross - Non-proportional reinsurance accepted																	0
R0340	Reinsurers' share						88,947				4,285							93,233
R0400	Net						-2,874				437							-2,437
	Changes in other technical provisions																	
R0410	Gross - Direct Business						0				0							0
R0420	Gross - Proportional reinsurance accepted						0				0							0
R0430	Gross - Non-proportional reinsurance accepted																	0
R0440	Reinsurers' share						0				0							0
R0500	Net						0				0							0
R0550	**Expenses incurred**						11,509				1,623							13,132
R1200	**Other expenses**																	
R1300	**Total expenses**																	13,132

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	104,001						104,001
R0120	Gross - Proportional reinsurance accepted	0						0
R0130	Gross - Non-proportional reinsurance accepted	0						0
R0140	Reinsurers' share	94,101						94,101
R0200	Net	9,900	0	0	0	0	0	9,900
	Premiums earned							
R0210	Gross - Direct Business	102,891						102,891
R0220	Gross - Proportional reinsurance accepted	0						0
R0230	Gross - Non-proportional reinsurance accepted	0						0
R0240	Reinsurers' share	93,238						93,238
R0300	Net	9,653	0	0	0	0	0	9,653
	Claims incurred							
R0310	Gross - Direct Business	90,796						90,796
R0320	Gross - Proportional reinsurance accepted	0						0
R0330	Gross - Non-proportional reinsurance accepted	0						0
R0340	Reinsurers' share	93,233						93,233
R0400	Net	-2,437	0	0	0	0	0	-2,437
	Changes in other technical provisions							
R0410	Gross - Direct Business	0						0
R0420	Gross - Proportional reinsurance accepted	0						0
R0430	Gross - Non-proportional reinsurance accepted	0						0
R0440	Reinsurers' share	0						0
R0500	Net	0	0	0	0	0	0	0
R0550	**Expenses incurred**	13,132						13,132
R1200	**Other expenses**							
R1300	**Total expenses**							13,132

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						7,362				113							7,475
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default						4,492				200							4,692
R0150	**Net Best Estimate of Premium Provisions**						2,869				-87							2,783
	Claims provisions																	
R0160	Gross						295,450				13,115							308,565
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default						279,301				11,591							290,893
R0250	**Net Best Estimate of Claims Provisions**						16,148				1,524							17,672
R0260	**Total best estimate - gross**						302,812				13,228							316,040
R0270	**Total best estimate - net**						19,018				1,437							20,455
R0280	**Risk margin**						2,509				190							2,698
	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**						305,320				13,418							318,738
R0330	**Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total**						283,794				11,791							295,585
R0340	**Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total**						21,526				1,626							23,153

S.19.01.21

Non-Life insurance claims

Total Non-life business

Z0010 **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											8,103	8,103	8,103
R0160	N-9	16,948	24,798	16,071	9,794	6,782	2,560	18,023	1,607	-672	1,658		1,658	97,568
R0170	N-8	15,709	20,655	10,977	7,511	2,772	5,900	1,279	1,327	124			124	66,255
R0180	N-7	18,416	20,367	23,304	51,954	5,827	3,810	3,432	1,738				1,738	128,850
R0190	N-6	22,554	27,952	16,921	11,992	1,235	3,562	34,457					34,457	118,674
R0200	N-5	18,992	29,662	14,087	7,094	500	1,251						1,251	71,585
R0210	N-4	14,760	22,429	15,706	4,681	2,890							2,890	60,466
R0220	N-3	12,290	20,331	11,550	6,705								6,705	50,876
R0230	N-2	20,699	20,227	25,076									25,076	66,001
R0240	N-1	12,590	17,514										17,514	30,105
R0250	N	24,450											24,450	24,450
R0260												**Total**	123,965	722,930

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											133,852	120,031
R0160	N-9	0	0	0	0	0	0	0	0	3,916	2,865		2,586
R0170	N-8	0	0	0	0	0	0	0	3,475	3,071			2,820
R0180	N-7	0	0	0	0	0	0	15,987	24,929				22,469
R0190	N-6	0	0	0	0	0	50,076	16,336					14,772
R0200	N-5	0	0	0	0	6,519	5,684						5,161
R0210	N-4	0	0	0	13,919	9,408							8,651
R0220	N-3	0	0	29,751	22,560								20,766
R0230	N-2	0	73,819	47,765									43,990
R0240	N-1	47,953	33,259										31,100
R0250	N	38,250											36,220
R0260												**Total**	308,565

S.23.01.01

Own Funds

		Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	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	165,912	165,912			
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**	165,912	165,912	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	190,912	165,912	0	25,000	0
R0510	Total available own funds to meet the MCR	165,912	165,912	0	0	
R0540	Total eligible own funds to meet the SCR	190,912	165,912	0	25,000	0
R0550	Total eligible own funds to meet the MCR	165,912	165,912	0	0	
R0580	**SCR**	79,748				
R0600	**MCR**	19,937				
R0620	**Ratio of Eligible own funds to SCR**	239.40%				
R0640	**Ratio of Eligible own funds to MCR**	832.18%				

	Reconcilliation reserve	C0060
R0700	Excess of assets over liabilities	165,912
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**	165,912
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	-2,783
R0790	**Total Expected profits included in future premiums (EPIFP)**	-2,783

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Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0080	C0090
R0010	Market risk	53,329		
R0020	Counterparty default risk	29,291		
R0030	Life underwriting risk	0		
R0040	Health underwriting risk	0		
R0050	Non-life underwriting risk	7,195		
R0060	Diversification	-19,549		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	70,266		

	Calculation of Solvency Capital Requirement	C0100
R0130	Operational risk	9,481
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**	79,748
R0210	Capital add-ons already set	0
R0220	**Solvency capital requirement**	79,748
	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

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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	3,371

		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	19,018	8,059
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	1,437	1,841
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	3,371
R0310	SCR	79,748
R0320	MCR cap	35,886
R0330	MCR floor	19,937
R0340	Combined MCR	19,937
R0350	Absolute floor of the MCR	2,737
R0400	**Minimum Capital Requirement**	19,937